CPUK Finance Limited

SUPPLEMENTAL BONDHOLDER REPORT

30 May 2017

CPUK Finance Limited (the "**Issuer**") has made available certain updated information on 30 May 2017. Through this supplemental bondholder report (the "**Supplemental Bondholder Report**"), the Issuer is providing this information publicly.

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FORWARD-LOOKING STATEMENTS

This Supplemental Bondholder Report includes statements that are, or may be deemed to be, "**forward-looking statements**" within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Supplemental Bondholder Report and include statements regarding the intentions, beliefs or current expectations of the Center Parcs Group (as defined below) concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies of the Center Parcs Group and the industry in which the Center Parcs Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Center Parcs Group believes that these risks and uncertainties include, but are not limited to, those described in the "*Risk Factors*" section of this Supplemental Bondholder Report. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements in the Supplemental Bondholder Report.

The forward-looking statements are not guarantees of future performance and the Center Parcs Group's actual results of operations, financial condition and liquidity, and the development of the industry in which the Center Parcs Group operate, may differ materially from statements on future performance made in or suggested by the forward-looking statements set out in this Supplemental Bondholder Report. In addition, even if the actual results of operations, financial condition and liquidity of the Center Parcs Group, and the development of the industry in which the Center Parcs Group operates, are consistent with the forward-looking statements set out in this Supplemental Bondholder Report, those results or developments may not be indicative of results or developments in subsequent periods. Many factors could cause the Center Parcs Group's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements including, but not limited to:

- failure to manage villages effectively or any significant business interruption;
- adverse impacts on the Center Parcs brand;
- changes in the UK holiday market as well as in general economic and business conditions;
- the impact of the United Kingdom's decision to exit the European Union;
- failure, inadequacy, interruption or breach of security of information technology;
- competition with other holiday centres, recreation parks and other holiday alternatives;
- weather conditions;
- seasonal fluctuations;
- instances of illness or epidemics and the negative publicity relating thereto;
- inadequate insurance coverage;
- substantial leverage and debt service obligations;
- failure to make requisite maintenance capital expenditure or investment capital expenditure in a timely manner;
- failure to attract and/or retain qualified personnel;
- failure of one or more third party suppliers and contractors to deliver or provide the requisite services;
- changes in laws and regulations and regulatory compliance;
- employee problems;
- failure to realise the anticipated benefits of any new village developed or acquired; and
- any other risk factors listed in this Supplemental Bondholder Report.

The above list is not exhaustive and should be considered together with the risks described under "*Risk Factors*".

Any forward-looking statements which are made in this Supplemental Bondholder Report speak only as of the date thereof. Neither the Issuer nor the Center Parcs Group intend or undertake any obligation, to revise the forward-looking statements included in this Supplemental Bondholder Report to reflect any future events or circumstances.

USE OF CERTAIN TERMS IN THIS SUPPLEMENTAL BONDHOLDER REPORT

Unless otherwise indicated or the context otherwise requires, references in this Supplemental Bondholder Report to:

- "**Brookfield**" are to Brookfield Asset Management, Inc. and its subsidiaries and affiliates, as applicable.
- "**Center Parcs**" or "**Center Parcs Group**" are to BSREP II Center Parcs Jersey Limited and its subsidiaries or to CP Cayman Midco 2 Limited and its subsidiaries or to Center Parcs (Holdings 1) Limited and its subsidiaries, in each case as the context may require.
- "**Class A Issuer/Borrower Loan Agreement**" are to a senior loan agreement between, among others, the Issuer and certain members of the Center Parcs Group, as amended and restated from time to time.
- "**Class A Loans**" are to loans made available by the Issuer to certain members of the Center Parcs Group under a Class A loan facility.
- "**Class A Notes**" are to the Issuer's £440,000,000 aggregate principal amount of 7.239% Class A2 Fixed Rate Senior Secured Notes, the £350,000,000 aggregate principal amount of 2.666% Class A3 Fixed Rate Senior Secured Notes, £140,000,000 aggregate principal amount of 3.588% Class A4 Fixed Rate Senior Secured Notes and/or any other Class A Notes issued by the Issuer.
- "**Class B Issuer/Borrower Loan Agreement**" are to a loan agreement between, among others, the Issuer and certain members of the Center Parcs Group, as amended and restated from time to time.
- "**Class B Loans**" are to loans made available by the Issuer to certain members of the Center Parcs Group under a Class B loan facility.
- "**Class B Notes**" are to the £560,000,000 aggregate principal amount of 7.000% Class B2 Fixed Rate Secured Notes due 2042 issued by the Issuer on 3 August 2015 and/or any other Class B Notes issued by the Issuer.
- "**Issuer/Borrower Loan Agreements**" are to the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement.
- "**Loans**" are to the Class A Loans and the Class B Loans.
- "**Notes**" are to the Class A Notes and the Class B Notes.
- "**Obligors**" are to certain members of the Center Parcs Group that are obligors under the Class A Loans and/or the Class B Loans.
- "**Original Class B Notes**" refers to the £280,000,000 in aggregate principal amount of Class B Notes issued by the Issuer on 28 February 2012.
- "**Original Villages**" refers to Sherwood Forest, Longleat Forest, Elveden Forest and Whinfell Forest.
- "**Notes**" are to the Class A Notes and the Class B Notes.
- "**we**", "**us**", "**our**" and other similar terms refer to Center Parcs (Holdings 1) Limited and its subsidiaries, unless the context otherwise requires.

PRESENTATION OF FINANCIAL INFORMATION

Historical Financial Information

The financial information presented and discussed in this Supplemental Bondholder Report has been derived from the audited consolidated financial statements of Center Parcs as at and for each of the 52-week periods ended 20 April 2017 and 21 April 2016, in each case prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

On 11 June 2015, Center Parcs (Holdings 1) Limited indirectly, through a subsidiary, acquired CP Woburn (Operating Company) Limited ("**CP Woburn Opco**"). Prior to that date, both Center Parcs (Holdings 1) Limited and CP Woburn Opco were under the indirect common control of the parent company CP Cayman Midco 1 Limited. Prior to the date of such acquisition, Center Parcs (Holdings 1) Limited and CP Woburn Opco did not constitute a consolidated group. As a result, the audited consolidated financial statements of Center Parcs as at and for the 52-weeks ended 23 April 2015 do not include the results of CP Woburn Opco.

Following the acquisition of CP Woburn Opco, the acquisition was accounted for using predecessor accounting principles which present the financial statements as if CP Woburn Opco had always been part of the group constituted by Center Parcs (Holdings 1) Limited and its subsidiaries using the pre-combination carrying values. Under predecessor accounting principles, the assets and liabilities of CP Woburn Opco were consolidated in the consolidated financial statements of Center Parcs (Holdings 1) Limited as at and for the 52-week period ended 21 April 2016 based on their pre-combination book values and the difference between the consideration payable and the book values of the net assets was recorded in equity in the other reserve. The financial information for the 2015 financial year for Center Parcs (Holding 1) Limited has been restated to include the results of CP Woburn Opco in the consolidated financial statements of Center Parcs (Holdings 1) Limited as at and for the 52-week period ended 21 April 2016 and to present such financial information on a basis consistent with the presentation in the audited consolidated financial statements of Center Parcs as at and for each of the 52-week periods ended 20 April 2017 and 21 April 2016.

To facilitate comparability of financial information presented for the 2015 financial year with the 2016 and 2017 financial years, financial information as at and for the 52-week period ended 23 April 2015 presented and discussed in this Supplemental Bondholder Report has been derived from the consolidated comparative figures, which include the results of CP Woburn Opco, presented in the audited consolidated financial statements of Center Parcs as at and for the 52-week period ended 21 April 2016. These comparative figures have not been audited.

In order to present the historical reported results for the 2015 financial year of the entities that comprise the current Center Parcs Group, the audited consolidated financial statements of Center Parcs (Holdings 1) Limited and the audited financial statements of CP Woburn Opco, in each case as at and for the 52-week period ended 23 April 2015, have been incorporated by reference in this Supplemental Bondholder Report.

The audited consolidated financial statements of Center Parcs as at and for the 52-week periods ended 23 April 2015, and the audited financial statements of CP Woburn Opco as at and for the 52-week periods ended 23 April 2015 incorporated by reference in this Supplemental Bondholder Report have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports incorporated by reference in this Supplemental Bondholder Report.

The consolidated financial statements of Center Parcs, as at and for the 52-week periods ended 20 April 2017 and 21 April 2016, incorporated by reference in this Supplemental Bondholder Report have been audited by Deloitte LLP, independent auditors, as stated in their reports incorporated by reference in this Supplemental Bondholder Report.

Reporting Terms

The financial year of Center Parcs comprises 52 calendar weeks divided into 13 four-week periods to enable more meaningful conclusions to be drawn when periods are compared as all accounting periods contain the same number of days and an equal number of weekend and mid-week breaks. For existing quarterly reporting purposes, Center Parcs reports at the end of periods three, six, nine and thirteen. This reporting corresponds to three periods of 12 weeks and one period of 16 weeks in each financial year.

References in this Supplemental Bondholder Report to:

- "**Financial year 2017**" or the "**2017 financial year**" are to the 52-week period ended 20 April 2017;
- "**Financial year 2016**" or the "**2016 financial year**" are to the 52-week period ended 21 April 2016; and
- "**Financial year 2015**" or the "**2015 financial year**" are to the 52-week period ended 23 April 2015.

Non-IFRS Financial and Operating Measures

EBITDA and Adjusted EBITDA

This Supplemental Bondholder Report contains certain non-IFRS financial measures, including EBITDA and Adjusted EBITDA before exceptional and non-underlying items (referred to as Adjusted EBITDA, as defined below, in this Supplemental

Bondholder Report), that are not required by, or presented in accordance with, IFRS. These measures are not measures of Center Parcs' financial performance or liquidity under IFRS and should not be considered as an alternative to (a) operating profit or profit/(loss) for the period as a measure of operating performance, (b) cash flows from operating, investing and financing activities as a measure of Center Parcs' ability to meet their cash needs or (c) any other measures of performance under IFRS.

Center Parcs defines EBITDA as profit for the period attributable to equity shareholders adjusted to remove the effects of taxation, movement in fair value of financial derivatives, finance income, finance expense, and depreciation and amortisation. Adjusted EBITDA is defined in this Supplemental Bondholder Report as EBITDA as defined above, further adjusted to remove the effects of owners' costs and certain exceptional and non-underlying items that Center Parcs believes are not indicative of its underlying operating performance. Center Parcs believes that EBITDA and Adjusted EBITDA are useful indicators of Center Parcs' ability to incur and service its indebtedness and may assist investors, security analysts and other interested parties in evaluating Center Parcs' financial performance. Management uses Adjusted EBITDA as the primary profit measure to assess the performance of the operating segments and discloses it within the consolidated financial statements incorporated by reference in this Supplemental Bondholder Report. As all companies do not calculate EBITDA or Adjusted EBITDA on a consistent basis, Center Parcs' presentation of EBITDA or Adjusted EBITDA may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on EBITDA or Adjusted EBITDA in this Supplemental Bondholder Report. EBITDA and Adjusted EBITDA have limitations as analytical tools and investors should not consider them in isolation. Some of these limitations are that:

- they do not reflect Center Parcs' cash expenditures or future requirements for capital commitments;
- they do not reflect the changes in, or cash requirements for, Center Parcs' working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on Center Parcs' debt;
- they do not reflect any cash income taxes that Center Parcs may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in Center Parcs' consolidated income statement;
- in the case of Adjusted EBITDA (but not EBITDA), it does not reflect the impact of earnings or charges resulting from certain matters Center Parcs consider not to be indicative of its underlying operations;
- assets are depreciated or amortised over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in Center Parcs' industry may calculate these measures differently from the manner Center Parcs does, limiting their usefulness as comparative measures.

In this Supplemental Bondholder Report, except where otherwise indicated, Adjusted EBITDA is presented before exceptional and other non-underlying items. Exceptional and other non-underlying items comprise, Woburn pre-opening losses and other exceptional and non-underlying items. Woburn pre-opening losses relate to EBITDA and Adjusted EBITDA losses incurred during the 8 weeks ended 19 June 2014 in respect of Woburn Forest. Woburn Forest opened to guests on 6 June 2014, but did not operate at full capacity until after 19 June 2014. Other exceptional and non-underlying items relate to, among other things, costs incurred in respect of the Blackstone Funds' exit from, and Brookfield's acquisition of, Center Parcs and the related partial refinancing.

In addition, this Supplemental Bondholder Report includes the following key performance indicators that Center Parcs' Directors use to set targets and measure performance against those targets.

Occupancy

Occupancy is the average number of units of accommodation occupied as a percentage of the total number available. Units of accommodation are deemed to be occupied when utilised during the relevant period under review. When units of accommodation are out of service for refurbishment, they are still included in the occupancy calculations. Center Parcs is focused on driving occupancy levels to optimise the number of guests, which in turn increases accommodation revenue and optimises on-site expenditure.

*Average Daily Rate ("**ADR**")*

ADR is the average rent (excluding VAT) achieved based on total accommodation income for the period divided by the total number of accommodation nights sold. Center Parcs uses ADR to help measure and maximise its yield.

*Rent Per Available Lodge night ("**RevPAL**")*

RevPAL is the average daily rent (excluding VAT) achieved based on the total accommodation income divided by the total available number of accommodation nights. Center Parcs' management believes RevPAL to be the most meaningful key performance indicator because it takes into account both occupancy and ADR.

Net on-site guest spend per lodge night

Net on-site guest spend per lodge night is calculated as on-site spend at Center Parcs-operated units and the rent received from concession partners (i.e. on-site revenue) for a period, divided by the sum of the number of guest-occupied lodges during each night of such period.

Forward bookings as a percentage of available capacity

Forward bookings as a percentage of available capacity means the number of accommodation nights sold divided by total available accommodation nights for the period. This indicator provides management with forward visibility of future occupancy levels.

Cash conversion

Cash conversion is defined as Adjusted EBITDA for a period less maintenance capital expenditure made in such period plus working capital and non-cash movements (less difference between the pension charge and contribution) in such period, expressed as a percentage of Adjusted EBITDA. This indicator helps management measure the cash generated by Center Parcs' core operations.

Center Parcs defines maintenance capital expenditure as the capital expenditure required on the central buildings, infrastructure and facilities to maintain the ongoing standards of these areas.

General

Certain numerical figures set out in this Supplemental Bondholder Report, including financial information presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of such numerical figures in this Supplemental Bondholder Report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other information set out in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical information in the section "*Selected Consolidated Financial Information*" or the tabular presentation of other information (subject to rounding) set out in this Supplemental Bondholder Report, as applicable, and not using the numerical information in the narrative description thereof.

INDUSTRY AND MARKET INFORMATION

This Supplemental Bondholder Report includes market share and industry data and forecasts that the Center Parcs Group has obtained from industry publications, valuation reports, surveys and internal company sources. The market data and industry information used in this Supplemental Bondholder Report is based on Center Parcs' own internal surveys, reports and studies, together with market research, industry publications, publicly available information and third party sources, including market research reports published by Mintel Group Limited ("**Mintel**") — Holiday Review, UK (January 2017); Domestic Tourism, UK (October 2016) and Family Holiday – UK – What Makes a Good Family holiday? (March 2016) and PricewaterhouseCoopers LLP ("**PwC**") — UK Hotels Forecast 2017 and 2018 (March 2017); UK Hotels Forecast 2016 (September 2015); Growth beds in – UK hotels forecast 2015 (September 2014); The right kind of growth: UK hotels forecast 2014 (November 2013) and UK hotels forecast 2013 update – A challenging year ahead for hoteliers (February 2013). Mintel makes use of annual surveys by United Kingdom Tourism Survey and Target Group Index. PwC makes use of data provided by STR Global and information from the Office of National Statistics and the Organisation for Economic Co-operation and Development. Industry publications and surveys and forecasts generally state that the information set out therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. The market research reports were not produced for the purposes of inclusion within any prospectus for a transaction of the nature contemplated herein or for securing financing of any nature. Furthermore, information has been extracted from historic market research reports and whilst data that has been published remains valid, it may not necessarily reflect market conditions as of the date of this Supplemental Bondholder Report. Mintel and PwC do not accept any responsibility for the accuracy of the information made available in or based on their market research reports. Mintel also does not accept responsibility for any part of this Supplemental Bondholder Report. The market research reports have been accurately reproduced and so far as the Issuer and the Center Parcs Group are aware and are able to ascertain from the market research reports, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Center Parcs Group has not independently verified any of the data from third party sources nor has it ascertained the underlying economic assumptions relied upon therein. Statements or estimates as to the market position, which are not attributable to independent sources, are based on market data currently available to the Center Parcs Group and internal estimates. The Center Parcs Group cannot assure investors that any of these statements or estimates is accurate or correctly reflects the position of the Center Parcs Group in the industry, and none of its internal surveys or information has been verified by any independent sources. While the Center Parcs Group is not aware of any misstatements regarding its industry data presented herein, its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "*Forward-Looking Statements*" and "*Risk Factors*" in this Supplemental Bondholder Report.

TRADEMARKS

Center Parcs (Operating Company) Limited ("**CP Opco**") and Center Parcs Limited, together, own 40 registered trademarks. These include trademarks for the Center Parcs® name and logo; restaurants such as The Pancake House® and Hucks®; leisure venues such as The Venue®; activities such as Action Challenge® and Aqua Sana® spa; ParcMarket® on-site supermarket; and Jardin Des Sports® sports centre. Center Parcs also makes use of some non-registered trademarks, including Vitalé Café Bar™ spa restaurant and Dining In™ takeaway and delivery restaurants. All other trademarks appearing in this Supplemental Bondholder Report that are not identified as marks owned by Center Parcs are the property of their respective owners.

CURRENCY PRESENTATION

In this Supplemental Bondholder Report, unless otherwise indicated, all references to "£," "pound," "pounds," "pounds sterling," "sterling," and "GBP" are to the lawful currency of the United Kingdom, all references to "€," "euro," "euros," and "EUR" are to the single currency of the Members States of the European Union participating in the European Monetary Union and all references to "$," "U.S. dollars" and "USD" are to the United States dollar, the lawful currency of the United States of America.

RISK FACTORS

The risks described below are not the only ones the Center Parcs Group faces. Additional risks not presently known to the Center Parcs Group or that it currently believes to be immaterial may also adversely affect its business. If any such risks or any other matters or unforeseen events actually occur, Center Parcs' business, financial condition and results of operations could be materially adversely affected. This Supplemental Bondholder Report also contains forward-looking statements that involve risks and uncertainties. The Center Parcs Group's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by the Center Parcs Group described below and elsewhere in this Supplemental Bondholder Report. See "Forward-Looking Statements".

Risks relating to Center Parcs' Business and Industry

Center Parcs derives its revenue from operating its villages. Any failure to manage its villages effectively or any significant business interruption or other event affecting the operation of one or more of its villages may have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs currently operates five holiday villages in England. Any significant business interruption at any of its villages may have a material adverse effect on Center Parcs' financial condition and results of operations. Although Center Parcs has risk management arrangements, including business continuity plans, in place, such risk management arrangements, or any insurance may not adequately protect Center Parcs from significant interruption of business at any one or more of the villages. In addition, Center Parcs may not be able to obtain planning permission or planning consent to rebuild properties if destroyed, regardless of the availability of insurance proceeds. A significant interruption or event could be created by any number of internal or external factors, including fire (as occurred at the Elveden village in 2002, resulting in a 15-month closure), extreme weather conditions, accidents, loss of utilities or other interruptions. Due to the full service, self-contained nature of its villages, Center Parcs maintains significant infrastructure, including water supply, electricity and waste water treatment, and any failure to adequately develop and maintain these facilities could also result in a significant business interruption. Such interruptions and events may have a material adverse effect on Center Parcs' business, financial condition and results of operations.

In addition, Center Parcs' business, financial condition and results of operations may be materially adversely affected by a number of factors relating to the operation of any village or the guest perception or expectation of the operating activities in a particular village. Factors that relate specifically to a particular village could include, amongst others:

- the age, design, construction quality and maintenance of the village;
- perceptions regarding the attractiveness of the village;
- the proximity and attractiveness of competing UK holiday centres;
- the proximity of other developments and infrastructure projects, for example, power stations or road projects, which adversely impacts guest experiences;
- increases in operating expenses;
- inability to pass on to guests any significant unforeseen input costs, such as utility costs, that would erode Center Parcs' margins;
- an increase in the capital expenditure needed to maintain the village or make improvements, or to maintain the competitiveness of the villages;
- an outbreak of notifiable illness, food poisoning or drinking water contamination at any village;
- major village damage or disruption including natural or environmental disasters;
- bad or extreme weather conditions;
- an illness, disease or event that damages the forest, fauna and natural environment surrounding a village;
- guest health and safety issues, such as inadequate or untimely first aid responses, accidents, personal injuries or child abuse or abduction;
- burglaries or thefts of personal belongings from village accommodation or facilities;
- a fluctuation or decline, seasonal or otherwise, in demand for the facilities that the village offers;
- increases in development and construction costs or delays in completion schedules;
- disturbances to guests' experiences caused by new build, maintenance or refurbishment projects; and
- negative publicity or guest perceptions about any village due to the above-mentioned factors or otherwise.

Center Parcs' effective management and operation of the villages has a significant impact on the revenues, expenses and value of the villages. Any failure to manage Center Parcs' operations effectively, including any failure to anticipate and react to the above-mentioned factors may have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs' business depends on the public perception of its brand. Any event at any village negatively affecting guest perception or expectation will likely negatively affect guest perception of the other Center Parcs villages.

The success of Center Parcs' business depends on the public perception of the Center Parcs brand. Any event or occurrence at any one village that negatively affects guest perceptions is likely to negatively affect guest perceptions of the other Center Parcs villages. Center Parcs villages feature attractions such as water activities, paintballing, laser combat, horse riding, abseiling, zip wiring and quadbiking that pose a potential risk of accident and serious personal injury. If a serious personal injury were to occur at one of the holiday villages, attendance at the holiday villages and, consequently, revenues might be materially adversely affected. In addition, holidays at Center Parcs' villages involve guest services and guest interactions, including with respect to bookings, accommodation services, on-site activities and food and beverage provisions. A pattern of poor or unsatisfactory guest service, guest complaints or poor reviews on social media at any of the villages could result in reputational harm to the Center Parcs brand. The considerable expansion in the use of social media over recent years has compounded the potential scope and speed of the negative publicity that could be generated by such incidents or events. Any accident, interruption, serious disturbance or negative publicity at Center Parcs' holiday villages, or a perception that the facilities are unsafe or operate in an unsafe manner, may reduce attendance at or demand for its holiday villages, which would have a material adverse effect on its business, financial condition and results of operations.

The proposed Longford Forest in the Republic of Ireland is currently in the development stages. Although Longford Forest will be outside of the Restricted Group, any incidents at Longford Forest during the development phase, such as construction accidents, poor reviews upon opening of the site, or any future incidents such as those described above, could have a negative impact on the perception of Center Parcs in general and therefore on its results of operations.

If any such accidents or injuries do occur, Center Parcs' insurance may not adequately cover the costs stemming from such accidents and injuries or other disturbances and incidents. Center Parcs could also face legal claims related to these events, as well as adverse publicity that could be generated by such incidents. Accidents or injuries could also require upgrades, modifications or demolition of affected facilities, which could result in significant costs to Center Parcs and disrupt operations, which could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

In addition, Center Parcs sells food and beverages, toys and other retail products, the sale of which involves legal and other risks. As a reseller of food and retail merchandise, Center Parcs may be liable if the consumption or purchase of any of the products it sells causes illness or injury. Furthermore, any product recall could result in losses due to the cost of the recall, the destruction of product and lost sales due to the unavailability of product for a period of time. A significant food, toy, gift or other retail product recall could also result in adverse publicity, damage to Center Parcs' reputation and loss of consumer confidence in its villages, which could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs targets affluent family-focused guests with approximately 79% of Center Parcs' guests currently being families with children. In order to provide an environment that is attractive to this core group of guests, Center Parcs strives to maintain a balanced guest profile of, amongst others, families, adult groups and corporate events. If guests' behaviour is disruptive or otherwise affects the enjoyment of other guests, this could result in adverse publicity and damage to Center Parcs' reputation. A failure to attract Center Parcs' core demographic of affluent guests with families could have a material adverse effect on Center Parcs' business, financial conditions and results of operations.

Center Parcs' business is currently located entirely in England. As a result, changes in the UK holiday market, including as a result of Brexit, may have a more significant adverse effect on Center Parcs' business, financial condition and results of operations than on more geographically diverse holiday businesses.

Center Parcs' business, financial condition and results of operations may be significantly adversely affected by a number of factors, including as a result of the exit of United Kingdom from the European Union ("**Brexit**") that affect the UK holiday market, including:

- national, regional or local economic conditions;
- socioeconomic and demographic factors;
- consumer confidence and personal disposable income;
- exchange rate fluctuations or other factors which impact tourism or travel to or within the UK;
- significant increases in utility and fuel costs;
- local holiday market conditions from time to time (such as an over-supply or under-supply of holiday resort centre accommodation and facilities);
- consumer tastes and preferences;

- changes in governmental regulations, fiscal policy, planning/zoning or tax laws and building codes as well as other regulatory changes;
- changes in minimum wage legislation or other factors increasing operational costs;
- potential environmental legislation or liabilities or other legal liabilities;
- acts of terrorism, natural disasters and direct political action; or
- instances of illness, an epidemic or a pandemic.

All Center Parcs' villages are currently located in England and, consequently, the level of revenue and profit generated by the villages could be substantially influenced by general economic conditions in the United Kingdom. While Center Parcs' revenues increased in each of the financial years 2015, 2016 and 2017, such growth may not be sustained in future periods and revenue may decline. The villages have certain fixed operating costs, and as a result decreases in revenue may result in a significant decline in net cash flow. In addition, a significant or sustained decline in economic conditions or high rates of inflation, including as a result of Brexit or uncertainty in the period leading up to Brexit, could adversely affect Center Parcs' ability to obtain goods and services from suppliers or credit from financing sources and could impact the ability of third parties, including insurance carriers and credit providers, to meet their obligations to Center Parcs. Weak economic conditions generally in the United Kingdom, or in any regional market from which a particular village attracts guests, may adversely affect holiday centre occupancy, guest spending patterns and Center Parcs' general business and financial condition. Conversely, if general economic conditions in the United Kingdom were to improve significantly, there may be greater consumer preference for holidays abroad.

The disposable income of Center Parcs' guests and/or their holiday preferences may be affected by changes in the general economic environment. Any decrease in disposable income of Center Parcs' guests may result in a decline in the number of guests and/or a decrease in on-site spending. Even if economic conditions are stable or improving, a negative economic outlook, including the fear of another recession and/or concerns regarding falling living standards, may adversely affect consumer spending and, as a result, have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Political and economic uncertainty surrounding the expected exit of the United Kingdom from the European Union may be a source of instability in international markets, create significant currency fluctuations, and adversely impact current trading and supply arrangements, which could have a material adverse effect on Center Parcs' business, results of operations and financial condition.

The United Kingdom held a referendum on 23 June 2016, to determine whether the United Kingdom should leave the European Union or remain as a member state, and the outcome of that referendum was in favour of Brexit. Under Article 50 of the 2009 Lisbon Treaty ("**Article 50**"), the United Kingdom will cease to be a member state when a withdrawal agreement is entered into, or failing that, two years following the notification of an intention to leave under Article 50, unless the European Council (together with the United Kingdom) unanimously decides to extend this period. On 29 March 2017, the United Kingdom formally notified the European Council of its intention to leave the European Union. There remains uncertainty as to how long it will take to negotiate a withdrawal agreement. Until the United Kingdom officially exits the European Union, European Union laws and regulations will continue to apply, and changes to the application of these laws and regulations are unlikely to occur during negotiations. However, due to the size and importance of the UK economy, and the uncertainty and unpredictability concerning the United Kingdom's legal, political and economic relationship with Europe after the United Kingdom exits the European Union, there may continue to be instability in the market, significant currency fluctuations, and/or otherwise adverse effects on trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future, including beyond the date that the United Kingdom ceases to be a Member State of the European Union.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. In addition, Brexit may lead to a down-turn in the United Kingdom or other European economies and could lead to lower levels of consumer spending if consumer confidence declines or if individuals have less disposable income. Any reduction in customers' willingness or ability to spend due to Brexit-related changes in the economic environment of the United Kingdom and Europe could materially affect Center Parcs' revenue. A general slow-down in the UK economy due to Brexit may also negatively impact Center Parcs' growth strategies as well as its operating results, financial condition and prospects.

Uncertainty surrounding Brexit has also led to as much as a 15% drop in the exchange rate of the pound sterling against the euro since the 2016 referendum and continued or sustained adverse effects on the exchange rate of the pound sterling as compared to foreign currencies and the effective price inflation of certain goods and services sourced from outside of the United Kingdom resulting from Brexit could result in increased costs for Center Parcs. This could also significantly increase development and construction costs for Longford Forest.

While Center Parcs does not currently employ a large number of EU nationals, the outcome of Brexit negotiations surrounding free movement of EU and UK nationals and any subsequent visa requirements may have an adverse effect on EU nationals' ability to work in the United Kingdom. Depending on prevailing visa arrangements EU nationals may find it more difficult to work in the UK, which in turn could lead to a tightening of the labour markets and a subsequent increase in salaries and wages in order to stay competitive. Any such increase in salaries and wages or in benefits offered to employees could result in increased costs.

Lack of clarity about future UK laws and regulations as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal, including financial laws and regulations, data privacy and collection laws and regulations and customs and free trade agreements, may increase costs associated with operating in the United Kingdom. Additionally, any substantial change in the regulations applicable to Center Parcs' business could jeopardise its ability to continue to operate in a manner consistent with its past practice.

Any of these factors or other events or consequences from Brexit described above may have a material adverse effect on Center Parcs' business, results of operations and financial condition.

Center Parcs relies on information technology in its operations and any material failure, inadequacy, interruption or breach of security of that technology could harm its ability to effectively operate its business and subject it to data loss, litigation, liability and reputational harm.

Center Parcs relies on its information systems across its operations, such as in the processing of payment details, and on those of its third parties service providers, including the online booking system provided by ATCORE (formerly Anite). Its ability to effectively manage its business depends significantly on the reliability and capacity of these systems. A new website which provides information and booking services for Center Parcs' spas, and a new Center Parcs website that is expected to be rolled out in September 2017, utilise the Adobe platform. Extended or widespread outages of the online accommodation or activities booking system (including the self-service booking points on-site) could adversely affect Center Parcs' ability to take guest bookings.

The provision of convenient, trusted, fast and effective payment processing services to Center Parcs' guests is critical to its business. If there is any deterioration in the quality of the payment processing services provided to Center Parcs' guests or any interruption to those services, or if such services are only available at an increased cost to Center Parcs or its guests or are terminated and no timely and comparable replacement services are found, Center Parcs' guests may be deterred from booking Center Parcs breaks.

Center Parcs, and third party service providers on its behalf, collect, process and retain large volumes of guest data, which, together with employee data and other confidential information, is entered into, processed, summarised and reported by various information systems. Center Parcs also uses video surveillance in certain public areas for security purposes. The footage from such surveillance is also subject to data protection and privacy laws.

Notwithstanding the efforts and technology of Center Parcs and its third party service providers to secure their computer networks, the security of those networks could be compromised. Third parties may have the technology or know-how to breach the security of Center Parcs' guest, employee and other confidential information, and Center Parcs' security measures (or those of its third party service providers) may not effectively prohibit others from obtaining improper access to this information, destroying or stealing valuable information or disrupting Center Parcs' operations. In addition, Center Parcs or any of its third party service providers may lose data, including guest data and payment details, or may fail to transmit such data online in a secure manner. In each case, if any theft or loss of personal guest data were to occur, Center Parcs could face liability (including fines) under data protection or privacy laws and lose the goodwill of its guests, incurring significant reputational harm. Such security breaches could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

If the guest, employee or other data held by Center Parcs is not accurate or complete, there is a risk that Center Parcs could make incorrect decisions regarding marketing, pricing, cost management or other factors that impact its financial performance.

Any virus, security breach, loss, or theft of company, guest or employee data could expose Center Parcs to adverse publicity, loss of sales and profits, regulatory action, or cause Center Parcs to incur significant costs to reimburse third parties for damages, which could impact its results of operations.

Center Parcs competes for discretionary spending with other holiday offerings and holiday or leisure alternatives.

The UK domestic holiday market is diverse. Center Parcs' main competitors are high-end, self-catering cottage accommodation and leisure hotels and resorts, primarily in the UK and to a lesser extent abroad. Center Parcs' holiday villages compete for guests' discretionary spending with other holiday offerings, including other holiday villages (both UK traditional holiday villages and holiday parks and UK and international destination parks). In addition, while at present there is only one other forest village holiday provider in the UK, other holiday providers could open forest villages in the UK in the future. A village's ability to attract guests depends, among other things, on the quality of the accommodation, competitiveness of prices, amenities and facilities offered and the convenience and location of the village. If competing UK holiday centres provide a better offering to guests, this may have a material adverse effect on Center Parcs' business, financial condition and results of operations, which may in turn affect the ability of the Obligors to meet their obligations under the Loans and the Issuer's ability to meet its obligations under the Notes.

Since the majority of Center Parcs' guests live within a two hour drive of the village they choose to visit, the effects of competition would be more pronounced if a new holiday centre or other guest attraction opened within close proximity to one of

Center Parcs' holiday villages or if an existing holiday centre expanded into its market or began conducting activities aimed at capturing Center Parcs' market share.

In addition, Center Parcs may face increased competition from holiday offerings outside the UK as a result of an increase in the convenience or reduction in the cost of air travel, particularly due to the decline in global oil prices, any appreciation of the pound relative to other currencies, particularly the euro, or inclement weather in the UK. In addition, if macroeconomic conditions are strong and/or inflation in the UK declines, there may be greater consumer preference for holidays abroad. Further, if and when operational, the proposed Longford Forest in the Republic of Ireland may attract guests away from Center Parcs' existing villages. Reduced occupancy at Center Parcs' existing villages for any of the above reasons may have a material adverse effect on the financial condition and results of operations of Center Parcs.

Center Parcs also competes more broadly with other types of leisure activities and forms of entertainment, such as sports and other recreational activities, restaurants, bars, retail outlets and spa facilities.

One or more of Center Parcs' competitors for holiday or leisure activities may be more successful in attracting and retaining guests. If Center Parcs does not compete successfully for discretionary spending with other holiday villages and other leisure alternatives, its business, financial condition and results of operations could be materially adversely affected.

Center Parcs could be adversely affected by changes in consumer tastes and expectations or its failure to maintain and improve its villages and amenities to appeal to changing guest tastes and expectations.

The success of Center Parcs' holiday villages depends substantially on consumer tastes and preferences that can change in unpredictable ways, and on Center Parcs' ability to ensure that its holiday villages meet the changing preferences of its target guests. Rising standards of accommodation and amenities and higher guest expectations may also affect the revenues and popularity of Center Parcs' villages, which require continued investment to ensure that the accommodation and amenities in the villages are attractive and appeal to Center Parcs' guests. Center Parcs carries out significant research and analysis before constructing new holiday villages or opening new facilities at its villages and often invests substantial amounts in investigating how these new holiday villages and new facilities may be perceived by guests. If Center Parcs' facilities or new entertainment and leisure activity offerings do not achieve targeted guest volumes, revenues may decline. Any failure to invest, innovate or continue to improve Center Parcs' offering in a timely manner to meet changing consumer preferences or to retain long-term guest loyalty or provide satisfactory guest service may have a material adverse effect on Center Parcs' business, financial condition and result of operations.

Bad or extreme weather conditions, road, rail or other transportation disruptions or closures and other conditions out of Center Parcs' control could negatively affect occupancy at Center Parcs' villages.

Center Parcs' holiday villages provide both indoor and outdoor activities, with the natural setting of the villages and the outdoor activities a major draw for guests. Bad weather or forecasts of bad or mixed weather conditions can reduce the number of people who come to the holiday villages or who book stays, which may require Center Parcs to lower prices thus reducing ADR even if occupancy remains stable. In addition, due to the often unexpected nature of bad or extreme weather conditions, Center Parcs may fail to predict or undertake the appropriate advanced planning to maintain business operations in the event of a disruption due to bad or extreme weather conditions. Any such condition could also adversely affect guests' experiences during their stay at Center Parcs and thereby affect their willingness to return to Center Parcs as repeat guests. Bad or extreme weather conditions (for example, floods, storms or high winds) or other occurrences outside of Center Parcs' control (such as fires) could also lead to the loss of use of one or more of Center Parcs' villages, or damage the natural environment in which the villages are situated, and disrupt its ability to attract guests to certain of Center Parcs' villages or facilities.

The occurrence of extreme winter weather conditions could cause significant damage to Center Parcs' holiday villages, which could materially and adversely affect its overall business. Similarly, unseasonably high temperatures and high winds could exacerbate forest fires. In addition, prolonged drought conditions may cause water shortages, which could adversely impact the operation of Center Parcs' water amenities. Center Parcs' insurance may not be sufficient to cover the costs of repairing or replacing damaged property or equipment, and Center Parcs may suffer a significant decline in revenues if any of its holiday villages is closed or unable to operate all of its facilities for an extended period of time.

Road closures or detours as a result of bad weather conditions may also prevent or delay Center Parcs' guests, who primarily drive to the villages, from reaching the villages. Road closures and detours have the potential of extending the effects of bad weather beyond the particular storm or weather condition as damaged roads and highways may take significant time to repair. Additionally, road closures and detours as a result of non-weather factors, such as government repair works, may also reduce the number of guests.

If transport links to Center Parcs' holiday villages and related infrastructure are damaged or become inadequate, guests may face difficulty in traveling to the villages, or may face significant delays and increased travel times, which could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs' revenues are highest during school holidays and public holidays, which could magnify the impact of adverse conditions or events that occur during peak demand periods.

Center Parcs' revenues are subject to seasonal factors and guest demand for breaks increases during school holidays, public holidays and periods of expected favourable weather conditions, among other things, during which Center Parcs is generally able to charge higher prices. As a result, if extreme weather, accidents or other adverse conditions or events occur, particularly during peak holiday periods, Center Parcs' business, financial condition and results of operations may be materially adversely affected. Additionally, changes in school holiday schedules or a switch to a uniform year-round schedule could adversely affect Center Parcs' guest bookings, and consequently its attendance levels or target pricing levels during the peak holiday periods, which may adversely affect Center Parcs' business, financial condition and results of operations. In addition, any such adverse effect or condition may make it difficult for Center Parcs to predict its operating results, which may materially and adversely affect Center Parcs' ability to implement planned capital expenditures.

In the United Kingdom, there has been an increasing trend of the government seeking to ban or deter term-time holidays for school children. A recent case in the Supreme Court of the United Kingdom upheld fines penalising parents taking their children out of school during term-time in the absence of exceptional circumstances. In financial year 2017, approximately 35% of Center Parcs' customers during off-peak periods were families with at least one school-age child. However, this number is likely to decline if the trend of increasingly strict regulations and enforcement surrounding term-time holidays continues. This may result in lower demand for Center Parcs' villages during off-peak periods and cause Center Parcs to further reduce off-peak prices, thereby decreasing margins.

Instances of illness or epidemics, as well as negative publicity relating thereto, could result in reduced guest attendance and materially and adversely impact Center Parcs' business.

Instances of illness or injury in general or claims of illness relating to food or drinking water quality or handling at restaurants, food preparation centres or holiday centres, whether or not affecting Center Parcs' villages, or in relation to water quality within pools and spas could reduce guest attendance materially, either through cancellations of existing bookings or by reducing consumer willingness to visit Center Parcs. In addition, any negative publicity relating to these and other health-related matters might affect consumers' perceptions of Center Parcs' holiday villages and reduce guest visits to its holiday villages.

The outbreak of a prolonged pandemic or epidemic disease or the occurrence of any other public health concern could negatively impact the public's willingness to gather in public spaces or travel or result in health or other government authorities imposing restrictions on travel, which individually or together could reduce guest volumes or revenues at Center Parcs' holiday villages. In addition, any such public health concerns may severely restrict the level of economic activity in affected areas. Any of these events, particularly if they occur during the peak holiday periods, or the booking periods thereof, could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs' insurance coverage may not be adequate to cover all possible losses that it could suffer, and its insurance costs may increase.

Companies engaged in the holiday centre business may be sued for substantial damages in the event of an actual or alleged accident. A catastrophic loss or accident occurring at Center Parcs' holiday villages or at competing holiday villages may increase insurance premiums, and negatively impact Center Parcs' operating results. Although Center Parcs carries annual liability insurance to cover this risk, its coverage may not be adequate to cover liabilities, and it may not be able to obtain adequate coverage should a catastrophic incident occur.

Center Parcs utilises a combination of self-insurance (through the use of large excesses payable by Center Parcs) and insurance coverage programmes for property, business interruption, employer's liability, public/products liability and health care insurance. Pursuant to such programmes, Center Parcs is responsible for a specified amount of claims and insures for claims above such limits.

Potential liabilities that Center Parcs self-insures or buys commercial insurance for could increase in the future. In addition, insurance may not be available to Center Parcs on commercially acceptable terms or at all, or Center Parcs could experience increases in the cost of such insurance. Any increase in the number of claims or amount per claim or increase in the cost of insurance could materially and adversely affect Center Parcs' results of operations.

The Obligors are required by the terms of the Issuer/Borrower Loan Agreements to insure the villages against the risk of material damage or destruction and resulting business interruption, acts of terrorism, public and product liabilities and such other risks as a prudent owner and operator of similar properties would insure against.

A failure by any of the Obligors to renew the relevant insurance policies in respect of a village may, upon damage to the village or loss of revenue in respect to the village (which would otherwise have been recoverable under such insurance policy), result in a corresponding loss in the value of such village or payment recovery under the loan made to the relevant Borrower. Similarly, even where the relevant insurance policy is current, there could be an administrative delay in the receipt of payment by the Obligors from the insurers which could affect the ability of the Obligors to meet their respective payment obligations during that period of delay.

Certain types of risks and losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving or settling of structures) may be or become either uninsurable or uneconomical to insure or may not be covered by the relevant insurance policies. Other risks might become uninsurable (or uneconomical to insure) in the future. The occurrence of significant uninsured or uninsurable losses could materially and adversely affect the Group's business, financial condition and results of operations, which could result in the Obligors not having sufficient funds to repay in full amounts owing under or in respect of the Issuer/Borrower Loan Agreements.

Any adverse impact on guest perceptions of Center Parcs Holding B.V., Center Parcs Europe N.V. or Longford Forest, with whom Center Parcs shares its brand, could adversely affect Center Parcs' business, financial condition and results of operations.

The successor to the founder of the Center Parcs brand is Center Parcs Holding B.V., a subsidiary of French listed company Pierre & Vacances, which operates a holiday business in France, the Netherlands, Belgium and Germany. Under the terms of a brand sharing agreement relating to trademarks and marketing services with, among others, CP Opco, Center Parcs Holding B.V. and Center Parcs Europe N.V. ("**CP Continental Europe**"), the parties agreed that CP Opco is exclusively entitled to use the trademark registrations for the Center Parcs brand that it owns in its territory (UK, the Channel Islands and the Republic of Ireland) and CP Continental Europe is exclusively entitled to use the trademark registrations for the Center Parcs brand that it owns in its territory (Albania, Austria, the Benelux, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Latvia, Liechtenstein, Lithuania, Macedonia, Monaco, Norway, Poland, Portugal, Romania, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland and Ukraine). Under the brand sharing agreement, each party has exclusive rights to operate holiday centres in its respective territory using its registered marks.

Further, the proposed Longford Forest in the Republic of Ireland is currently in the development stages. Although Longford Forest will be outside of the Restricted Group, any incidents at Longford Forest during the development phase, such as construction accidents, or poor reviews upon opening of the site, or any future incidents such as those described above could have a negative impact on the perception of Center Parcs in general.

Any event or circumstance that has an adverse impact on guest perceptions of the Center Parcs brand and holiday business outside the UK, the Channel Islands and the Republic of Ireland could have a material adverse effect on the reputation of the Center Parcs brand in the UK.

Center Parcs' future performance depends on continued maintenance capital expenditure and investment capital expenditure, which may be significant. Any failure to make the requisite maintenance capital expenditure or investment capital expenditure in a timely manner could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs' future performance depends on making continued maintenance capital expenditure and investment capital expenditure, which may be significant. A principal competitive factor for a holiday village is the uniqueness and perceived quality of its accommodation, amenities and facilities. Accordingly, the regular addition of new or improved accommodation, amenities and facilities and the repair or maintenance of those in existence are key to the continued competitiveness of Center Parcs' holiday villages.

Maintenance capital expenditures include refurbishments to existing facilities, including ensuring health and safety standards are met. Although the Obligors are required under the terms of the Class A Issuer/Borrower Loan Agreement to spend a minimum of £18.5 million per year on maintenance capital expenditure, there can be no assurance that this amount will be sufficient for Center Parcs' requirements. Center Parcs' maintenance capital expenditure for the 52-week period ended 21 April 2016 and the 52-week period ended 20 April 2017 was approximately £24 million and £25 million, respectively.

Investment capital expenditures include building new accommodation, upgrading existing accommodation and adding, upgrading or expanding cafes, restaurants and other facilities. Center Parcs' investment capital expenditure for the 52-week period ended 21 April 2016 and the 52-week period ended 20 April 2017, was £40 million and £70 million, respectively. In December 2016, Center Parcs completed an investment capital expenditure programme to upgrade all of its accommodation at the Original Villages. In addition, Center Parcs has been in the process of carrying out a further refurbishment process which commenced in April 2015. As of April 2017, refurbishment of 125 lodges has been completed and the refurbishment of a further 125 lodges will be completed at Elveden by May 2017. In financial year 2018 Center Parcs expects to refurbish an additional 400 lodges as part of this refurbishment programme.

In November 2016, Center Parcs commenced the demolition of the 88-bedroom hotel at Elveden Forest, which will be replaced by new accommodation. Center Parcs currently plans to build approximately 240 new units of accommodation, subject to planning permission and other factors.

Historical and future investment capital expenditure may not yield the anticipated revenue or ADR growth or improve the attractiveness of Center Parcs' holiday villages. Even if revenues do increase, the additional revenues may not be sufficient to recover the amounts invested by Center Parcs and to provide a return on such investments. In addition, if Center Parcs does not have sufficient liquidity to finance these upgrades or if insufficient amounts are spent on capital expenditure on the villages, Center Parcs' villages may not remain competitive.

There could be a material adverse effect on Center Parcs' business, financial condition and results of operations if it fails to maintain the planned approach to its maintenance and investment cycle and/or if any investment that does not result in revenue growth does not otherwise recover the amount invested or does not maintain the long-term attractiveness or good and safe condition of the relevant holiday village. Moreover, delays in the addition of new or improved accommodation, amenities and facilities or the closure of any of its amenities and facilities for repairs could adversely affect occupancy levels and Center Parcs' ability to realise revenue growth, which could have a material adverse effect on its business, financial condition and results of operations.

Failure to keep pace with developments in technology or any problems with maintaining or implementing upgrades to Center Parcs' IT systems could impair Center Parcs' operations or competitive position.

The holiday centre industry continues to demand the use of sophisticated technology and systems, including those systems and technologies used for Center Parcs' bookings, revenue management and property management platforms. These technologies and systems must be refined, updated and/or replaced with more advanced systems on a regular basis. If Center Parcs is unable to do so as quickly as its competitors, within budget cost and time frames or at all, its business could suffer. Center Parcs is in the process of introducing new IT systems and technologies aimed at improving pricing for bookings, targeting new and repeat customers and strengthening and integrating customer relationship management processes. Any problems with transitioning to or integrating its new systems could adversely affect Center Parcs' business. In particular, the implementation of the new IT systems could take longer than expected, disrupt Center Parcs' current systems and/or result in cost overruns. Center Parcs also may not achieve the benefits that it anticipates from these systems or any other new technology or system in the future. If any of these risks were to be realised, this could have a material adverse effect on Center Parcs' business, financial conditions and results of operations.

Center Parcs may not be able to successfully develop new villages and it may not realise desired returns from new villages or other villages it may acquire.

From time to time, Center Parcs evaluates suitable locations for new villages to develop or acquire. Center Parcs may not be able to successfully identify and secure such locations or may not be able to successfully execute opening such villages.

New villages may fail to become operational on a timely basis or at all due to setbacks including but not limited to delays or failure to receive planning permissions or other consents, inability to meet development requests from local authorities, infrastructure issues, construction delays, inadequate or delayed financing, the delay or inability to recruit or manage appropriately skilled employees or the inability to identify or secure agreements with key suppliers or development partners. Furthermore, once opened, new villages may not attract anticipated volumes of guests, either in the short or long term, as a result of differing customer expectations and preferences in these new locations or due to other factors.

The integration of a new village is a complex and time-consuming process. Center Parcs may not be able to integrate effectively any village it develops or acquires or successfully implement appropriate operational, financial and management systems and controls to achieve the benefits expected to result from such developments or acquisitions. Center Parcs may also be subject to unexpected claims and liabilities arising from such developments or acquisitions. These claims and liabilities could be costly to defend, could be material to its financial position and might exceed either the limitations of any applicable indemnification provisions or the financial resources of the indemnifying parties. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of the businesses Center Parcs develops or acquires could negatively impact its business and results of operations. Further, the benefits that it anticipates from these new developments or acquisitions may not be realised.

Any expansion into a new country, including the planned opening of a new village in the Republic of Ireland, would result in Center Parcs being subject to the laws and regulations of that country, including taxation. As a result, Center Parcs' risk exposure to political and regulatory changes will increase as a result of opening a village in another country. The impact of, and costs associated with, complying with changes in interpretation of existing, or the adoption of new, legislation, regulations or other laws or licensing and authorisation regimes in the jurisdictions in which Center Parcs has plans to operate can be difficult to anticipate or estimate and could have a material adverse effect on Center Parcs' business, financial condition and results of operations. Expansion into a new country could also subject Center Parcs to risks related to adverse fluctuations in currency exchange rates. Further, the Class A Issuer/Borrower Loan Agreement permits management to only devote up to 25% of its time towards any additional villages located outside the United Kingdom, including the proposed Longford Forest in the Republic of Ireland, and does not require any additional Center Parcs villages that may be developed outside the United Kingdom to accede to the Obligor Group (as is the case for any additional villages in the United Kingdom).

Additionally, if Center Parcs wishes to use the Center Parcs brand for a village located outside of the United Kingdom, the Channel Islands and the Republic of Ireland, it must invite CP Continental Europe to participate in all aspects of the development, funding, ownership and future management of such village. If CP Continental Europe accepts the invitation, Center Parcs and CP Continental Europe would have to participate in the development and management of the village on terms identical to each other. As a result, Center Parcs may not be able to effectively integrate such village into its existing business structure, which may have a material adverse effect on Center Parcs' business, financial condition and results of operations.

The occurrence of any of these factors could negatively impact the ability of Center Parcs to generate the desired returns from its strategy of international expansion, which could have a material adverse effect on its business, financial condition and results of operations.

Noteholders will not have recourse to any additional village outside the United Kingdom, its assets, revenues or cash flow. Development of any such village may divert management's time from villages in the United Kingdom.

The Class A Issuer/Borrower Loan Agreement permits management to devote up to 25% of its time towards any additional villages located outside the United Kingdom, including the proposed Longford Forest in the Republic of Ireland, and does not permit any additional Center Parcs villages that may be developed outside the United Kingdom to accede to the Obligor Group (as is the case for any additional villages in the United Kingdom).

Longford Forest is Center Parcs' first village outside of the United Kingdom. Subject to obtaining, financing and relevant consents and approvals, Center Parcs currently expects Longford Forest to open in 2019. Subject to the terms of the Class A Issuer/Borrower Loan Agreement, Center Parcs' management will be permitted to provide a number of services to help develop and operate Longford Forest. These services will include the provision of development services such as running tender processes for contractors and using reasonable endeavours to obtain required licenses and consents as well as operating services such as recruitment services, employee training, incorporating Longford Forest in to the sales and marketing activity undertaken by the Center Parcs Group, the provision of customer services such as handling general guest queries via call centre and e-mail, the provision of a reservations system and the taking of bookings, pricing and budget setting, health & safety advice, compliance and legal support, financial reporting and IT support together with a range of other corporate support services. Although the Longford Management Services Agreement provides that Center Parcs will be compensated for management's time spent on Longford Forest, these arrangements may not sufficiently compensate Center Parcs for the cost of providing such services and may divert management's time from the management of villages in the United Kingdom, subject to the 25% limit described above.

Under the Class A Issuer/Borrower Loan Agreement, none of the Obligors will own assets relating to, or derive revenues from, a village in Ireland or any other additional village outside the United Kingdom. Holders of the Issuer's notes will not have recourse to any such village outside the United Kingdom, its assets, revenues or cash flow. In addition, the development of additional villages outside the United Kingdom could divert management's time from the five existing villages or from any additional villages in the United Kingdom and may impose additional burdens on Center Parcs' limited management resources. This could have a material adverse effect on Center Parcs' financial condition, results of operations and business.

Center Parcs' business could be harmed if it loses the services of its key management personnel or is unable to attract and retain qualified employees.

Center Parcs' business depends upon the efforts and dedication of its senior management team and its staff, both in the villages and at its head office. Competition for highly-qualified personnel is intense, and the loss of the services of any of these key personnel without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on Center Parcs' business, financial condition and results of operations. In addition, its success depends on its ability to attract, motivate and retain qualified employees to keep pace with its needs. If Center Parcs is unable to do so, its results of operations may be adversely affected.

In addition, Center Parcs' future business success depends in part on its ability to continue to recruit, train, motivate and retain employees and on its ability to continue to employ creative employees and consultants. The loss of service of any key personnel, or an inability to attract and retain qualified employees and consultants, could have a material adverse impact on its business, financial condition and results of operations.

Center Parcs depends on third party suppliers and contractors.

Center Parcs has key contractual relationships with a number of third parties, including suppliers, insurers, partners, banks and payment processors. In particular, Center Parcs relies on key suppliers to carry on its operations. These include Casual Dining Group (formerly Tragus), whose offering includes Café Rouge, Las Iguanas and Bella Italia; Select Service Partners ("**SSP**"), whose offering includes gastro pub and fast food outlets; and the Nuance Group, Center Parcs' retail partner. The Center Parcs business model incorporates a range of service relationships, with some food and beverage and retail offerings operated on a concession basis, others, such as Starbucks, being licensed to Center Parcs and some "back-of-house" services provided by third parties, including laundry services and food and beverage supplies. Center Parcs also relies on third party service providers and IT systems such as payment processing services, ATCORE (formerly Anite), a non-affiliated third party company, which provides TourRes, the booking system used by Center Parcs, and Adobe which provides the platform for certain of Center Parcs' websites.

The failure of one or more of the third party suppliers and contractors to deliver or provide the services when needed by Center Parcs or at the desired quality may have an adverse impact on Center Parcs' operations and business. Similarly, the failure of one or more of these third parties to fulfil its obligations to Center Parcs for any other reason, or the termination of such agreements by any of the third party suppliers or contractors, may also cause significant disruption and have a material adverse effect on its result of operations, financial performance and prospects.

Furthermore, third party suppliers may seek to increase prices for their services. If Center Parcs is unable to negotiate limits to any price increases or find alternative third party suppliers providing services at lower prices, such increases may negatively impact Center Parcs' business. In addition, material disputes may arise between Center Parcs and third party service providers and suppliers, which could adversely affect the relationship between Center Parcs and such third parties. Any or all such developments could have a material adverse effect on Center Parcs' business, results of operations and financial condition.

The operation and development of Center Parcs' holiday villages are subject to planning and other consents, laws and regulations, which may constrain future development or new attractions. In addition, changes in use or planning consents relating to property neighbouring the villages may have a material detrimental effect on guests' enjoyment of the villages.

Center Parcs' villages are required to be constructed in accordance with the relevant planning permission to ensure that the current use of the holiday villages is lawful. If the construction or use of a holiday village is not in accordance with the relevant planning permission, the relevant council may, in certain circumstances, require that use to cease. Further, a council can require compliance with the conditions of any planning permission or planning agreement, or, in certain circumstances, the alteration or reinstatement of any construction carried out without planning permission.

All of Center Parcs' villages are in rural locations. Center Parcs may experience material difficulties or failures in maintaining or renewing the necessary licences or approvals for its holiday villages, which could result in holiday village or attraction closures or fines. Stringent and varied requirements of local regulators with respect to zoning, land use and environmental factors could also delay or prevent development of new holiday villages in particular locations. In the future, obtaining planning permission for future developments or new attractions may be difficult. In addition, if any such planning permissions cannot be obtained, there are limited alternative uses for rural sites of the size of the villages where base land values are low and alternative planning permissions are unlikely.

The operation, development and redevelopment of recreational facilities and other structures at Center Parcs' holiday villages and the development of new or additional villages may require consent from the relevant local planning authorities as well as from third parties, such as landlords, development partners, finance providers and regulatory bodies. Center Parcs may not be able to obtain the requisite planning or other consents as and when required in respect of developments or redevelopments or the roll-out of new or additional holiday villages, and planning or other consents may be withdrawn in relation to existing offerings at any of its holiday villages. In addition, Center Parcs' properties may be subject to certain restrictive covenants in favour of third parties.

In September 2017, 57 new lodges are expected to open at Woburn Forest and Center Parcs is currently building 57 new lodges at the Original Villages. Center Parcs has planning permission for all of these new builds, as well as planning permission for 3 new treehouses to be built at Woburn and 8 spa suites at Longleat. In total, Center Parcs currently plans to build approximately 240 new units of accommodation, subject to planning permission and other factors. If Center Parcs is unable to obtain the requisite planning permissions for these additional lodges at the existing villages, it would be unable to construct these additional lodges, which would have an adverse effect on Center Parcs' expansion plans for these sites.

Center Parcs works with and engages its local planning authorities with regard to issues of shared concern that impact the development and redevelopment of its properties and the roll-out of new holiday villages, including sensitivities to site noise, listed structures, road congestion and other traffic issues, and health and safety issues. If it were to fail to cooperate with local planning authorities or if Center Parcs' work relationship with such authorities were to be adversely affected for any reason, this could negatively impact its ability to obtain the planning and other consents necessary for the development and redevelopment of current villages or expanding into new villages, or it could result in the withdrawal of existing consents. Additionally, possible changes to planning rules (such as the categorisation of flood zones), or by-law distances which prohibit development within a certain distance of flood defence structures) would, if made, adversely affect Center Parcs' ability to develop a holiday village. Additional constraints on future development could have an adverse effect on guest numbers, which could have a material adverse effect on its business.

Any refusal to grant, or delay in granting Center Parcs' requested planning or other consents, or the application of any special conditions to such consents (or breach by Center Parcs of such conditions), could have a material adverse effect on its business, financial condition and results of operations. Furthermore, future planning consents are likely to impose further conditions and/or require Center Parcs to enter into new planning agreements. In addition, proposed regeneration schemes may adversely impact guest access to, or the operation of, individual facilities. The constraints placed on Center Parcs' operations by future planning consents or regeneration schemes may be more onerous than those currently applying, and could have a material adverse effect on its business, financial condition and results of operations.

Changes in use or planning consents relating to property neighbouring the villages may have a material detrimental effect on guests' enjoyment of the villages. For example, changes in use or planning consents could permit owners or occupiers of property adjoining or close to Center Parcs' villages to use their property in a way that disturbs or diminishes guests' enjoyment of the villages or the natural setting in which the villages are located. These uses would include the installation or use of plant and equipment (e.g. electricity pylons) or activities that emit noise or smell, or that are inconsistent with guests' enjoyment of a holiday in a natural environment. Any such detrimental change, or negative publicity regarding such a change, may have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs may be subject to liabilities and costs associated with its intellectual property.

Center Parcs relies on trademarks to protect its brand. Many of these trademarks have been a key part of establishing its business in the UK holiday market, including Center Parcs and Aqua Sana. Center Parcs believes these trademarks have significant value and are important to the marketing of its villages. The steps Center Parcs has taken or will take to protect its proprietary trademark rights may not provide adequate protection, and Center Parcs may not have adequate resources to enforce its trademarks if third parties infringe its trademarks. In addition, although Center Parcs owns its trademarks, these trademarks may infringe the proprietary rights of others and may not be upheld if challenged. If its trademarks infringe the rights of others, Center Parcs may be prevented from using its trademarks, any of which occurrences could harm its business. In any such event, Center Parcs could be forced to rebrand its products and services, which could result in loss of brand recognition and may require Center Parcs to devote significant resources to advertising and marketing new brands. Further, any claims of trademark infringement may require Center Parcs to enter into a royalty or licensing agreement to obtain the right to use a third party's intellectual property, which may not be available on terms acceptable to Center Parcs.

From time to time, Center Parcs enters into agreements with third parties that permit it to use the intellectual property of such third parties at its holiday villages. The third parties owning such intellectual property may not renew such agreements with Center Parcs or may increase the cost for it to use such intellectual property to levels that make it cost prohibitive or economically unfavourable for it to continue such arrangements.

Potential liabilities and costs from litigation could adversely affect Center Parcs' business.

From time to time, Center Parcs may become involved in litigation and regulatory actions as part of its ordinary course of business. There is no guarantee that it will be successful in defending against civil suits or regulatory actions, such as matters related to public and employee safety, food safety, employment and environmental laws and regulations. Even if a civil litigation claim or regulatory investigation or claim is meritless, does not prevail or is not pursued, any negative publicity surrounding assertions against Center Parcs' holiday villages could adversely affect its reputation. Regardless of their outcome, litigation and regulatory actions may result in substantial costs and expenses and divert the attention of Center Parcs' management. In addition to pending matters, future litigation, government proceedings, labour disputes or environmental matters could lead to increased costs or interruption of Center Parcs' normal business operations, which may have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Changes in privacy or data protection laws could adversely affect Center Parcs' ability to market its products effectively.

Center Parcs' holiday villages rely on its guest base and a variety of direct marketing techniques, including email marketing. Any expansion of existing, and/or implementation of new, laws and regulations regarding marketing, solicitation, privacy or data protection could adversely affect Center Parcs' ability to utilise its guest database for email and other marketing techniques and could result in changes to its marketing strategy. If this occurs, Center Parcs may not be able to develop adequate alternative marketing strategies, which could materially adversely impact its attendance levels and revenues.

Center Parcs may be adversely affected by environmental requirements and liabilities.

Center Parcs is subject to extensive and frequently changing national and local environmental laws and regulations, including laws and regulations governing air and noise emissions; water use and wastewater and stormwater discharges; the maintenance of above-ground and underground storage tanks; the use, release, storage, disposal, handling and transportation of, and exposure to, oil, chemicals and hazardous substances; energy usage and emissions; the management and disposal of waste; and otherwise relating to health and safety and the protection of the environment, natural resources and the remediation of contaminated soil and groundwater. The development and operation of Center Parcs' facilities require various permits and licences pursuant to environmental laws and regulations, which can result in challenges in the applications process, constraints in on-site operations, and costs in compliance.

Violations of environmental laws and regulations can lead to significant fines and penalties and requirements for rectification, which could require expenditure, changes in site operations or temporary closures of all or part of the relevant holiday centre. Such laws and regulations can impose clean-up responsibility and liability without regard to whether the owner knew of or caused the presence of contaminants. Historical land uses on parts of the village sites, such as quarrying, timber treatment, an electrical substation, sewage discharge/treatment, and a small part of the Whinfell site that is a registered landfill (which is now closed, but is relatively close to an off-site potable water abstraction point), may have introduced pollution or contamination into the soil and/or groundwater in parts of the Center Parcs village sites or may have migrated beyond the boundaries of these sites. Sanctions for alleged or actual non-compliance with environmental regulations could have a material adverse effect on Center Parcs' business, financial condition and results of operations. Center Parcs is also subject to certain contractual requirements relating to the environment and may incur liabilities arising from historical, existing and future environmental contamination at properties it owns or operates now or in the future or has owned or operated in the past. The presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may cause Center Parcs to incur substantial remediation or compliance costs or temporarily close the relevant holiday centre. In addition, if hazardous substances are located on or released from any of its properties, Center Parcs could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity for other damages, such as natural resource damages. Center Parcs is also required to purchase carbon allowances annually commensurate with energy consumption (with allowance prices increasing each year), and to audit energy use, both of which are subject to financial penalties for non-compliance.

Center Parcs may incur additional expenditure and other commercial and financial impacts to comply with existing as well as new or revised environmental legislation and regulations, new interpretations of existing laws and regulations or more rigorous enforcement of such laws and regulations, as well as in connection with fulfilling contractual obligations, which could have a material adverse impact on Center Parcs' business, financial condition and results of operations. A conviction for an environmental offence could also negatively affect Center Parcs' ability to contract with certain third parties in the future.

If an environmental liability arises in relation to any of the holiday villages and it is not remedied, or is not capable of being remedied, this may adversely affect Center Parcs' business or financial condition. This may be either because of cost or value implications for Center Parcs and its properties or because of disruption to services provided at the relevant holiday village.

Center Parcs' existing leases are subject to early termination risks and Center Parcs may be unable to renew headleases or obtain new leases on acceptable terms.

The headleases for Elveden Forest and Sherwood Forest expire in 2999, the headleases for Longleat expire in 2073, the headleases for Whinfell Forest expire in 2120 and the headlease for Woburn expires in 2109. There is a risk that the landlord of the relevant property may terminate the headlease (and in the case of Longleat, the superior landlord may forfeit the superior leases causing the two headleases to terminate) before the expiry of the contractual term for failure to pay rent or other breach of tenant obligation.

The rent payable under each of the headleases for Whinfell Forest, Elveden Forest and Sherwood Forest is a nominal sum. The yearly rent payable under the headleases for Longleat is currently £784,758 in aggregate subject to upwards-only review every five years by reference to the historic increase in revenue at Longleat. The rent payable under the Woburn lease is currently £557,750 per annum subject to upwards only review every five years (the next review date is in 2019) by reference to the greater of an increase in rent in line with the retail price index, a fixed percentage increase in the passing rent or the historic increase in revenue at Woburn. Other tenant obligations in the headleases include, but are not limited to, an obligation to keep the properties in good and substantial repair. A failure to pay rent, including as a result of any rent increases, or other breach of tenant obligation may result in an early termination of the relevant lease. Any early termination, delay in or inability to renew Center Parcs' existing leases may negatively impact its ability to operate its villages. Each Obligor has undertaken in the Issuer/Borrower Loan Agreements to pay, when due, all sums payable by it under each headlease, to perform and observe all of its material covenants under each headlease and not to commit a material breach of any headlease.

The headleases for Whinfell and Longleat do not contain mortgagee protection provisions in the event of forfeiture. The Woburn headlease does contain mortgagee protection provisions and therefore, before the landlord can forfeit the headlease, it is obliged to notify the mortgagee of its intention to do so, giving the mortgagee, within a period of three months, the opportunity to i) enter into a deed of covenant with the landlord to comply with the tenant obligations in the lease or ii) procure an assignment of the lease to a third party in accordance with the terms of the headlease. If a landlord were to seek to forfeit a headlease, the Obligor owning the property and the security trustee under the Center Parcs Group's secured debt instruments would have a right to apply to the English courts to seek relief from forfeiture. The headleases for Elveden and Sherwood contain a proviso in the forfeiture clause that in the event of the landlord serving notice on the tenant alleging breach of any material covenant by the tenant, the landlord must contemporaneously serve a copy of the notice on any mortgagee of which the landlord has notice and the landlord must give not less than ten days' prior notice to any mortgagee to exercise any right of re-entry.

Any property on which the villages are located may be subject to compulsory purchase.

Any property in the United Kingdom may at any time be compulsorily acquired by a public authority possessing compulsory purchase powers (for instance, local authorities and statutory undertakings (including electricity, gas, water and railway undertakers) in respect of their statutory functions) if it can demonstrate that the acquisition is required. Where any land is acquired through compulsory purchase, compensation would be payable to Center Parcs as a result. However, any such compensation may not reflect the value to Center Parcs of the affected land.

Any promoter of a compulsory purchaser order would need to demonstrate that compulsory purchase was necessary or desirable for the promoter's statutory functions and for, or in, the public interest. As a general rule, in the event of an order being made in respect of all or any part of any holiday village, compensation would normally be payable on the basis that it be broadly equivalent to the open market value of all owners' and tenants' proprietary interests in the portion of the village subject to compulsory purchase at the time of the related purchase, so far as those interests are included in the order. Compensation would normally be payable in respect of the land acquired and the diminution in value of any retained land, reduction in rent and other adverse impacts of the compulsory purchase scheme.

There is often a delay between the compulsory purchase of a property and the payment of compensation, although advance payment of compensation is available representing 90% of the amount of compensation which the acquiring authority considers is due (where the acquiring authority takes possession before compensation has been agreed).

Compulsory purchase of all or any significant portion of property relating to the villages, or the payment of compensation that does not reflect the value to Center Parcs of affected land, may have a material adverse effect on Center Parcs' financial condition and results of operations.

Governmental regulation may adversely affect Center Parcs' existing and future operations and results.

Center Parcs is subject to various national and local regulations that have affected, and will continue to affect, its operations. Each of its holiday villages is subject to national and local licensing and regulation by health, sanitation, food and workplace safety, and other agencies. Its operations are also subject to regulations which govern such matters as the minimum wage, national living wage, overtime and other working conditions, along with parental leave and a variety of similar laws enacted to govern these and other employment law matters. The UK government introduced a national living wage in the 2015 budget, which applied to employees aged 25 and over from April 2016, with further phased increases until April 2020. Center Parcs extended a similar wage increase to employees under the age of 25 as well. This increase in wages resulted in higher personnel costs and is expected to result in further increase in personnel costs going forward. Changes to such laws and regulations, including further increases to the minimum wage or national living wage, could have a materially adverse impact on Center Parcs' existing and future operations and results.

Center Parcs is also subject to the Equality Act 2010, which gives civil rights protections to individuals with disabilities in the context of employment, public accommodation and other areas. Center Parcs may in the future have to modify its villages to provide service to or make reasonable accommodations for disabled persons. The expenses associated with these modifications could be material. Regulations and laws, or the way in which they are interpreted, may become more stringent over time, which could require new capital expenditures and result in an increase in its operating costs.

Work stoppages, increased staff costs, and other employee problems could negatively impact Center Parcs' future profits.

A lengthy strike or other work stoppage at one of the holiday villages could have an adverse effect on Center Parcs' business and results of operations. Center Parcs' employees are not unionised, but some of Center Parcs' employees are, or may in the future be, represented by works councils. Center Parcs may experience union activity in the future which could negatively impact Center Parcs' business, financial condition and results of operations.

In addition, staff costs are a primary cost component in operating Center Parcs. Increased staff costs, due to competition for available workers, increased minimum wage or employee benefit costs, changes in labour laws or otherwise, could adversely impact Center Parcs' operating expenses. For example, costs of medical benefits may increase significantly due to regulations, macroeconomic conditions and other factors beyond Center Parcs' control.

Acts of terrorism may negatively impact Center Parcs' business.

Terrorist attacks have created many economic and political uncertainties. Center Parcs cannot predict the extent to which terrorism or security alerts may directly or indirectly impact demand for its holiday parks, or otherwise impact its business and operating results. The occurrence of any such terrorist event near or at a village could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Proposed changes in tax law arising from the OECD's Base Erosion and Profit Shifting ("BEPS") project might have an adverse effect on the financial position of the Issuer or the Borrowers.

On 5 October 2015, the OECD published final recommendations for new, or amendments to existing, tax laws arising from its BEPS project (the "**OECD proposals**"). The OECD proposals include recommendations as to best practice concerning limits on the deductibility of interest expense for corporate tax payers, based on certain ratios of net interest expenditure to earnings before interest, tax, depreciation and amortisation.

The UK Finance (No.2) Bill 2017 included draft legislation to introduce limits on the deductibility of interest expense for UK corporation tax payers. The draft legislation sought to apply a fixed ratio rule to limit a group's UK tax deductions for net interest expense to 30% of the "aggregate tax-EBITDA" of the worldwide group or, if lower, the "fixed ratio debt cap" of the worldwide group. The draft legislation also contained a group ratio rule, subject to a "group ratio debt cap" (intended to allow groups that are highly leveraged for commercial reasons to obtain a higher level of net interest deductions, up to a limit in line with the group's overall external gearing position), and a public infrastructure exemption (aimed at ensuring that any restriction does not impede the provision of external finance used to fund taxable UK public infrastructure).

The draft rules set out in the Finance (No.2) Bill 2017 would, if introduced, be complex in their operation, and technical issues have been identified relating to their precise scope. The enactment of the legislation has now been suspended pending the UK general election and it is not known whether the next government will introduce the legislation and, if it does, when the legislation will have effect from and whether it will be in substantially the same form as that in the Finance (No.2) Bill 2017.

It is therefore impossible to conclude with any certainty on how the rules will apply and what effect they will have on the Borrowers. This exercise is made more difficult by the fact that the Center Parcs group is consolidated with the Brookfield group for accounting purposes (through Brookfield Asset Management Inc.), meaning that the worldwide group for the purpose of the rules is defined by reference to the companies consolidated with Brookfield Asset Management Inc., not just the Center Parcs group. The tax deductions for interest expense of the Center Parcs group could therefore be impacted by the position of the Brookfield group as a whole.

If the rules were introduced in the same form as that in the Finance (No. 2) Bill 2017 the Borrowers may or may not suffer some disallowance, but the current expectation is that any such disallowance would not be to a level which would have a materially adverse impact on the Borrowers' financial position or their ability to make payments of interest and principal under the Issuer/Borrower Loan Agreements. This depends on a number of factors, however, and the position could change. Therefore, if the rules are introduced and restrict tax deductions for interest expense in the Borrowers or (to the extent it requires such deductions, as a company within the UK's regime for securitisation companies) the Issuer, they could have an adverse effect on the financial position of the Borrowers or the Issuer and, in the case of the Borrowers, there is a risk that this could have an impact on the post-tax cash flows available to the Borrowers and thus indirectly on the ability of the Borrowers to make payments of interest and principal under the Issuer/Borrower Loan Agreements (which could affect the ability of the Issuer to make payments of interest and principal under the Notes).

Certain Obligors and the Issuer are incorporated in jurisdictions other than England and Wales and therefore may be subject to overseas insolvency law on the security enforcement process.

While Center Parcs (Jersey) 1 Limited (the "**Jersey Obligor**") and the Issuer are incorporated in Jersey, they will each be a tax resident in the United Kingdom (from where they will be controlled and all management functions will be operated).

Under the EC Regulation No 1346/2000 on Insolvency Proceedings 2000 (the "**EUIR**"), "main" insolvency proceedings in respect of a debtor should be opened in the member state in which its centre of main interests ("**COMI**") is located.

The forms of insolvency proceedings which can comprise main proceedings are listed in Annex A to the EUIR and include, in respect of the UK, administration, compulsory liquidation and creditors' voluntary liquidation with confirmation by the court. There is a rebuttable presumption that a company's COMI is in the place where it registered office is located. The EUIR has been replaced by the Regulation (EU) 2015/848 of the European Parliament and of the Council dated 20 May 2015 (the "**Recast EUIR**") which became effective as of 26 June 2015, and which will be applicable to insolvency proceedings opened after 26 June 2017 (subject to certain exceptions). The EUIR remains applicable to insolvency proceedings opened before that date.

It is possible to rebut the presumption that a company's COMI is in the place of its registered office if factors which are both objective and ascertainable by third parties (meaning that they are already in the public domain and what a typical third party would learn as a result of dealing with the company, without making specific enquiries) indicate that the company's COMI is elsewhere (*Re Eurofood IFSC Ltd* ECJ C-341/2004). Factors which may be taken into account include the location of any regulatory authorities and the places where the company's business is managed and operated, board meetings held and the accounts prepared and audited.

The Recast EUIR specifically states in the Recitals (Recital 30) that the presumption of the COMI being at the place of the registered office should be rebuttable if the company's central administration is located in a member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and of the management of its interests is located in that other member state. In this regard, special consideration should be given to creditors and their perception as to where a company conducts the administration of its interests. In the event of a shift in the COMI, this may require informing the creditors of the new location from which the company is carrying out its activities in due course (e.g. by drawing attention to the change of address in commercial correspondence or otherwise making the new location public through other appropriate means).

Where the bodies responsible for the management and supervision of a company are in the same place as its registered office, and where the management decisions of the company are taken from there, the presumption cannot be rebutted (*Interedil Srl (in liquidation) v Fallimento Interedil Srl and another C-396/09*). The point at which a company's COMI falls to be determined is at the time that the relevant insolvency proceedings are opened – although note that under the Recast EUIR there is the three month look back period as regards the presumption of the company's COMI.

Insolvency proceedings opened in one Member State under the EUIR and the Recast EUIR are to be recognised in other Member States, although secondary proceedings may additionally be opened in any Member State where the company has an "establishment". An establishment is a place of operations where the company carries out a non-transitory economic activity with human means and goods. This means a fixed place of business and dealings with third parties (as opposed to purely internal administration). The effect of secondary proceedings is limited to the assets located in that Member State. The forms of insolvency proceedings which can comprise secondary proceedings are listed in Annex B to the EUIR and include, in respect of the UK, compulsory liquidation and creditors' voluntary liquidation with confirmation by the court but not administration.

The EUIR and the Recast EUIR contain provisions dealing with the co-ordination of main and secondary proceedings. The Recast EUIR further contains provisions dealing with insolvency proceedings of members of a group of companies.

It remains to be seen what impact the recent vote by the UK to leave the EU will have on the regulatory environment in the EU and the UK and on the applicability of EU law in the UK.

Given the fact that the Issuer and the Jersey Obligor are managed and operated from England, and that this is ascertainable to a third party creditor (such that the creditor would assume their COMI was in England), it is likely that the Issuer's and the Jersey Obligor's COMI is in England as opposed to Jersey. If this is the case, the Issuer and the Jersey Obligor may be subject to English administration, company voluntary arrangement, and certain liquidation proceedings. Alternatively, English insolvency law may also be applicable to the Issuer and the Jersey Obligor if a request for assistance is made by the Jersey court to the English court under section 426 of the Insolvency Act 1986.

Even if the Issuer's or the Jersey Obligor's COMI were in England, or section 426 of the Insolvency Act 1986 applied, it is unlikely that it will be possible to appoint an administrative receiver in respect of the Issuer or the Jersey Obligor in England (so as to prevent the appointment of an English administrator) using the capital market exemption described in more detail below. This is because notwithstanding the fact that their COMI may be in England, neither the Issuer nor the Jersey Obligor is likely to be considered to be a "company" for the purposes of section 29 of the Insolvency Act 1986 since it is not formed under one of the UK Companies Acts.

In respect of any insolvency proceedings in relation to CP Cayman Midco 2 Limited and CP Cayman Limited, the UNCITRAL Implementing Regulations (as defined below) may apply. This may inhibit the ability of the relevant trustee to appoint a receiver in respect of CP Cayman Midco 2 Limited and/or CP Cayman Limited or may impose a mandatory stay on insolvency proceedings in the English courts which ultimately could lead to a delay in the realisation of security and/or a reduction in the amounts received from such realisation.

The UNCITRAL Model Law on Cross-Border Insolvency was implemented in Great Britain and Northern Ireland on 4 April 2006 by The Cross-Border Insolvency Regulations 2006, SI 2006/1030 (the "**UNCITRAL Implementing Regulations**"). Under the UNCITRAL Implementing Regulations, if foreign insolvency proceedings are commenced in respect of a company, then, upon application by the foreign insolvency officeholder and provided that certain requirements are met, the English courts are required to recognise such proceedings. Any such recognition may in effect impact upon the availability of certain types of creditor action in England and Wales and/or, provided certain further requirements are met, result in the application of English avoidance (including claw-back) provisions.

In addition, if the relevant foreign insolvency proceedings are recognised as "foreign main proceedings" (and there is no conflict with the EUIR), then an automatic mandatory stay on certain types of creditor action (including the commencement of certain legal proceedings) and the disposal by the company of its assets will apply in England and Wales. In general, this stay will not restrict rights relating to the enforcement of security or set-off (so long as these rights could be exercised in an English winding-up). However, the foreign officeholder may also make an application to an English court to exercise its discretion to provide further relief, including the imposition of a wider stay (which may extend to restrictions on the rights referred to above), particularly if the foreign proceedings in question are reorganisation proceedings which, under the foreign insolvency law, give rise to a stay on security enforcement.

UK Parcs Holding S.à r.l. is incorporated in Luxembourg and will not have tax residency or be controlled or managed within the United Kingdom. It is therefore likely that UK Parcs Holding S.à r.l.'s COMI will be presumed to be in Luxembourg and (if this presumption is not rebutted) it would be likely to enter into Luxembourg insolvency proceedings. The UNCITRAL Implementing Regulations may also apply in respect of any insolvency proceedings in relation to UK Parcs Holding S.à r.l., although to the extent there is any conflict under the EUIR and the UNCITRAL Implementing Regulations, the requirements of the EUIR will prevail.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected historical financial information set forth below, for the periods indicated, is based on the audited consolidated financial statements and notes thereto of Center Parcs as at and for each of the 52-week periods ended 20 April 2017 and 21 April 2016, incorporated by reference in this Supplemental Bondholder Report. The selected historical financial information set forth below should be read in conjunction with Center Parcs' consolidated financial statements and notes thereto incorporated by reference in this Supplemental Bondholder Report and the sections entitled "Presentation of Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". The information below is not necessarily indicative of the results of future operations.

On 11 June 2015, Center Parcs (Holdings 1) Limited indirectly, through a subsidiary, acquired CP Woburn Opco. Prior to that date, both Center Parcs (Holdings 1) Limited and CP Woburn Opco were under the indirect common control of the parent company CP Cayman Midco 1 Limited. Prior to the date of such acquisition, Center Parcs (Holdings 1) Limited and CP Woburn Opco did not constitute a consolidated group. As a result, the audited consolidated financial statements of Center Parcs as at and for the 52-weeks ended 23 April 2015 do not include the results of CP Woburn Opco.

Following the acquisition of CP Woburn Opco, the acquisition was accounted for using predecessor accounting principles which present the financial statements as if CP Woburn Opco had always been part of the group constituted by Center Parcs (Holdings 1) Limited and its subsidiaries using the pre-combination carrying values. Under predecessor accounting principles, the assets and liabilities of CP Woburn Opco were consolidated in the consolidated financial statements of Center Parcs (Holdings 1) Limited as at and for the 52-week period ended 21 April 2016 based on their pre-combination book values and the difference between the consideration payable and the book values of the net assets was recorded in equity in the other reserve.

To facilitate comparability of financial information presented for the 2015 financial year with the 2016 and 2017 financial years, financial information as at and for the 52-week period ended 23 April 2015 presented and discussed in this Supplemental Bondholder Report has been derived from the consolidated comparative figures, which include the results of CP Woburn Opco, presented in the audited consolidated financial statements of Center Parcs as at and for the 52-week period ended 21 April 2016. These comparative figures have not been audited.

In order to present the historical reported results for the 2015 financial year of the entities that comprise the current Center Parcs Group, the audited consolidated financial statements of Center Parcs (Holdings 1) Limited and the audited financial statements of CP Woburn Opco, in each case as at and for the 52-week period ended 23 April 2015, have been incorporated by reference in this Supplemental Bondholder Report.

Selected Financial Information

Income Statement Data

	52 weeks ended 23 April 2015	52 weeks ended 21 April 2016	52 weeks ended 20 April 2017
		£m	
Revenue	**386.9**	**420.2**	**440.3**
Cost of sales	(106.1)	(111.7)	(115.7)
Gross profit	**280.8**	**308.5**	**324.6**
Of which gross profit exceptional and non-underlying items(1)	1.1	—	—
Administrative expenses before exceptional and non-underlying items	(101.7)	(110.3)	(111.6)
Adjusted EBITDA before exceptional and non-underlying items	**180.2**	**198.2**	**213.0**
Exceptional and non-underlying items(2)	(9.9)	(4.5)	-
Depreciation and amortisation	(41.0)	(42.6)	(47.9)
Owners' costs	(2.0)	(0.4)	-
Operating profit	**127.3**	**150.7**	**165.1**
Movement in fair value of financial derivatives	17.0	(16.8)	-
Finance income	0.7	0.4	0.2
Finance expense before exceptional and non-underlying items	(115.9)	(98.3)	(89.6)
Exceptional and non-underlying finance expense(3)	(6.4)	(42.0)	(5.2)
Profit/(loss) before taxation	**22.7**	**(6.0)**	**70.5**
Taxation	(10.3)	12.4	(6.7)
Profit for the period attributable to equity shareholders	**12.4**	**6.4**	**63.8**

(1) Woburn Forest opened to the public on 6 June 2014. All income and expenses incurred prior to 6 June 2014 in respect of Woburn Forest were treated as an exceptional/non-underlying item.

(2) Exceptional and non-underlying items of £9.9 million for the financial year ended 23 April 2015 related to the Group's review of its strategic options and pre-opening losses incurred in respect of Woburn Forest prior to its opening on 6 June 2014. Exceptional and non-underlying items of £4.5 million for the financial year ended 21 April 2016 related to costs and expenses incurred in connection with the Group's review of its strategic options, which resulted in the sale of Center Parcs to the Brookfield Funds.

(3) Exceptional and non-underlying finance expense of £6.4 million in the financial year ended 23 April 2015 related to (i) £4.3 million in connection with the accelerated amortisation of deferred issue costs in respect of the Class A1 Notes, and (ii) £2.1 million in connection with Woburn pre-opening financing costs (which consisted of £2.5 million of interest payable to related parties and £1.0 million of interest payable on bank loans, offset by £1.4 million of capitalised interest). Exceptional and non-underlying finance expense of £42.0 million in the financial year ended 21 April 2016 related to (i) £19.9 million in connection with make-whole payment and consent fees incurred in respect of the refinancing of the Class A1 Loan and Class A1 Notes; (ii) £16.9 million in connection with the premium paid on the settlement of the Original Class B Notes; and (iii) £5.2 million in connection with accelerated amortisation of deferred issue costs in respect of the Original Class B Notes.

Exceptional/non-underlying finance expense of £5.2 million in the financial year ended 20 April 2017 related to the accelerated amortisation of deferred issue costs in respect of the Class B2 Notes, in light of the expected refinancing of the Class B2 Notes.

Balance Sheet Data

	As at 23 April 2015	As at 21 April 2016	As at 20 April 2017
		£m	
Assets			
Non-current assets			
Goodwill	157.5	157.5	157.5
Other intangible assets	127.3	127.6	135.8
Property, plant and equipment	1,393.1	1,413.5	1,451.9
Deferred tax asset	6.9	12.7	15.0
	1,684.8	**1,711.3**	**1,760.2**
Current assets			
Inventories	3.5	3.3	3.7
Trade and other receivables	10.8	7.6	7.9
Current tax asset	4.3	5.3	6.4
Derivative financial instruments	16.8	—	—
Cash and cash equivalents	104.0	47.7	34.0
	139.4	**63.9**	**52.0**
Liabilities			
Current liabilities			
Borrowings	(0.3)	(0.3)	(0.3)
Trade and other payables	(151.2)	(163.7)	(181.3)
	(151.5)	**(164.0)**	**(181.6)**
Net current liabilities	**(12.1)**	**(100.1)**	**(129.6)**
Non-current liabilities			
Borrowings	(1,433.3)	(1,465.9)	(1,474.7)
Retirement benefit obligations	(2.7)	(2.1)	(3.2)
Deferred tax liability	(111.6)	(99.6)	(95.0)
	(1,547.6)	**(1,567.6)**	**(1,572.9)**
Net assets	**125.1**	**43.6**	**57.7**
Equity			
Equity share capital	—	1.0	1.0
Share premium	—	74.3	74.3
Other reserve	10.0	(154.0)	(154.0)
Retained earnings	115.1	122.3	136.4
Total equity	**125.1**	**43.6**	**57.7**

Cash Flow Statement Data

	52 weeks ended 23 April 2015	52 weeks ended 21 April 2016	52 weeks ended 20 April 2017
		£m	
Cash flows from operating activities			
Operating profit	127.3	150.7	165.1
Depreciation and amortisation	41.0	42.6	47.9
Working capital and non-cash movements	15.4	8.8	5.3
Difference between the pension charge and contributions	0.1	(0.2)	(0.3)
Corporation tax paid	(1.2)	(1.0)	(1.1)
Net cash from operating activities	182.6	200.9	216.9
Cash flows from investing activities			
Purchase of property, plant and equipment	(68.7)	(56.3)	(87.3)
Purchase of intangible assets	(3.8)	(2.9)	(8.5)
Sale of property, plant and equipment	0.2	0.1	0.2
Interest received[1]	0.7	0.4	0.2
Acquisition of CP Woburn (Operating Company) Limited	—	(140.5)	—
Net cash used in investing activities	(71.6)	(199.2)	(95.4)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	—	75.3	—
Repayment of external borrowings	(2.3)	(738.9)	(0.3)
Proceeds from external borrowings	20.8	1,050.0	—
Repayment of related party loans	(2.5)	(330.9)	—
Proceeds from related party loans	0.3	49.9	—
Issue costs and consent fees on secured debt	—	(16.5)	—
Break costs on secured debt	—	(36.2)	—
Interest paid	(87.1)	(87.7)	(86.4)
Dividends paid[1]	—	(23.0)	(48.5)
Net cash used in financing activities	(70.8)	(58.0)	(135.2)
Net increase/(decrease) in cash and cash equivalents	40.2	(56.3)	(13.7)
Cash and cash equivalents at the beginning of the period	63.8	104.0	47.7
Cash and cash equivalents at the end of the period	104.0	47.7	34.0
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash and cash equivalents	40.2	(56.3)	(13.7)
Cash (in)/outflow from movement in debt	(18.5)	(311.1)	0.3
Change in net debt resulting from cash flows	21.7	(367.4)	(13.4)
Non-cash movements and deferred issue costs	(7.6)	6.5	(9.1)
Movement in net debt in the period	14.1	(360.9)	(22.5)
Net debt at beginning of the period	(1,071.7)	(1.057.6)	(1,418.5)
Net debt at end of the period	(1,057.6)	(1,418.5)	(1,441.0)

(1) Interest received was included in "Cash flows from financing activities" in financial years 2015 and 2016 but has been presented in "Cash flows from investing activities" to conform to the classification adopted in financial year 2017. Dividends paid was included in "Cash flows from investing activities" in financial years 2015 and 2016 but has been presented in "Cash flows from financing activities" to conform to the classification adopted in financial year 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion of financial condition and results of operations is based on, and should be read in conjunction with, the audited consolidated financial statements and notes thereto of Center Parcs as at and for each of the 52-week periods ended 20 April 2017 and 21 April 2016, incorporated by reference in this Supplemental Bondholder Report. See also "Selected Consolidated Financial Information" and "Presentation of Financial Information".

On 11 June 2015, Center Parcs (Holdings 1) Limited indirectly, through a subsidiary, acquired CP Woburn Opco. Prior to that date, both Center Parcs (Holdings 1) Limited and CP Woburn Opco were under the indirect common control of the parent company CP Cayman Midco 1 Limited. Prior to the date of such acquisition, Center Parcs (Holdings 1) Limited and CP Woburn Opco did not constitute a consolidated group. As a result, the audited consolidated financial statements of Center Parcs as at and for the 52-weeks ended 23 April 2015 do not include the results of CP Woburn Opco.

Following the acquisition of CP Woburn Opco, the acquisition was accounted for using predecessor accounting principles which present the financial statements as if CP Woburn Opco had always been part of the group constituted by Center Parcs (Holdings 1) Limited and its subsidiaries using the pre-combination carrying values. Under predecessor accounting principles, the assets and liabilities of CP Woburn Opco were consolidated in the consolidated financial statements of Center Parcs (Holdings 1) Limited as at and for the 52-week period ended 21 April 2016 based on their pre-combination book values and the difference between the consideration payable and the book values of the net assets was recorded in equity in the other reserve.

To facilitate comparability of financial information presented for the 2015 financial year with the 2016 and 2017 financial years, financial information as at and for the 52-week period ended 23 April 2015 presented and discussed in this Supplemental Bondholder Report has been derived from the consolidated comparative figures, which include the results of CP Woburn Opco, presented in the audited consolidated financial statements of Center Parcs as at and for the 52-week period ended 21 April 2016. These comparative figures have not been audited.

In order to present the historical reported results for the 2015 financial year of the entities that comprise the current Center Parcs Group, the audited consolidated financial statements of Center Parcs (Holdings 1) Limited and the audited financial statements of CP Woburn Opco, in each case as at and for the 52-week period ended 23 April 2015, have been incorporated by reference in this Supplemental Bondholder Report.

The following discussion includes forward-looking statements, which, although based on assumptions that Center Parcs considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. For a discussion of some of those risks and uncertainties, see the sections entitled "Forward-Looking Statements" and "Risk Factors".

Overview

Center Parcs is a leading UK short-break holiday business, attracting over 2 million guests in financial year 2017. Center Parcs operates five specially constructed holiday villages in the United Kingdom: Sherwood Forest in Nottinghamshire, Longleat Forest in Wiltshire, Elveden Forest in Suffolk, Whinfell Forest in Cumbria and Woburn Forest in Bedfordshire. Each village is set in a forest environment amongst approximately 400 acres of forest around a lake and is open 365 days per year.

Woodland, water and a natural environment are the essential elements of a Center Parcs break. Within this comfortable, quiet, car-free and family-friendly setting, each of the Center Parcs villages provides guests with high quality accommodation and more than 150 leisure and spa activities. In total, as of 20 April 2017, there were 4,123 units of accommodation across its five villages, which could accommodate approximately 21,800 guests per day at 100% occupancy. The focal point and key attraction of each village is an all-weather indoor sub-tropical swimming paradise, featuring a selection of water activities including a wave pool, river slides and rides, children's pools and Jacuzzis. Center Parcs' on-site experiences also include outdoor activities such as cycling, boating and zip wires; indoor activities such as ten-pin bowling, badminton and pottery; and amenities such as spas, food and beverage and retail. A significant proportion of Center Parcs' revenue is generated from guests' on-site spending, including for leisure and spa activities, food and beverage and retail, representing 41% of total revenue in financial year 2017.

Center Parcs has a well-established brand in the UK for providing high quality experiences and facilities and targets a primary guest base of affluent families. Center Parcs benefits from strong guest loyalty with over 35% of guests returning within 14 months and approximately 60% returning over a five-year period. In addition, Center Parcs believes that its business model is difficult to replicate due to the lack of suitable locations for the development of holiday parks and high development costs and Center Parcs is well positioned to continue to grow its business. In April 2017, Center Parcs was named "Best UK Family Holiday Provider" in the Tommy's Awards for the fourteenth year in a row and also came top in the Family Holiday category of the Made for Mums Awards in 2017. It also retained its "Investor in People" accreditation in 2016 and its "Hospitality Assured" Premier status in 2017.

Center Parcs' villages typically draw on a regional population of guests who are attracted to the convenience of being within a relatively short driving distance from home. Over 80% of the UK population lives within a 2.5 hour drive of at least one of Center Parcs' villages, and the majority of Center Parcs' guests live within a two hour drive of the village they choose to visit. Center Parcs believes that the proximity of the majority of guests to its villages combined with the easy accessibility of the villages by car make Center Parcs a popular and convenient holiday option. Occupancy levels at Center Parcs' villages have been consistently high: 96.9% in financial year 2015, 97.7% in 2016 and 97.3% in financial year 2017. Occupancy levels have averaged approximately 96% in the last 15 years and approximately 97% in the last seven years despite the expansion of existing accommodation offerings at Center Parcs' Original Villages and the opening of Woburn Forest in 2014.

For the financial year 2017, Center Parcs had revenue of £440.3 million and Adjusted EBITDA of £213.0 million, representing an Adjusted EBITDA margin of 48.4%.

Key Factors affecting results of Operations

Revenue and other key performance indicators

Revenue

Center Parcs' revenue is principally comprised of accommodation revenue generated from holidays at Center Parcs' accommodation, and on-site revenue, comprised of amounts received predominantly from the sale of food and beverages, retail items, leisure activities and spa-related activities. The combined total of accommodation and on-site revenue is a key indicator of the overall performance of the business. Accommodation revenue is recognised when the holiday commences, and on-site revenue is recognised at the point the guest undertakes the relevant activity or receives the relevant service.

Advance payments for accommodation and pre-booked activities are recorded as payments on account within trade and other payables until the holiday commences. Revenues are primarily driven by occupancy levels and pricing.

Occupancy

Center Parcs measures occupancy as the average number of units of accommodation occupied as a percentage of the total number of units of accommodation available, including those units that are off-line for refurbishment.

Occupancy is a key driver of both accommodation and on-site revenue. Higher levels of occupancy generally result in greater volumes of on-site purchases, reflecting the increased number of guests. Center Parcs' business is generally characterised by high occupancy rates, and achieved occupancy rates of 96.9%, 97.7% and 97.3% in the financial years 2015, 2016 and 2017, respectively. These high occupancy rates were achieved despite approximately 1.1%, 1.5% and 2.2% of Center Parcs' accommodation being offline due to upgrades and refurbishments in the financial years ended 23 April 2015, 21 April 2016 and 20 April 2017, respectively.

Average Daily Rate

One of the key performance indicators Center Parcs uses to help measure and maximise its yield is ADR which is calculated as the average rent (excluding VAT) achieved based on total accommodation income for the period divided by the total number of accommodation nights sold. Due to yield management adjustments, ADR can vary substantially between low and peak periods. See "—*Seasonality*".

ADR for the financial year 2017 was £178.60, compared with £167.31 and £159.43 for financial years 2016 and 2015, respectively.

Improvements in ADR have primarily reflected inflationary price increases, improved mix of accommodation following refurbishment upgrades and new build projects (resulting in an increased amount of higher quality accommodation) as well as yield management improvements. From financial year 2012 through financial year 2017, ADR grew at a CAGR of 4.9%, in part due to refurbishments and a slightly higher proportion of premium executive accommodation, as well as the opening of Woburn Forest in 2014.

RevPAL

RevPAL is the average daily rent (excluding VAT) achieved based on the total accommodation income divided by the total available number of accommodation nights. RevPAL can also be calculated as ADR multiplied by occupancy.

RevPAL for the financial year 2017 was £173.80, compared with £163.51 and £154.60 for financial years 2016 and 2015, respectively. The scale of the increases in RevPAL over the years primarily reflects those factors discussed for ADR above. Center Parcs' management believes RevPAL to be a meaningful indicator of performance as RevPAL takes into account both occupancy and ADR.

Net on-site guest spend per lodge night

Net on-site guest spend per lodge night is calculated as on-site spend at Center Parcs-operated units and the rent received from concession partners (i.e. on-site revenue) for a period divided by the sum of the number of guest-occupied lodges during each night of such period. Center Parcs' management believes on-site guest spend per lodge night to be a meaningful indicator of performance, as it takes into account both occupancy and on-site revenue. Net on-site guest spend per lodge night for financial years 2015, 2016 and 2017 was £134, £142 and £145, respectively.

Adjusted EBITDA

As presented herein, this measure reflects an adjustment to EBITDA by removing the effect of owners' costs and certain exceptional items which management believes are not indicative of Center Parcs' underlying operating performance. See

"*Presentation of Financial Information*". Adjusted EBITDA for financial years 2015, 2016 and 2017 was £180.2 million, £198.2 million and £213.0 million, respectively.

Yield Management and Pricing

Center Parcs applies "yield management" strategies to maximise revenue levels throughout the year. It actively adjusts its pricing throughout the 104 available three and four day "breaks" in each year to reflect the seasonal and other fluctuations in demand. Center Parcs uses ADR and RevPAL to measure its yield management. It has a dedicated pricing team that monitors advance bookings and adjusts prices for accommodation during the year according to expected guest demand. The yield management strategies have achieved high occupancy rates as in the last 15 years, Center Parcs' occupancy rates have averaged approximately 96%.

Unlike accommodation prices, on-site prices generally fluctuate less throughout the year and are less seasonal as these prices have not been subject to similar levels of pricing and yield management as accommodation prices. However, Center Parcs is currently rolling out and further developing a programme of enhanced differentiation in pricing. Through the programme, prices of various on-site offerings are expected to become more flexible across villages or seasons to more accurately reflect guest demand. On-site prices are also reviewed and increased to reflect inflation.

Advance bookings

Center Parcs places a strong emphasis on advance bookings, with an average of 19 weeks' booking-to-arrival time in financial years 2015 to 2017, which results in significant revenue and cash flow visibility. Advance bookings measures the percentage of accommodation available during a financial year that have been booked at the beginning of that financial year.

Center Parcs holidays are available for booking starting from either 15 months or 18 months in advance of the scheduled stay date, depending on when in the year the booking is made. Center Parcs collects 30% of the accommodation cost at the time of booking if the booking is made more than ten weeks in advance of the holiday, with the balance of the cost collected ten weeks prior to the start of the break that has been booked. If a guest books less than ten weeks prior to the arrival date, the accommodation cost is payable in full on booking and cannot be refunded upon cancellation. Leisure activities available at the villages can be pre-booked and pre-paid prior to arrival. Guests can only pre-book leisure activities if they pre-pay and in such cases a cancellation policy applies. If guests cancel pre-booked leisure activities more than 24 hours before the start of the activity, they will incur a 5% charge. Within 24 hours of the start of the activity, cancellations will incur a 75% charge.

For each of the financial years 2015, 2016 and 2017, an average of approximately 40% of the available accommodation nights at the Original Villages had been booked by the beginning of that financial year. For the financial years 2015, 2016 and 2017, over 60% of leisure and spa activities were pre-booked and pre-paid prior to arrival.

Cost of sales and overheads

Center Parcs' principal operating costs are cost of sales, village overheads and central overheads. In addition, Center Parcs benefits from having a flexible cost base. For the purposes of its audited consolidated financial statements, village overheads and central overheads are treated as 'administrative expenses before exceptional and non-underlying items'. The following table sets forth total cost of sales and overheads before exceptional and non-underlying items for the periods indicated:

	52 weeks ended 23 April 2015	**52 weeks ended 21 April 2016**	**52 weeks ended 20 April 2017**
		£m	
Costs of sales before exceptional and non-underlying items	(103.3)	(111.7)	(115.7)
Village overheads	(79.2)	(85.1)	(86.3)
Central overheads	(22.5)	(25.2)	(25.3)
Total cost of sales and overheads before exceptional and non-underlying items	**(205.0)**(1)	**(222.0)**(1)	**(227.3)**

(1) In financial years 2015 and 2016, Center Parcs also had exceptional overheads of £6.3 million and £4.5 million, respectively. These are costs in respect of Center Parcs' review of its strategic options, which ultimately resulted in the acquisition of Center Parcs by the Brookfield Funds. In financial year 2015 the Group incurred additional exceptional cost of sales in respect of pre-opening costs relating to Woburn Forest. These exceptional cost of sales and overheads are not included in the total cost of sales and overheads above.

Cost of Sales

Cost of sales represents variable direct expenses incurred from revenue-generating activities, primarily expenses of food and beverages and retail merchandise and associated payroll costs. These costs generally vary with changes in revenue, as well as inflation and commodity prices. Center Parcs continually evaluates and renegotiates supply agreements centrally and aims to apply best practices, such as improving the supplier tender process, taking advantage of promotional offers and re-negotiating key costs in a timely manner, throughout the group.

Center Parcs utilises visibility of forward bookings to optimise the efficiency of personnel across the village by matching staffing levels to expected demand in various areas of its business.

Village Overheads

The primary components of village overheads are set forth in the table below:

	52 weeks ended 23 April 2015	52 weeks ended 21 April 2016	52 weeks ended 20 April 2017
		£m	
Village overheads			
Personnel costs	(25.6)	(28.1)	(29.1)
Maintenance costs	(9.0)	(10.2)	(10.3)
Energy costs	(14.3)	(13.9)	(13.4)
Insurance/rent/rates	(20.0)	(21.4)	(21.9)
Other costs	(10.3)	(11.5)	(11.6)
Total	**(79.2)**	**(85.1)**	**(86.3)**

The largest cost within village overheads is in respect of personnel costs, which are subject to annual pay increases as well as to increases arising from legislative and regulatory changes, which include the introduction of the National Living Wage from April 2016.

Center Parcs seeks to manage other village overheads through actively managing costs by benchmarking each of its villages against each other in order to strive to achieve "best in class".

Central Overheads

The primary components of central overheads are set forth in the table below:

	52 weeks ended 23 April 2015	52 weeks ended 21 April 2016	52 weeks ended 20 April 2017
		£m	
Central overheads			
Personnel costs	(10.4)	(10.6)	(11.3)
Marketing costs	(12.1)	(12.4)	(10.9)
Other costs	–	(2.2)	(3.1)
Total	**(22.5)**	**(25.2)**	**(25.3)**

Marketing costs are primarily incurred in connection with marketing and advertising campaigns through all media channels. Center Parcs seeks to manage the cost of its marketing campaigns through the use of cost-efficient marketing channels such as internet advertising and targeted emails to contacts in its guest database. Marketing campaigns are planned annually with a significant concentration around the peak booking season of late December to late February. Other costs relates to all other central costs and includes, among other things, credit card charges and IT costs, less rebates received by Center Parcs from its suppliers.

Depreciation and Amortisation

Depreciation and amortisation is comprised of depreciation of leasehold improvements, installations, fixtures and fittings and motor vehicles and hardware, and amortisation of software and other intangible assets. Depreciation for financial year 2017 was £45.0 million, compared with £40.0 million and £38.7 million for financial years 2016 and 2015, respectively. Amortisation of intangible assets for financial year 2017 was £2.9 million, compared with £2.6 million and £2.3 million for financial years 2016 and 2015, respectively.

Debt and financing costs

Finance costs comprise interest paid on outstanding debt and loans, primarily in respect of the Class A Loans, the Class B Loans, the head office mortgage as well as on bank debt (from drawdowns relating to the financing of Woburn Forest) loans from related parties, together with the amortisation over the life of the secured bonds of deferred costs incurred in the raising of finance.

Economic conditions in the United Kingdom

While Center Parcs has performed resiliently during both downturns and recoveries, which has resulted in Center Parcs' occupancy levels averaging approximately 96% in the last 15 years and approximately 97% in the last seven years, demand for its products and services is sensitive to disposable income levels and holiday length and destination preferences of its guests, which is linked to general economic conditions in the United Kingdom. Weak economic conditions may result in a decline in the number of guests and a decrease in on-site spending. However, weak economic conditions in the United Kingdom or a weaker exchange rate of the pound sterling against currencies such as the euro and US dollar may result in more British families opting to take domestic holidays in the United Kingdom, instead of traveling overseas, which could result in Center Parcs' villages being more attractive to such families.

Seasonality

Center Parcs' operations are subject to seasonal factors, as pricing varies significantly depending on the time of year. Center Parcs' prices are highest during peak demand periods, which include the main holiday periods at Easter, the summer holidays and the Christmas/New Year period, along with school half terms. Center Parcs' revenues and operating costs are therefore also typically highest during such peak demand periods. Occupancy rates, however, remain relatively unchanged throughout the year, as Center Parcs' online dynamic pricing encourages demand outside of the peak periods. Ahead of the peak demand periods, the peak booking season occurs in late December to late February, and Center Parcs plans a significant concentration of its marketing campaigns around this time.

Results of Operations

The following table sets out the results of operations for the financial years 2015, 2016 and 2017 derived from Center Parcs' financial statements and related notes which have been incorporated by reference in this Supplemental Bondholder Report:

	52 weeks ended 23 April 2015	52 weeks ended 21 April 2016	52 weeks ended 20 April 2017
		£m	
Revenue	**386.9**	**420.2**	**440.3**
Cost of sales	(106.1)	(111.7)	(115.7)
Gross profit	**280.8**	**308.5**	**324.6**
Of which gross profit exceptional and non-underlying items(1)	1.1	—	—
Administrative expenses before exceptional and non-underlying items	(101.7)	(110.3)	(111.6)
Adjusted EBITDA before exceptional and non-underlying items	**180.2**	**198.2**	**213.0**
Exceptional and non-underlying items(2)	(9.9)	(4.5)	-
Depreciation and amortisation	(41.0)	(42.6)	(47.9)
Owners' costs	(2.0)	(0.4)	-
Operating profit	**127.3**	**150.7**	**165.1**
Movement in fair value of financial derivatives	17.0	(16.8)	-
Finance income	0.7	0.4	0.2
Finance expense before exceptional and non-underlying items	(115.9)	(98.3)	(89.6)
Exceptional and non-underlying finance expense(3)	(6.4)	(42.0)	(5.2)
Profit/(loss) before taxation	**22.7**	**(6.0)**	**70.5**
Taxation	(10.3)	12.4	(6.7)
Profit for the period attributable to equity shareholders	**12.4**	**6.4**	**63.8**

(1) Woburn Forest opened to the public on 6 June 2014. All income and expenses incurred prior to 6 June 2014 in respect of Woburn Forest were treated as an exceptional/non-underlying item.

(2) Exceptional and non-underlying items of £9.9 million for the financial year ended 23 April 2015 related to the Group's review of its strategic options and pre-opening losses incurred in respect of Woburn Forest prior to its opening on 6 June 2014. Exceptional and non-underlying items of £4.5 million for the financial year ended 21 April 2016 related to costs and expenses incurred in connection with the Group's review of its strategic options, which resulted in the sale of Center Parcs to the Brookfield Funds.

(3) Exceptional and non-underlying finance expense of £6.4 million in the financial year ended 23 April 2015 related to (i) £4.3 million in connection with the accelerated amortisation of deferred issue costs in respect of the Class A1 Notes, and (ii) £2.1 million in connection with Woburn pre-opening financing costs (which consisted of £2.5 million of interest payable to related parties and £1.0 million of interest payable on bank loans, offset by £1.4 million of capitalised interest). Exceptional and non-underlying finance expense of £42.0 million in the financial year ended 21 April 2016 related to (i) £19.9 million in connection with make-whole payment and consent fees incurred in respect of the refinancing of the Class A1 Loan and Class A1 Notes; (ii) £16.9 million in connection with the premium paid on the settlement of the Original Class B Notes; and (iii) £5.2 million in connection with accelerated amortisation of deferred issue costs in respect of the Original Class B Notes. Exceptional/non-underlying finance expense of £5.2 million in the financial year ended 20 April 2017 related to the accelerated amortisation of deferred issue costs in respect of the Class B2 Notes, in light of the expected refinancing of the Class B2 Notes.

Segmental Reporting

Center Parcs' operating segments are its villages. The following table shows the revenue, adjusted EBITDA and occupancy for Center Parcs' operating segments for the periods indicated:

	Sherwood Forest	Elveden Forest	Longleat Forest	Whinfell Forest	Woburn Forest(1)	Central Services	Group
52 weeks ended 20 April 2017			£ million, except percentages				
Revenue	91.3	92.0	86.7	84.1	86.2	-	440.3
Adjusted EBITDA	51.1	49.9	46.4	44.4	46.5	(25.3)	213.0
Occupancy (%)	97.5	96.9	97.1	97.5	97.5	-	97.3
52 weeks ended 21 April 2016							
Revenue	87.4	88.2	83.0	79.6	82.0	-	420.2
Adjusted EBITDA	48.3	46.7	43.4	40.6	44.4	(25.2)	198.2
Occupancy (%)	97.5	98.8	97.9	97.2	97.2	-	97.7
52 weeks ended 23 April 2015							
Revenue	82.9	83.1	77.9	75.7	65.6	-	385.2
Adjusted EBITDA	45.6	43.8	39.9	38.3	35.1	(22.5)	180.2
Occupancy (%)	97.5	97.6	97.3	97.5	95.2	-	96.9

(1) Woburn results for financial year 2015 are for the 44 weeks ended 23 April 2015, following Woburn's opening on 6 June 2014. Exceptional and non-underlying revenues for Woburn which are not included in the segmental disclosure above were £1.7 million.

Financial Year 2017 compared with Financial Year 2016

Revenue

Revenue increased by £20.1 million, or 4.8% during the financial year ended 20 April 2017 to £440.3 million compared to £420.2 million in the financial year ended 21 April 2016. This increase was a result of a 6.4% increase in accommodation revenue and a 2.5% increase in on-village spend.

The average number of units of accommodation during the financial year ended 20 April 2017 was 4,132, compared to 4,129 in the financial year ended 21 April 2016. The number of units of accommodation as at 20 April 2017 was 4,123 compared to 4,133 as at 21 April 2016. Movements reflect the net effect of new build accommodation across the five villages and the demolition of the 88-bedroom hotel at Elveden.

Occupancy decreased from 97.7% in the financial year ended 21 April 2016 to 97.3% during the financial year ended 20 April 2017 due to a higher number of accommodation units being offline for upgrade during the financial year ended 20 April 2017. Approximately 2.2% of Center Parcs' accommodation was offline in the financial year ended 20 April 2017 compared to approximately 1.5% in the financial year ended 21 April 2016.

ADR growth continued at all five villages and overall ADR increased by 6.7% to £178.60 in the financial year ended 20 April 2017 compared to the financial year ended 21 April 2016. This increased ADR combined with the slightly lower occupancy rate delivered RevPAL growth of 6.3% to £173.80 in the financial year ended 20 April 2017.

Cost of Sales

Cost of sales increased to £115.7 million in the financial year ended 20 April 2017 from £111.7 million in the financial year ended 21 April 2016, in line with the increase in on-site revenue and reflecting the impact of the introduction of the National Living Wage on 1 April 2016.

Administrative expenses before exceptional and non-underlying items

Administrative expenses before exceptional and non-underlying items increased slightly to £111.6 million in the financial year ended 20 April 2017 from £110.3 million in the financial year ended 21 April 2016, primarily due to increased payroll costs, including as a result of the introduction of the National Living Wage from April 2016.

Adjusted EBITDA

As a result of the factors described above, Adjusted EBITDA increased by £14.8 million or 7.5% in the financial year ended 20 April 2017 as compared to the financial year ended 21 April 2016.

Exceptional and non-underlying items

Exceptional and non-underlying items were nil for the financial year ended 20 April 2017. Exceptional and non-underlying items of £4.5 million for the financial year ended 21 April 2016 related to costs and expenses incurred in connection with the Group's review of its strategic options, which resulted in the sale of Center Parcs to the Brookfield Funds.

Depreciation and amortisation

Depreciation and amortisation for the financial year ended 20 April 2017 was £47.9 million, an increase of £5.3 million compared to the financial year ended 21 April 2016. This increase was primarily due to Center Parcs' ongoing capital investment programme.

Finance costs and income

For financial year 2017, the annual interest payable on Center Parcs' secured debt was £85.4 million with all tranches of secured debt having a fixed rate of interest.

Finance costs in the financial year ended 20 April 2017 represent interest payable on secured debt and the amortisation of associated deferred issue costs. Finance costs in the financial year ended 21 April 2016 also included interest payable to related parties.

Center Parcs accelerated the amortisation of deferred debt issue costs in respect of the Class B2 Notes in light of the expected refinancing of such notes, which resulted in an exceptional/non-underlying finance cost of £5.2 million in the financial year ended 20 April 2017. Exceptional/non-underlying finance expense of £42.0 million in the financial year ended 21 April 2016 related to (i) £19.9 million in connection with make-whole payment and consent fees incurred in respect of the refinancing of the Class A1 Loan and Class A1 Notes; (ii) £16.9 million in connection with the premium paid on the settlement of the Original Class

B Notes; and (iii) £5.2 million in connection with accelerated amortisation of deferred issue costs in respect of the Original Class B Notes.

Finance income represents bank interest receivable and amounted to £0.2 million for the financial year ended 20 April 2017 as compared to £0.4 million for the financial year ended 21 April 2016.

Taxation

Corporation tax of £1.1 million was paid during the financial year ended 20 April 2017 compared with £1.0 million in the financial year ended 21 April 2016.

Financial Year 2016 compared with Financial Year 2015

Revenue

Center Parcs revenue in the financial year ended 21 April 2016 increased by £33.3 million, or 8.6%, to £420.2 million reflecting growth in accommodation revenue of 8.7% and on-site revenue of 8.5% compared to the financial year ended 23 April 2015. This growth was driven in part by Woburn Forest being open for all of financial year 2016 as compared to only 44 weeks in financial year 2015. The increase in revenue was also due to strong underlying growth at the Original Villages. Revenue at the Original Villages increased by £18.6 million, or 5.8%, to £338.2 million in the financial year ended 21 April 2016 compared to £319.6 million in the financial year ended 23 April 2015. This increase resulted from a combination of accommodation revenue growth of 5.8% and a 5.9% increase in on-village spend.

Center Parcs achieved its highest ever level of occupancy of 97.7% in financial year 2016, despite approximately 1.5% of capacity being off-line for upgrades and therefore unavailable for guests. This record occupancy and strong ADR growth of 4.9% resulted in RevPAL of £163.51 in financial year 2016, a 5.8% increase in comparison to the prior year. ADR for the Original Villages increased by 5.3% in the financial year ended 21 April 2016 which, combined with the slightly higher occupancy rate, resulted in a RevPAL increase of 5.7%.

Cost of sales

Cost of sales increased to £111.7 million in the financial year ended 21 April 2016 from £106.1 million in the financial year ended 23 April 2015, in line with the growth in on-site revenue. The increase in cost of sales was also partly attributable to the extra eight weeks of trading at Woburn Forest in the financial year ended 21 April 2016.

Administrative expenses before exceptional and non-underlying items

Administrative expenses before exceptional and non-underlying items increased to £110.3 million in the financial year ended 21 April 2016 from £101.7 million in the financial year ended 23 April 2015, primarily due the impact of the extra eight weeks of trading at Woburn Forest in the financial year ended 21 April 2016.

Adjusted EBITDA

As a result of the factors described above, Adjusted EBITDA for the financial year ended 21 April 2016 increased by £18.0 million or 10.0% in comparison to the prior year.

Exceptional and non-underlying items

Exceptional and non-underlying items of £4.5 million for the financial year ended 21 April 2016 related to costs and expenses incurred in connection with the Group's review of its strategic options, which resulted in the sale of Center Parcs to the Brookfield Funds. Exceptional and non-underlying items of £9.9 million for the financial year ended 23 April 2015 related to the Group's review of its strategic options and pre-opening losses incurred in respect of Woburn Forest prior to its opening on 6 June 2014.

Depreciation and amortisation

Depreciation and amortisation for the financial year ended 21 April 2016 was £42.6 million, an increase of £1.6 million, or 3.9%, compared to depreciation and amortisation for the financial year ended 23 April 2015. This increase was primarily driven by higher depreciation at Woburn in the financial year ended 21 April 2016 as Woburn's assets were not depreciated prior to its opening on 6 June 2014 as well as by continued high levels of capital investment.

Movement in fair value of financial derivatives

The option to repay the Original Class B Loan and the Original Class B Notes prior to maturity was considered to be a derivative financial instrument with a fair value of £16.8 million at 23 April 2015. This asset was written off when the Original Class B Loan and the Original Class B Notes were refinanced on 3 August 2015.

Finance costs and income

With effect from 3 August 2015, following the refinancing of the Original Class B Notes with the Class B2 Notes, annual interest payable on the Group's secured debt was £85.4 million. All tranches of secured debt attract a fixed rate of interest.

Finance costs in the period under review principally represent interest on secured debt and interest on related party loans. Interest on related party loans is not cash-settled.

Of the £42.0 million exceptional/non-underlying finance expense in financial year 2016, £19.9 million related to make-whole and consent fees incurred in respect of the refinancing of the Class Al Loan and Class A1 Notes. A further £16.9 million represents the premium paid on the settlement of the Original Class B Notes and £5.2 million represents accelerated amortisation of deferred issue costs in respect of the Original Class B Notes. Exceptional/non-underlying finance expense in financial year 2015 was £6.4 million of which £4.3 million related to the acceleration amortisation of deferred issue costs in respect of the Class A1 Notes and £2.1 million related to Woburn pre-opening financing costs (which consisted of £2.5 million of interest payable to related parties and £1.0 million of interest payable on bank loans, offset by £1.4 million of capitalised interest).

Finance income represents bank interest receivable.

Taxation

Corporation tax of £1.0 million was paid during the financial year ended 21 April 2016 compared with £1.2 million in the financial year ended 23 April 2015.

Liquidity and Capital Resources

Center Parcs' principal uses of cash are operating expenses, capital expenditure and debt service. Center Parcs has historically funded operations and capital expenditure with cash flow from operations. As at 20 April 2017, Center Parcs had cash and cash equivalents of £34.0 million, and negative working capital of £125.2 million. Working capital is defined as the net value of Center Parcs' inventories, trade and other receivables and current trade and other payables (excluding taxation creditors and capital and interest accruals).

Center Parcs expects to continue to meet its working capital and capital expenditure requirements for the next 12 months from cash flows from operations. Center Parcs may also, from time to time, seek other sources of funding, which may include debt or equity financings depending on its financing needs and market conditions.

The maturity profile of Center Parcs' existing borrowings as at 20 April 2017 was as follows:

	Less than one year	Two to five years	Greater than five years	Deferred issue costs	Total
			£m		
Mortgage	0.3	0.6	–	–	0.9
Secured debt	–	910.0	580.0	(15.9)	1,474.1
Total	**0.3**	**910.6**	**580.0**	**(15.9)**	**1,475.0**

Cash flows

The following table provides certain cash flow information for the periods indicated:

	52 weeks ended 23 April 2015	52 weeks ended 21 April 2016	52 weeks ended 20 April 2017
		£m	
Net cash from operating activities	182.6	200.9	216.9
Net cash used in investing activities(1)	(71.6)	(199.2)	(95.4)
Net cash used in financing activities(1)	(70.8)	(58.0)	(135.2)
Net increase/(decrease) in cash and cash equivalents	**40.2**	**(56.3)**	**(13.7)**
Cash and cash equivalents at the beginning of the period	63.8	104.0	47.7
Cash and cash equivalents at the end of the period	**104.0**	**47.7**	**34.0**

(1) Interest received was included in "Cash flows from financing activities" in financial years 2015 and 2016 but has been presented in "Cash flows from investing activities" to conform to the classification adopted in financial year 2017. Dividends paid was included in "Cash flows from investing activities" in financial years 2015 and 2016 but has been presented in "Cash flows from financing activities" to conform to the classification adopted in financial year 2017.

Net cash from operating activities was £182.6 million, £200.9 million and £216.9 million in financial years 2015, 2016 and 2017, respectively. The primary reason for the increase in net cash from operating activities of £18.3 million, or 10%, for financial year 2016 as compared with financial year 2015 was the increase in operating profit. The primary reason for the increase of £16.0 million, or 8.0%, in cash flows from operating activities for financial year 2017 as compared with financial year 2016 was the increase in operating profit.

Net cash used in investing activities was £71.6 million, £199.2 million and £95.4 million in financial year 2015, 2016 and 2017, respectively. Net cash used in investing activities in financial year 2015 predominantly related to the purchase of property, plant and equipment and intangible assets. Net cash used in investing activities in financial year 2016 predominantly related to the purchase of property, plant and equipment and intangible assets and the acquisition of CP Woburn (Operating Company) Limited by Center Parcs (Holdings 3) Limited, a subsidiary of Center Parcs (Holdings 1) Limited. Net cash used in investing activities in financial year 2017 predominantly related to the purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities was £70.8 million, £58.0 million and £135.2 million in financial year 2015, 2016 and 2017, respectively. Net cash used in financing activities in financial year 2015 predominantly related to the payment of interest, partially off-set by drawdowns on bank loans. Net cash used in financing activities in financial year 2016 predominantly related to the payment of interest and dividends, partially off-set by the net proceeds of a refinancing of the Group's secured debt. Net cash used in financing activities in financial year 2017 predominantly related to the payment of interest and dividends.

Capital expenditure

The following table shows Center Parcs' capital expenditure breakdown for the financial years 2008 to 2017:

	2008	2009	2010	2011	2012	2013	2014	2015(1)	2016	2017
					£m					
Investment capital expenditure.......	66	35	1	28	28	22	18	19	40	70
Maintenance capital expenditure	17	17	13	17	18	18	21(2)	24(2)	23	25
Total..	**83**	**52**	**14**	**45**	**46**	**40**	**39**	**43**	**63**	**95**

(1) Excluding any Woburn initial construction costs.

(2) Includes £3.4 million and £3.9 million in financial year 2014 and financial year 2015 in relation to Longleat dome upgrade.

Center Parcs defines capital expenditure as additions to property, plant and equipment and other intangible assets. Center Parcs defines maintenance capital expenditure as the capital expenditure required on the central buildings, infrastructure and facilities to maintain the ongoing standards of these areas. Center Parcs defines investment capital expenditure as where it expects to generate a return on capital. Investment capital expenditure includes capital expenditure incurred in respect of the development of villages, amenities and facilities, including building new accommodation; upgrading existing accommodation and upgrading, adding or extending restaurants, retail outlets and other facilities.

Capital investments are organised and planned annually around significant, regular planned maintenance and capital expenditure that is intended to maintain high occupancy levels and drive revenue growth through improved appeal of accommodation units, facilities and amenities.

The capital refurbishment programme of Center Parcs' accommodation units can be broken into two distinct investment cycles within a 16- to 20-year period:

- *Refurbishment*: approximately every eight to ten years, each unit needs to be refurbished to maintain Center Parcs' targeted standards, which typically ensures existing levels of ADR are maintained; and
- *Upgrade*: following the refurbishment cycle there is typically a further eight to ten years before a unit is upgraded, which includes a full refurbishment of the unit and also an upgrade of the standard to add new features and to modernise the style of the unit.

Although investment capital expenditure increases during the investment phase of a refurbishment or upgrade programme, profit margins and operating profit generally increase in the years following completion of the investment programmes as guests demand higher-end or upgraded accommodation.

The covenants under the Class A Issuer/Borrower Loan Agreement require the Obligors to spend a minimum of £18.5 million per year in relation to maintenance capital expenditure. Total capital expenditure was £42.9 million, £63.2 million and £94.5 million for financial years 2015, 2016 and 2017, respectively. Center Parcs spent £24.6 million on maintenance capital expenditure and £69.9 million on investment capital expenditure in financial year 2017. Historically, changes in capital expenditure have been driven primarily by varying levels of investment capital expenditure (including accommodation upgrades) with underlying maintenance capital expenditure remaining relatively stable. In financial year 2017, Center Parcs completed the 10-year upgrade programme of all existing accommodation stock at its Original Villages through its capital expenditure programme, driving continued growth in ADR. A new refurbishment cycle has now commenced. Center Parcs currently expects its total capital expenditure to be in excess of £80 million in financial year 2018 with a slight decrease in the following year, driven by a new-build accommodation programme and the new cycle of accommodation refurbishment.

Working capital

Center Parcs has negative working capital requirements largely arising from the payment by guests for their short breaks in advance of arrival. Center Parcs' trade receivables are primarily composed of corporate sales made through its Corporate Events division, and inventories are primarily composed of stock in Center Parcs retail and food and beverage outlets. Center Parcs' trade and other payables primarily relate to advance accommodation income received from guests, trade creditors, accrued expenditure and VAT and payroll taxes due.

Center Parcs has historically funded working capital requirements through cash generated from operations. There is a degree of seasonality in the working capital requirements linked to accommodation revenue receipts.

Payments held on account have historically been at their lowest level after the Christmas period and prior to the key booking period of late December to late February and at the end of each calendar year. This contrasts with the significantly higher payments held on account typically seen in April or in advance of the summer holiday season.

Management anticipates that working capital requirements in the foreseeable future will generally be stable as a percentage of revenue. However, these requirements can fluctuate due to a variety of factors, including those factors set forth under "*Risk Factors*".

Depending upon its rate of growth and profitability, Center Parcs may require additional equity or debt financing to meet working capital requirements or capital expenditure needs. There can be no assurance that additional financing, if needed, will be available when required or, if available, on terms satisfactory to Center Parcs.

Contractual commitments

Center Parcs has no material contractual commitments with the exception of the headleases on the Longleat and Woburn properties. The total current annual rentals on these leases are approximately £0.8 million and £0.6 million, respectively, and the lease termination dates are 22 February 2073 and 23 December 2109, respectively. The rent in respect of each lease is subject to review every five years, based on any increase in revenue.

Off-balance sheet arrangements and contingent liabilities

Center Parcs has no off-balance sheet arrangements or contingent liabilities.

Quantitative and Qualitative Disclosure about Market and Credit risks

Market risks

General economic conditions

The disposable income of Center Parcs guests and/or their holiday preferences are and will be affected by changes in the general economic environment and this may result in a fall in the number of guests and/or a decrease in on-site spend. Center Parcs regularly reviews its product offering and engages with guests to ensure it provides value for money to meet guest needs. In addition, resilient performance through economic cycles, during both downturns and recoveries, has resulted in Center Parcs' occupancy levels averaging approximately 96% in the last 15 years and approximately 97% in the last seven years.

Competition

The Center Parcs brand is synonymous with high quality short breaks in a forest environment but Center Parcs competes for the discretionary expenditure of potential guests, who could choose to take short breaks at other destinations or participate in other recreational activities. Center Parcs believes that this risk is mitigated by the strength of the Center Parcs brand and the continual investment in the accommodation and facilities (including retail and restaurants), coupled with the innovation amongst the leisure activities and the responsiveness to guest preferences (from surveys).

Seasonality and weather

Demand for short breaks is influenced by the main holiday periods at Easter, the summer holidays, school half-term holidays and the Christmas/New Year period. This risk is mitigated by online dynamic pricing which encourages demand outside of the peak periods. The accommodation is located within forest environments and a significant number of activities take place outdoors. Therefore, demand may be impacted by the prevailing weather conditions. This risk is minimal because the vast majority of breaks and activities are booked in advance and guests tend not to book on impulse. Additionally, Center Parcs maintains diversity between its indoor and outdoor activities to mitigate the risk of inclement weather.

Financial risks

The Directors and senior managers regularly review the financial requirements of the Group and the associated risks. Center Parcs does not use complicated financial instruments and where financial instruments are used they are used to reduce interest rate risk. Center Parcs does not hold financial instruments for trading purposes. Center Parcs finances its operations through a mixture of retained earnings and borrowings as required. Historically, Center Parcs has sought to reduce its cost of capital by refinancing and restructuring its funding using the underlying asset value.

Interest rate risk

Principal sources of borrowings are fixed interest rate loan notes.

Liquidity risk

Center Parcs maintains sufficient levels of cash to enable it to meet its medium-term working capital and debt service obligations. Rolling forecasts of liquidity requirements are prepared and monitored, and surplus cash is invested in interest bearing accounts.

Currency risk

Whilst no borrowings are denominated in foreign currencies, a number of suppliers are exposed to the euro and the U.S. dollar. Wherever possible Center Parcs enters into supply contracts denominated in Sterling. Center Parcs does not operate a hedging facility to manage currency risk as it is not considered to be material.

Credit risk

Cash balances are held on deposit with a number of UK banking institutions. Concentrations of credit risk with respect to trade receivables are limited due to the vast majority of guests paying in advance.

Financial reporting risk

The Group's financial systems are required to process a large number of transactions securely and accurately; any weaknesses in the systems could result in the incorrect reporting of financial results and covenant compliance.

Critical accounting policies

The following accounting policies are considered to be pertinent to this review of Center Parcs' operating and financial results.

Revenue recognition

Revenue relates to rental accommodation income on holidays commenced during the period, together with other related income that primarily arises from on-site leisure and spa related activities, retail and food and beverage spend. On-site revenue is recognised when the related product or service is provided to the guest. All revenue is recorded net of VAT.

Payment for accommodation rental income is received in advance of holidays commencing, and is recorded as 'payments on account' within trade and other payables until the holiday commences.

A number of trading units on each holiday village are operated by concession partners. Revenue due in respect of such units is recognised on an accruals basis.

All revenue arises in the United Kingdom.

Property, plant and equipment

Center Parcs carries property, plant and equipment at cost rather than current valuation. As such, no increases in the value of Center Parcs' property, plant and equipment are recognised in the financial statements. Any impairment to the carrying value of these assets is recognised in the income statement under "Administrative expenses".

Maintenance expenditure

It is the policy of Center Parcs to maintain its land and buildings to a high standard. Where maintenance expenditure increases the benefits that property, plant and equipment is expected to generate, this expenditure is capitalised. All other maintenance costs are charged to the income statement under village overheads as incurred unless they relate to the head office, in which case they are charged to the income statement under central overheads as incurred.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

INDUSTRY

Overview of the UK Holiday Market

The UK holiday market is defined as the market for UK residents holidaying in the UK (domestic but excluding Northern Ireland) and UK residents holidaying internationally (overseas).

Center Parcs operates in the UK holiday centres market, which consists of three segments: (a) traditional holiday centres; (b) holiday parks centred around caravan or lodge accommodation; and (c) forest villages. These sub-segments of the holiday market are described later on in this section.

Economic Environment and Outlook

Global Financial Crisis and Aftermath

Based on Mintel's analysis, following the global financial crisis in 2008, the performance of the UK holidays market was continuously impacted until 2014. Historical data shows that growth rates in domestic tourism tend to rise and fall in relation to growth rates in the overseas holiday market. The last recession worked to the advantage of UK tourism, in which Center Parcs is present, triggering a steep drop in holidays abroad and a "staycation effect" which saw many consumers switching from overseas destinations to holidays closer to home. The UK holiday market saw an increase of roughly 8 million trips between 2008 and 2011, while overseas holidays fell by approximately 9 million over the same period.

Since 2012, overseas holiday volumes have entered a period of steady recovery, culminating in a 9% rise during 2015. In contrast, volumes in the UK market fell substantially in 2013 and 2014, followed by a recovery in 2015, a year of strong growth for both segments reflecting rising economic recovery and consumer confidence. In contrast, domestic UK holiday expenditure has grown steadily since 2011, from £13.0 billion to £14.2 billion in 2015, an increase of 9%. This demonstrates increasing average spend for domestic holidays of 14%, from £222 in 2011 to £253 in 2015. Over the same period while total spend on overseas holidays also grew (driven predominantly by the recovery in volumes) from £21.5 billion to £26.2 billion, the average spend on overseas holidays increased at a lower rate than UK holidays at 6% over the period from £585 in 2011 to £623 in 2015.

According to Mintel, despite ups and downs, UK tourism is now in a much healthier position than it was before the last recession. Between 2008 and 2015, the number of UK trips increased by over 5.5 million and expenditure grew by 30% (significantly ahead of inflation), while spending on overseas holidays finally recovered to its pre-2008 levels only in 2015 and volumes are yet to do so. Mintel forecasts that overseas volume will overtake 2008 levels by 2019, if the pound recovers some of its value.

Post-Brexit Performance and Outlook

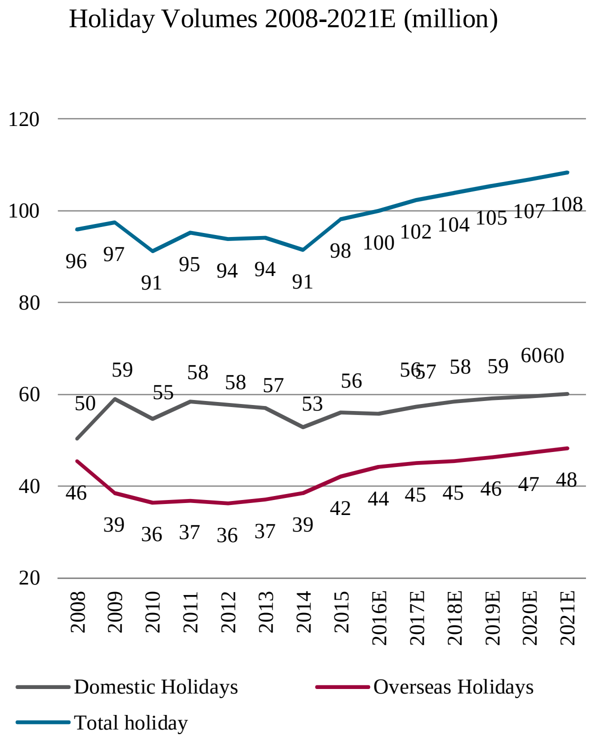
Mintel expects slow and steady growth over the next five years, with total holiday volume forecasted to grow by 8.3% between 2016 and 2021 to 108.3 million trips. Mintel's forecast is based on current market conditions and economic forecasts. Although Mintel believe that Brexit will have a negative impact on the UK economy, current political and economic uncertainty and insufficient hard data have made it difficult to be able to reliably factor the impact of Brexit into five-year market forecasts.

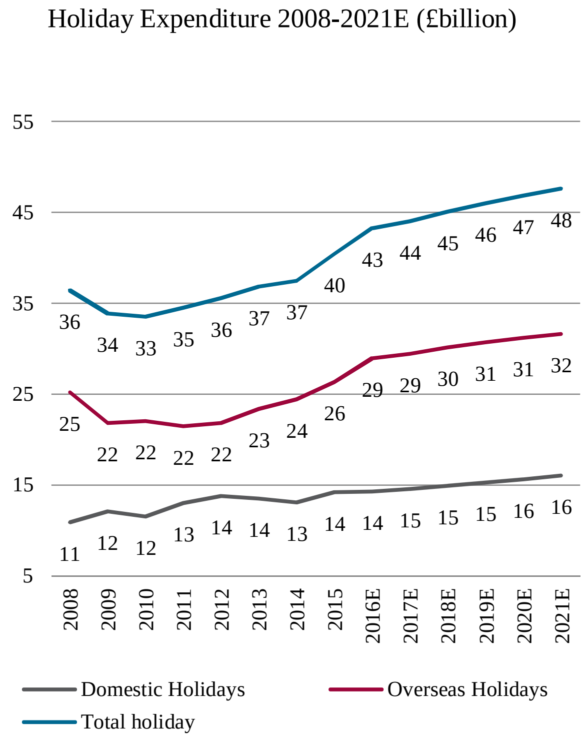
Since the Brexit vote in June 2016, the pound's decline in value has made overseas trips more expensive for UK consumers. A weaker pound was one of the main contributors to the staycation boom in 2009, according to Mintel, and is expected to similarly affect domestic UK travel, as consumers opt to holiday at home. Mintel's research found that 37% of those interested in going on a holiday in the next 12 months favoured destinations in the UK to ones abroad as a result of Brexit.

Mintel believes it is likely that inflation will increase in 2017, putting a squeeze on consumers' disposable incomes in the latter half of the year, which will put further pressure on overall demand for more expensive overseas holidays.

However, Mintel believes short-term consumer behaviour does not appear to have changed. Historically low interest rates having been cut again in the wake of the Brexit vote have further boosted the spending power of many mortgage-paying households. For example, Mintel's consumer research found that holidaymakers say they plan to take more trips in 2017 than they did in 2016.

According to Mintel, a drop in consumer confidence and possibility of a recession could mean a return to the staycation trend, albeit it will likely be less pronounced compared to the last recession. Mintel believes the consumer mentality in 2017 is very different compared to 2008 where the savvy consumer habits adopted in and since the last recession have been retained by many people and as such, Brexit is more likely to simply halt the slow shift away from austerity habits, rather than cause a sharp change in behaviour similar to 2008. Overall, Mintel forecasts a 7.7% rise in domestic UK trips to 60.1 million over the next five years.





Source: Mintel (from Mintel Holiday Review UK, January 2017 & Mintel Holiday Review - UK, January 2014)

UK Holiday Centre Market Trends

The key trends impacting the UK holiday centres market include the following:

Change in Guests: Socio-Economic Profile

According to Mintel, changes in socio-economic groups ("**SEG**") and in particular the growth in the ABC1 category have historically benefited the holiday market and are likely to continue to do so in the medium term. SEGs are based on the chief income earner and are defined as follows:

SEG	Occupation of Chief Income Earner
A	Higher managerial, administrative or professional
B	Intermediate managerial, administrative or professional
C1	Supervisory or clerical and junior managerial, administrative or professional
C2	Skilled manual workers
D	Semi and unskilled manual workers
E	Entirely dependent on the state long term, through sickness, unemployment, old age or other reasons

With high standards and expectations for their holidays, the ABC1 SEGs form the core target customer base for Center Parcs. According to Mintel, as of 2016, the ABC1 segment as a whole represented over 50% of the UK population making it the largest segment of the UK population. In addition, 65% of staycation enthusiasts are ABC1 (generally split evenly between ABs and C1s), and the group is broadly composed of those with household incomes above £25,000 and a financial situation described as "healthy" or "OK".

Adult Population Trends, by Socio-Economic Group, 2007-2017

	As Percentage of population (%)
AB	22.3
C1	30.9
ABC1 subtotal	**53.2**
C2	20.9
DE	25.9
Total	**100.0**

Source: Office For National Statistics/Target Group Index/Mintel (from Mintel Holiday Centre, June 2013)

Changes in Demographics

According to the Office For National Statistics, growth in demand for holiday centres in the UK is expected to be positively affected by demographic changes, including in particular the rise in the number of families with young children. The number of children aged fourteen years and under is expected to increase by 5.2% between 2015 and 2020 from 11.5 million in 2015 to 12.1 million in 2020.

In addition, an increasing number of young adults (25-34 year olds), from an estimated 8.8 million in 2015 to a forecast 9.2 million in 2020 (an increase of approximately 3.6%), is expected to increase the birth rate beyond 2015. This increase will likely benefit the UK holiday centre market as it increases the number of prime target guests, namely families, for holiday centres in the United Kingdom in the short to medium term.

Trends in the Age Structure of the UK Population, 2010-2020

	2010		2015(1)		2020(1)		% change 2010-15(1)	% change 2015-20(1)
	'000	%	'000	%	'000	%		
0-4	3,858	6.2	4,017	6.2	4,010	6.0	4.1	-0.2
5-9	3,446	5.5	3,949	6.1	4,094	6.1	14.6	3.7
10-14	3,567	5.7	3,543	5.4	4,007	5.9	-0.7	13.1
15-19	3,912	6.3	3,820	5.9	3,631	5.4	-2.4	-4.9
20-24	4,310	6.9	4,320	6.6	4,107	6.1	0.2	-4.9
25-34	8,141	13.1	8,837	13.6	9,156	13.6	8.6	3.6
35-44	8,834	14.2	8,368	12.9	8,464	12.6	-5.3	1.1
45-54	8,547	13.7	9,187	14.1	8,867	13.2	7.5	-3.5
55-64	7,342	11.8	7,445	11.4	8,341	12.4	1.4	12.0
65+	10,304	16.6	11,610	17.8	12,682	19.5	12.7	9.2
Total	**62,262**	**100.0**	**65,097**	**100.0**	**67,360**	**100.0**	**4.6**	**3.5**

Source: Office For National Statistics

(1) Projected. Based on 2014 National Population Projections

Multiple Holiday Taking and Trend Towards Shorter Breaks

The trend towards shorter breaks remains steady with the UK short break market being far more stable over the past five years than the UK domestic market as a whole. According to Mintel, the average length of UK domestic holidays decreased from 3.80 days in 2007 to 3.48 days in 2013 and remained broadly unchanged thereafter (3.49 days in 2014 and 3.48 days in 2015). Short breaks comprising between one to three nights account for almost two-thirds of the total UK domestic tourism market and 2015 saw volume growth of 8% and value growth of 11% as compared to 2014. Expenditure and average spend per trip on these short breaks are also on an upwards trend, rising by 14% and 16% respectively between 2011 and 2015.

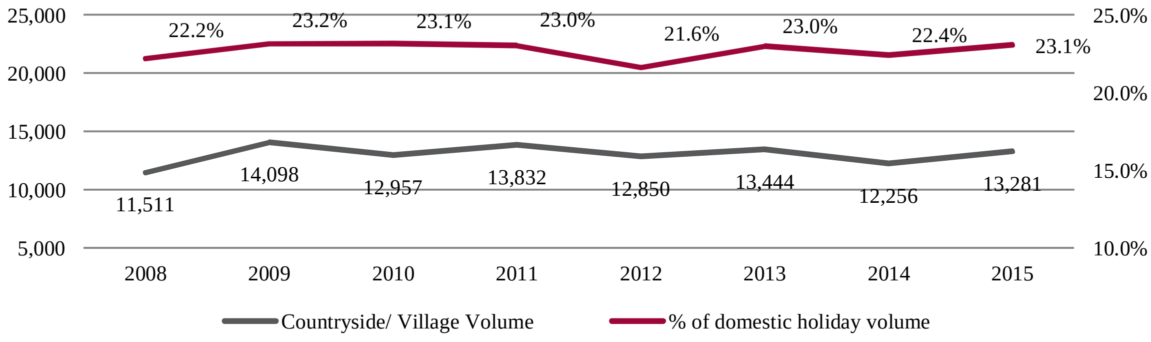
According to Mintel, a growing number of consumers expect to supplement their main holiday with extra trips throughout the year. Almost half of those who holidayed domestically during the year took two or more trips, reflecting the large proportion of short one to three-night domestic breaks. This trend is expected to create significant opportunities for holiday centres, which are positioned as one of the strongest short-break propositions.

Domestic Holiday Behaviour and Destination

According to Mintel, 23% of domestic UK tourists are true staycation enthusiasts taking at least four UK breaks in the 12 months ending July 2016. In terms of location type, domestic tourism is fairly evenly spread with seaside holidays accounting for 32% of all holidays in 2015, large town/city breaks accounting for 29%, rural holidays accounting for 24%, and trips to small towns accounting for 18%. As shown in the chart below, countryside holidays' share of domestic market has remained broadly the same, reflecting stable demand for holiday offerings in natural surroundings.

Furthermore, 15% of adults are attracted by a UK holiday which involves taking part in a challenging activity such as kayaking, sailing, rock-climbing or mountain biking, all of which are activities typically offered by holiday parks.

Domestic and Overseas Holiday Volumes for Countryside/Village Volume 2008-15[(1)]



Source: Mintel (from Mintel Domestic Tourism, October 2016)

(1) Percentage calculations based on total holiday volumes consisting of the sum for the following categories: Seaside, Large city/large town, Small town and Countryside/village. The total in Mintel Domestic Tourism, October 2016 slightly exceeds 100% as some holidays are included in more than one category.

According to Mintel a new digital detox trend is emerging, where city dwellers seek to escape their smartphones and computers. Thus, there is a growing need for holiday brands to encourage 16-34 year olds to disconnect and de-stress in the countryside. There are also opportunities to target families, as 68% of parents agree that television/tablets are too frequently used to keep their children occupied.

Security has become a growing influence on holiday choices abroad over the past 18 months. Mintel's research suggests that concerns over safety may also work to the advantage of the UK with 34% of domestic holidaymakers agreeing with the statement "I see the UK as a safer place to holiday compared to overseas destinations", particularly among those who take seaside or rural holidays.

Market Segmentation and Product Offering

While Center Parcs believes that it has a unique product offering, it is sometimes considered to be part of the UK holiday centres market. The UK holiday centres market is divided into three distinct segments: (a) traditional holiday centres; (b) holiday parks (large caravan/chalet parks offering an extensive range of holiday centre facilities); and (c) forest villages (also considered as holiday centres but aimed more at rural quiet rather than holiday bustle). These segments compete with each other to a certain extent within the UK holiday centres market. However, while traditional holiday centres and holiday parks tend to be coastal sites, dominated by guests mainly from the C1-C2 socio-economic category, forest villages are based in woodland sites and attract mainly ABC1 families looking for active forest village breaks and premium lodge park accommodation.

According to Mintel, nearly half of parents believe it is important to stay in a resort with family-friendly elements such as pools, children's activities and entertainment. This is now becoming a strong selling point for family holidays in the context of rising childhood obesity, increasing amounts of time spent by children on technology devices, and a perceived lack of safe public spaces for children to play outside the home. Leading overseas holiday brands are investing heavily in their own bespoke family resort brands such as First Choice's Family Village (TUI) or waterpark concepts like SplashWorld (TUI) and Aquamania (Thomas Cook). In the domestic UK market, leading holiday centre brands such as Center Parcs, Butlins and Haven offer a domestic equivalent. Moreover, the focal point of Center Parcs' villages is its sub-tropical swimming paradise which together with Center Parcs' premium product offering (accommodation, leisure activities, food and beverage, retail and spa) underpins the attractiveness of the Center Parcs' concept for ABC1 guests.

Leading Holiday Centre and Holiday Park Operators in the United Kingdom

Operator	**Product Offering**	**Revenue**[(1)] **(£m)**	**Overview**
Traditional holiday centres			
Butlins	3 resorts, 3 hotels	218.2	• Lower budget holidays (less affluent SEG) • Narrower range of leisure activities
Warner	13 hotels	126.8	• Coastal resorts (chalet accommodation) • Adult-only offering • Wide range of leisure activities
Holiday parks			
Parkdean Resorts	73 holiday parks	400.7	• Family-oriented holiday parks in coastal, countryside and woodlands locations • Limited entertainment offering • Low budget holidays for families

Operator	Product Offering	Revenue[1] (£m)	Overview
Forest villages			
Center Parcs	5 forest villages	440.3	• UK short-break holiday specialist in a forest environment • Wide range of leisure activities • On-site retail, food and beverage, and spa offering
Forest Holidays	9 locations	31.9	• Luxury holiday cabins in forestry commission woodland • Number of Leisure activities available • No central ‘hub’ of Food and Beverage/Leisure/Retail/Pool etc.

Source: Company information

(1) Financials as of: Butlins (December 2015), Warner (December 2015), Parkdean Resorts (December 2015), Center Parcs (April 2017) and Forest Holidays (February 2016).

Traditional holiday centres comprise the traditional brands such as Butlins, Warner and Pontins (a smaller UK operator), which were originally based on a 1950s “holiday camp” formula. They have evolved over time (now fewer in number and individually larger in scale) and have invested significantly in recent years in improving their accommodation and range of activities. These traditional centres are generally in beach locations and therefore tend to primarily complement a family beach holiday. They are characterised by permanent accommodation (rather than mobile homes) in blocks or detached buildings. Their offering may be full board or self-catering, but generally includes free family-oriented entertainment, variety shows and leisure facilities, such as swimming pools, amusement arcades, fairground-type rides and outdoor sports facilities, such as five-a-side football, a climbing wall and crazy golf.

Holiday parks constitute the largest sector within the UK holiday centres market, both by number of locations and volume of holidays sold and comprise brands such as Parkdean Holidays, Park Resorts, Haven and Hoseasons. However, within the holiday park segment, it is difficult to distinguish between what are essentially larger caravan parks with few facilities, and those parks with amenities and activities that are sophisticated enough to be categorised as a traditional holiday centre. As consumer expectations increase, there is more demand for holiday parks to provide a greater range of value-added services such as pools, restaurants, children’s clubs and entertainment. Holiday parks cater to customers looking for three types of services: (a) hiring mobile homes or fixed caravans; (b) purchasing these mobile homes; and (c) hiring space for towed caravans and tent campers. Although they vary considerably in size, holiday parks are generally smaller in scale than the traditional holiday centres. Holiday parks are often situated in coastal locations, often in scenic areas.

Forest villages differ from traditional holiday centres and holiday parks which are part of the tradition of the British seaside holiday. Forest villages are based inland, in woodland and water settings, with an explicitly environmental ethos (a car-free, family-friendly environment), marketed primarily and explicitly to affluent family groups in the ABC1 SEGs, as compared with the broader targeting of the traditional holiday centres. The accommodation in forest villages is permanent and generally more spacious than traditional holiday centres. Forest village accommodation provides self-catering facilities and open-plan living, with luxurious top-end accommodation standards. The focus is activity-based, with a wide range of sporting, creative and spa/therapeutic activities geared towards both adults and children. Unlike most traditional holiday centres, which include a wide range of entertainment and activities as part of the basic holiday package, forest village holiday providers offer a customised approach and charge extra for individual activities. Furthermore, forest villages operate 365 days per year, offering guests a high quality experience under all types of weather through a wide range of indoor and outdoor activities and amenities.

BUSINESS

Business Overview

Center Parcs is a leading UK short-break holiday business, attracting over 2 million guests in financial year 2017. Center Parcs operates five specially constructed holiday villages in the United Kingdom: Sherwood Forest in Nottinghamshire, Longleat Forest in Wiltshire, Elveden Forest in Suffolk, Whinfell Forest in Cumbria and Woburn Forest in Bedfordshire. Each village is set in a forest environment amongst approximately 400 acres of forest around a lake and is open 365 days per year.

Woodland, water and a natural environment are the essential elements of a Center Parcs break. Within this comfortable, quiet, car-free and family-friendly setting, each of the Center Parcs villages provides guests with high quality accommodation and more than 150 leisure and spa activities. In total, as of 20 April 2017, there were 4,123 units of accommodation across its five villages, which could accommodate approximately 21,800 guests per day at 100% occupancy. The focal point and key attraction of each village is an all-weather indoor sub-tropical swimming paradise, featuring a selection of water activities including a wave pool, river slides and rides, children’s pools and Jacuzzis. Center Parcs’ on-site experiences also include outdoor activities such as cycling, boating and zip wires; indoor activities such as ten-pin bowling, badminton and pottery; and amenities such as spas, food and beverage and retail. A significant proportion of Center Parcs’ revenue is generated from guests’ on-site spending, including for leisure and spa activities, food and beverage and retail, representing 41% of total revenue in financial year 2017.

Center Parcs has a well-established brand in the UK for providing high quality experiences and facilities and targets a primary guest base of affluent families. Center Parcs benefits from strong guest loyalty with over 35% of guests returning within 14 months and approximately 60% returning over a five-year period. In addition, Center Parcs believes that its business model is difficult to replicate due to the lack of suitable locations for the development of holiday parks and high development costs and Center Parcs is well positioned to continue to grow its business. In April 2017, Center Parcs was named “Best UK Family Holiday Provider” in the Tommy’s Awards for the fourteenth year in a row and also came top in the Family Holiday category of the Made for Mums Awards in 2017. It also retained its “Investor in People” accreditation in 2016 and its “Hospitality Assured” Premier status in 2017.

Center Parcs’ villages typically draw on a regional population of guests who are attracted to the convenience of being within a relatively short driving distance from home. Over 80% of the UK population lives within a 2.5 hour drive of at least one of Center Parcs’ villages, and the majority of Center Parcs’ guests live within a two hour drive of the village they choose to visit. Center Parcs believes that the proximity of the majority of guests to its villages combined with the easy accessibility of the villages by car make Center Parcs a popular and convenient holiday option. Occupancy levels at Center Parcs’ villages have been consistently high: 96.9% in financial year 2015, 97.7% in 2016 and 97.3% in financial year 2017. Occupancy levels have averaged approximately 96% in the last 15 years and approximately 97% in the last seven years despite the expansion of existing accommodation offerings at Center Parcs’ Original Villages and the opening of Woburn Forest in 2014.

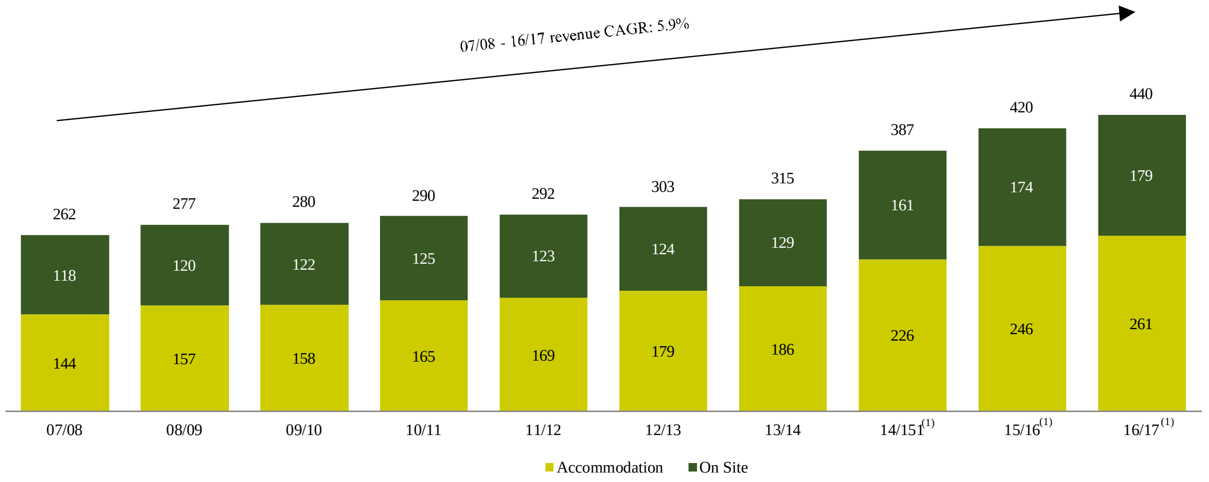
For the financial year 2017, Center Parcs had revenue of £440.3 million and Adjusted EBITDA of £213.0 million, representing an Adjusted EBITDA margin of 48.4%.

Revenue and Adjusted EBITDA are broadly evenly split amongst Center Parcs’ villages, reflecting both the individual strength of each village and the diversity of Center Parcs’ asset base.

The map below shows the location of each of Center Parcs' villages.

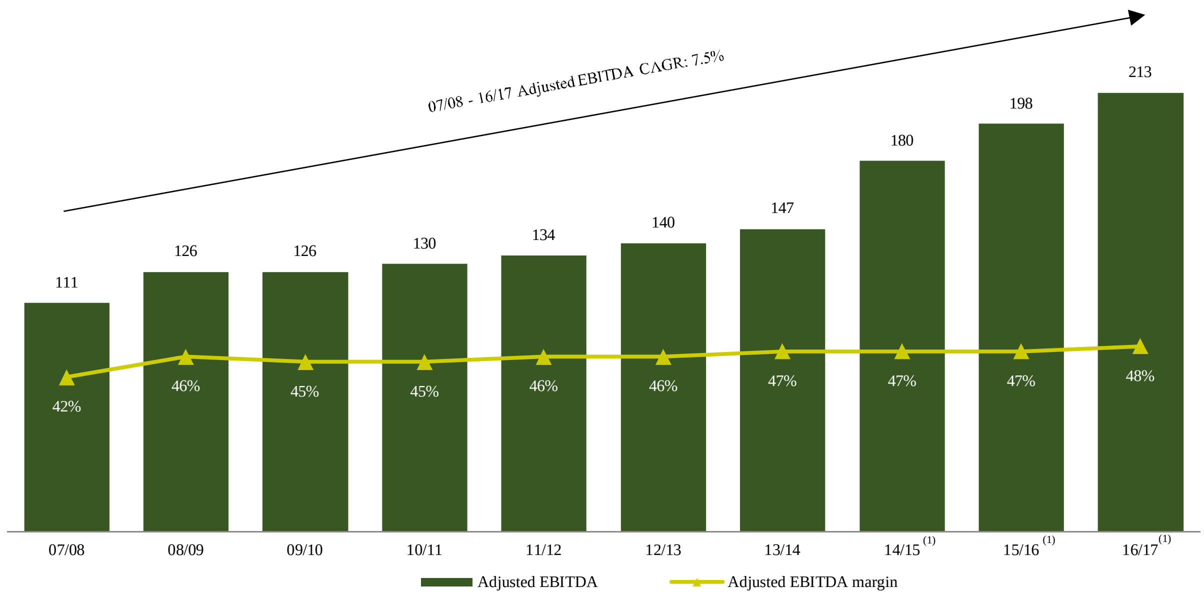
Revenue and Adjusted EBITDA have consistently grown over the past ten years. Total revenue and Adjusted EBITDA were £440.3 million and £213.0 million for financial year 2017. Adjusted EBITDA margins grew from 42.4% in financial year 2008 to 48.4% in financial year 2017.

The following graph shows revenue for financial years 2008 to 2017.



(1) Revenue from financial year 2015 onwards includes Woburn Forest, which opened on 6 June 2014.

The following graph shows Adjusted EBITDA and Adjusted EBITDA margin for financial years 2008 to 2017.



(1) Adjusted EBITDA from financial year 2015 onwards includes Woburn Forest, which opened on 6 June 2014.

History of the Center Parcs Group

The Center Parcs concept was pioneered by Piet Derksen in the late 1960s in the Netherlands as a new form of self-catering, high-comfort holiday village, complemented with heated bungalows, open fires, central heating, colour TVs and covered swimming pools. Derksen expanded the chain over the course of the following two decades into Belgium, France and Germany, and, in 1987, the first Center Parcs opened in the United Kingdom at Sherwood. The first British village was closely followed by a second at Elveden in 1989. In 1994, Center Parcs further expanded with the creation of the third village, Longleat, near Bath. In 2001, Center Parcs acquired the Oasis Holiday Village (now called Whinfell) in the northwest of England from the Bourne Leisure Group, thus enhancing Center Parcs' geographic footprint in the UK. In 2001, the continental European "Center Parcs" business was separated from the United Kingdom "Center Parcs" business and the two have been under separate ownership from that point onward. In November 2010, Center Parcs received reserved matters planning approval of its plan to develop and build a fifth village situated near Woburn in Bedfordshire. The development of Woburn Forest commenced in May 2012 and opened to guests in June 2014.

The Blackstone Funds bought the operating business in May 2006 and subsequently delisted it from the London Stock Exchange where it had been listed on the AIM in 2003 and on the Main Market in 2005. Shortly thereafter, Blackstone Funds purchased the property companies owning the four Original Villages in June 2006. In August 2015, certain funds managed by affiliates of Brookfield Asset Management Inc. (the "**Brookfield Funds**") acquired Center Parcs from the Blackstone Funds.

Since 2006, Center Parcs has implemented programmes to upgrade accommodation and to upgrade and expand on-site offerings. In July 2016, Center Parcs announced it had received planning permission to build a sixth village ("**Longford Forest**"), in County Longford, Republic of Ireland, Center Parcs' first village outside of the United Kingdom. Construction, of what is expected to be a two year development programme, has commenced at the Longford Forest site with a planned opening of late summer 2019.

Key Strengths

Unique, market-leading short break holiday business.

Center Parcs believes that it provides a unique product in the UK holiday market in terms of scale, quality and standard of accommodation and amenities. Each Center Parcs village is set in approximately 400 acres of forest around a lake, with numerous retail and food and beverage offerings, as well as more than 150 leisure and spa related activities and an indoor sub-tropical swimming paradise. Each village has on average 825 units of accommodation with capacity for approximately 4,400 guests. Center Parcs believes that it is the only large-scale UK business offering this type of family-focused, year-round, all-weather, short-break package, in a forest environment.

Difficult to replicate concept with well-known brand and loyal, affluent customer base.

The Center Parcs villages are characterised by a number of qualities that Center Parcs believes make its business model difficult to replicate in the United Kingdom. These include:

- limited appropriate sites for villages, which require large forested areas near major population centres;
- long lead time needed to develop new villages due to the stringent requirements for obtaining planning permits;
- significant initial investment cost in addition to on-going capital expenditure required for further development and operations of the business; and
- a wide range of specialised operations and planning expertise required to develop and operate a village.

Center Parcs' unique product offering has generated strong brand recognition and guest loyalty. Center Parcs believes that it has high brand recognition in the UK and is considered among the top brands for high quality short breaks in the UK.

Center Parcs' "intention to return" score was 95% in financial year 2017. Over 35% of Center Parcs' guests return within 14 months and approximately 60% return over a five-year period. Center Parcs' active marketable guest base was approximately 420,000 households in 2017.

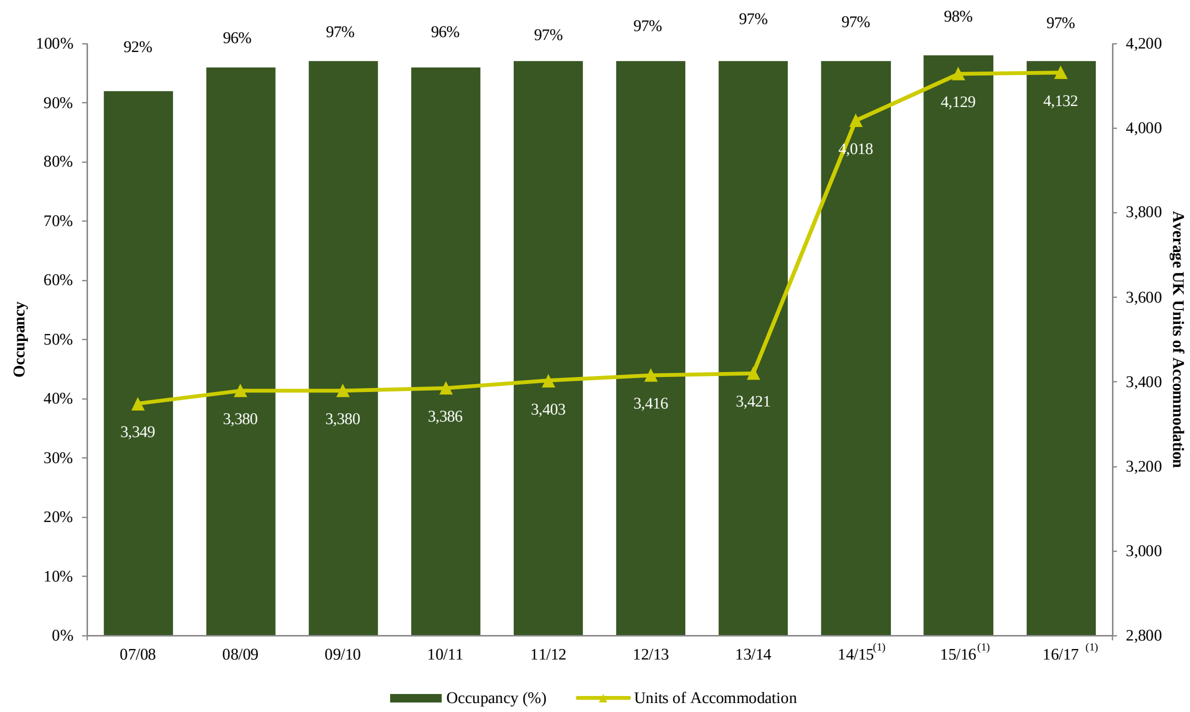
Center Parcs is also an award-winning brand, having been named "Best UK Family Holiday Provider" in the Tommy's Awards for the fourteenth year in a row in April 2017 and coming top in the Family Holiday category of the Made for Mums Awards 2017. It also retained its "Investor in People" accreditation in 2016 and its "Hospitality Assured" Premier status in 2017.

Center Parcs' guest profile has remained stable over time and consists of the highest earning categories of the UK population. According to management estimates, 84% of guests are identified under the ACORN classification as "affluent achievers", "rising prosperity" or "comfortable communities" based on postcode analysis.

Resilient growth through economic cycles.

Resilient performance through economic cycles, during both downturns and recoveries, and also through additions in capacity, has resulted in Center Parcs' occupancy levels averaging approximately 96% in the last 15 years and approximately 97% in the last seven years, with occupancy levels of 96.9%, 97.7% and 97.3% in 2015, 2016 and 2017, respectively. Occupancy at each of the villages has remained consistently high even after the opening of Woburn Forest in 2014 despite an approximately 20% increase in Center Parcs' accommodation available, demonstrating the depth of demand for Center Parcs' villages.

The following graph shows Center Parcs' occupancy rates and average units of accommodation for financial years 2008 to 2017.



(1) Occupancy and units of accommodation from financial year 2015 onwards includes Woburn Forest, which opened on 6 June 2014.

High occupancy levels drive a significant proportion of revenue from guests' on-site spending, which represented 41% of Center Parcs' total revenue in financial year 2017.

ADR on average also consistently grew above inflation between financial year 2008 and financial year 2017, at a CAGR of 3.7%. During this period, Center Parcs' RevPAL growth was approximately twice the growth in inflation and UK RevPAR during the period. The growth in Center Parcs' ADR has been driven by yield management initiatives, demand and on-site investment, including in new types of accommodation and upgrades to existing accommodation.

The following table shows RevPAL and ADR for Center Parcs as compared to UK RevPAR and the CPI for financial years 2008 to 2017.

	2008	2009	2010	2011	2012	2013	2014	2015[4]	2016[4]	2017[4]
Center Parcs' RevPAL (£)....	118.4	125.4	128.6	131.4	136.6	144.2	149.4	154.6	163.5	173.8
Center Parcs' ADR (£).........	129.3	131.4	132.2	136.5	140.7	148.4	153.7	159.4	167.3	178.6
UK RevPAR[1][2] (£)	44	39	41	41	41	43	46	51	53	54
CPI change over previous year[3] (%)	3.0	2.3	3.7	4.5	3.0	2.4	1.8	(0.1)	0.3	2.7

(1) UK RevPAR excludes London.

(2) Source: PwC.

(3) Source: Office of National Statistics, based on CPI for the twelve months to April of the stated year.

(4) Woburn Forest opened in June 2014 and has accordingly been included in Center Parcs' RevPAL and ADR for financial years 2015, 2016, and 2017.

Unbroken revenue growth with strong visibility through forward-booking model.

Center Parcs has experienced revenue growth each year over the last ten years, with revenue growing at a CAGR of 5.9% from financial year 2008 to financial year 2017. In addition, Center Parcs' Adjusted EBITDA has grown at a CAGR of 7.5% from financial year 2008 to financial year 2017. Center Parcs places a strong emphasis on advance prepaid bookings, which result in significant revenue visibility, with an average of 19 weeks' booking-to-arrival time in financial years 2015 to 2017. For each of the financial years 2015, 2016 and 2017, an average of approximately 40% of the available accommodation nights had been booked by the beginning of the financial year, an average of 57% by the end of the first quarter, an average of 77% halfway through the financial year, and an average of 95% two months before the end of the financial year.

Center Parcs collects 30% of the accommodation cost at the time of booking if completed more than ten weeks in advance of the short break. The balance of the cost is collected ten weeks prior to the start of the break. If a guest books less than ten weeks prior to the arrival date, the accommodation cost is payable in full on booking. Similarly, in financial year 2017, more than 60% of leisure and spa activities were pre-booked and pre-paid prior to arrival. This significant revenue visibility allows Center Parcs to optimise its cost structure according to anticipated occupancy levels and demand throughout the year.

Sustainable cash flow generation.

Center Parcs' EBITDA margins have been underpinned by high occupancy levels and consistent growth in ADR. Adjusted EBITDA margins have grown significantly over the past ten years from 42.4% in financial year 2008 to 48.4% in financial year 2017. Relatively high EBITDA margins combined with the negative working capital characteristics of the business due to its forward-booking model and the relatively low maintenance capital expenditure requirements, which averaged £19 million per financial year from financial year 2008 to financial 2017, has enabled Center Parcs to be highly cash generative, with cash conversion (defined as Adjusted EBITDA less maintenance capital expenditure plus working capital and non-cash movements (less difference between the pension charge and contribution), expressed as a percentage of Adjusted EBITDA) in excess of 90% in each of financial years 2015, 2016 and 2017, at 95.2%, 92.5% and 90.8%, respectively.

Well-invested, diversified and high quality asset base.

Center Parcs owns all five of its villages on either freehold titles or long leasehold titles, and with remaining lease terms of between 56 years and 982 years, Center Parcs' asset base has a long life and is diversified and stable. Revenue and EBITDA are broadly evenly split amongst its villages, located in different parts of the UK, reflecting both the individual strength of each village and the diversity of Center Parcs' asset base.

Center Parcs has an on-going capital expenditure programme to maintain and enhance the quality of its asset base, pursuant to which it has invested approximately £520 million from financial year 2008 through financial year 2017. Of this investment, £193 million represents maintenance capital expenditures. The remainder represents investment capital expenditure, of which £174 million was invested to upgrade existing accommodation, £59 million was invested to build new developments, £78 million went towards on-site development, including new leisure activities, food and beverage offerings and facilities upgrades and £11 million was invested in its Digital Roadmap project. In addition, Center Parcs incurred approximately £250 million of total initial development costs in respect of building Woburn Forest.

Since the acquisition of Center Parcs by the Brookfield Funds in August 2015, the amount of total capital expenditure has increased from £43 million (of which investment capital expenditure: £19 million) in financial year 2015 to £63 million (of which investment capital expenditure: £40 million) and £95 million (of which investment capital expenditure: £70 million) in financial years 2016 and 2017, respectively, reflecting the Brookfield Funds' commitment to the business and focus on a range of capital investment opportunities to further grow the business. In financial years 2016 and 2017, the construction of new build accommodation comprised £10 million and £22 million, respectively, of investment capital expenditure, while a range of ongoing village refurbishments of accommodation, restaurants, retail outlets, spas and other offerings and facilities comprised the remainder.

Experienced management team with a track record of innovation.

Center Parcs has an experienced management team with a proven ability to execute its business plans and achieve results. In addition, Center Parcs' management team has a track record of innovation reflected in its yield management initiatives, innovation in on-site activities and food and beverage offerings, as well as development of new types of accommodation to help drive ADR. In 2014, the management team successfully opened Woburn Forest on time and on budget. In financial year 2017, Woburn Forest achieved an ADR approximately 14% above the average of the Original Villages. Woburn Forest has averaged approximately 96% occupancy since opening to guests. With an average length of service of over 15 years by individual members of its management team, the management team is highly experienced in providing the services that set Center Parcs apart from other UK leisure and holiday providers. Center Parcs also benefits from the operational expertise, relationships, and management experience of Brookfield.

Strategy

Continue to grow revenue through yield management, flexible pricing, targeted marketing and customer relationship management.

Center Parcs actively manages pricing across its villages to maintain its high level of occupancy and to optimise yield during periods of high demand. 100% of bookings are made directly with Center Parcs, with approximately 85% of accommodation bookings made online in financial year 2017. Together with its strong emphasis on advance bookings (average 19 weeks' booking-to-arrival time period in financial years 2015 to 2017), this provides Center Parcs with significant operational information, allowing it to respond quickly to customer trends in order to optimise its pricing. Center Parcs plans to continue to develop its yield management and flexible pricing structure to further grow revenue, and to develop its customer relationship management initiatives to increase demand from the affluent families that form its core guest base.

Center Parcs is investing in its systems to improve its digital capabilities, with the aim of optimising revenue growth through the Digital Roadmap process. Through this process, Center Parcs plans to introduce more sophisticated pricing tools in order to increase demand through improved customer relationship management and targeted marketing. Center Parcs' guest database of approximately one million contacts allows it to undertake targeted marketing campaigns using a range of channels, including direct mailings, online and digital marketing, television campaigns and email programmes focused on existing customers. The Digital Roadmap comprises revenue optimisation tools to create automated price suggestions and intra-day price changes, the creation of data hubs to enable Center Parcs to better target and tailor their guest services and identify individual preferences, and the introduction of an improved booking platform. For more information on the Digital Roadmap, see "*Business — Information Technology*".

Continue to invest in revenue-enhancing upgrades of Center Parcs accommodation offering and to expand available capacity.

Center Parcs plans to continue to invest in upgrading the accommodation and facilities in its villages, and to introduce new accommodation and on-site activities. Since 2007, Center Parcs has opened over 170 new units of accommodation at its Original Villages, and significantly upgraded all units of accommodation at the Original Villages at an average estimated cost of approximately £50,000 per lodge. Following the upgrade of all existing units of accommodation, Center Parcs has started a new cycle of refurbishment for such accommodation.

There is also capacity for additional new builds of premium lodges at Center Parcs' villages, which typically achieve a premium over the rate achieved on standard lodges. Center Parcs believes that such premium lodges attract affluent guests who are more likely to be high on-site spenders. Center Parcs currently plans to build around 240 further new units of accommodation, across all villages, subject to planning permission and other factors. The new units of accommodation are expected to include treehouses, waterside lodges, spa suites and other executive lodges. Center Parcs currently has planning permission for more than half of these new builds.

Disciplined investment in village experience.

Center Parcs believes that there are several substantial development projects that could profitably expand Center Parcs' offering, including Project Atlantis, which involves the strategic enhancement of the signature sub-tropical swimming paradise that features at each village. Center Parcs spent over £21 million between 2012 and 2017 on implementing Project Atlantis. Improvements included the addition of a new raft ride, the Tropical Cyclone, and a new play area featuring numerous slides and water feature at Elveden, and a similar development at Longleat featuring two new raft rides which is expected to open in late summer 2017. Over the next five years, Center Parcs plans to make similar upgrades to the pool facilities at Sherwood and Whinfell villages.

Center Parcs also intends to introduce new leisure activities at each village on a regular basis, as well as innovate upon its existing offering of leisure activities. Development opportunities include introducing electric boats and expanding indoor climbing activities to all villages. Center Parcs believes that such investments provide an enriched holiday experience particularly for the affluent families that form its core guest base, and that an improved on-site offering helps to drive both accommodation and on-site revenue.

Grow on-site spend.

Center Parcs generated 41.6%, 41.5% and 40.6% of its total revenue from on-site spend in the financial years 2015, 2016 and 2017, respectively. Center Parcs' on-site revenue grew at a CAGR of 5.5% from financial year 2015 to financial year 2017. As Center Parcs' guests typically remain on-site for the duration of their stay, Center Parcs believes that there are opportunities to grow on-site spend further. For example, Center Parcs has continued to develop a programme of enhanced differentiation in pricing where prices of various offerings are expected to become flexible across villages or seasons to more accurately reflect guest demand.

Center Parcs has franchise, licensing and concession agreements with various providers, such as Starbucks, Casual Dining Group (whose offering includes Café Rouge, Las Iguanas and Bella Italia) and SSP (whose offering includes gastro pubs and fast food outlets). These concession partners enable guests to benefit from high street brand offerings and Center Parcs to increase profitability through increased on-site spend. Center Parcs reviews these agreements periodically to ensure that they remain economically attractive and meet its guests' requirements. Center Parcs believes that there is also an opportunity to increase revenue from its outside guests, especially through its Aqua Sana spa facilities, which Center Parcs continues to upgrade and expand.

Continue to increase profitability through controlling costs.

Center Parcs benefits from having a flexible cost base. Because of the high level of forward booking visibility of the business, Center Parcs is able to manage its cost base effectively to meet its business requirements. As part of the strategy to seek profitable growth, it intends to continue to generate cost savings through increased efficiency at each village and at its head office. Center Parcs also plans to continue to improve and streamline booking options, primarily as a result of introducing a new Center Parcs website later in 2017.

Business Description

Product Offering

Center Parcs' focus is on the short-break holiday market. Center Parcs' guests can choose from three pre-defined break durations: the weekend (Friday to Monday), mid-week (Monday to Friday) or a week (Friday to Friday or Monday to Monday, comprised of a weekend break and mid-week break). Guests can also book combinations of these breaks. Accommodation is charged on a per-break rather than per-sleeper or per-night basis (with the exception of the spa suites which are sold on a per-night basis). Approximately 95% of holidays booked, with the exception of spa breaks, spa suites and corporate bookings, are for three or four night breaks.

Although located near urban centres, Center Parcs villages are each set within approximately 400 acres of forest around a lake and offer year-round, all-weather holidays in a car-free natural environment.

Center Parcs generated 58.4%, 58.5% and 59.4% of its total revenue from accommodation in the financial years 2015, 2016 and 2017, respectively. Center Parcs' occupancy rates have averaged approximately 96% in the last 15 years, with approximately 43% of total lodge nights (defined as the aggregate number of lodges occupied by guests for a night) for the next 12 months already booked at the start of financial year 2017.

Each village offers more than 150 leisure and spa related activities, along with on average 16 bars and restaurants and 9 shops. Center Parcs generated 41.3%, 41.5% and 40.6% of its total revenue from on-site spend in the financial years 2015, 2016 and 2017, respectively.

Accommodation

Accommodation is a critical part of the overall guest experience at Center Parcs and the key financial driver, representing 59% of total revenue, or £261 million, in financial year 2017. As at 20 April 2017, Center Parcs offered 4,123 units of accommodation across its five villages. Investment, maintenance and refurbishment are on-going to keep all accommodation up to date, fresh and contemporary.

Accommodation at each village comprises a range of one to four bedroom lodges, and one and two bedroom apartments and hotel rooms, some of which include self-catering facilities. Each village offers a range of different grades of accommodation, from entry level Woodland units to exclusive lodges and treehouses with Jacuzzis, steam rooms and an assortment of premium facilities, as well as a small number of apartments and hotel rooms. Center Parcs recently completed the upgrade of all of its accommodation at the Original Villages.

Between financial years 2007 and 2017, Center Parcs added over 170 new units of accommodation at the Original Villages, in addition to the 706 units of accommodation added when Woburn Forest opened in 2014 together with 20 additional units at Woburn Forest following its opening. In addition, over the course of the next few years, Center Parcs plans to build around 240 new units of accommodation, subject to planning permission and other factors, across all five villages. The new premium lodges are expected to include treehouses, waterside lodges, spa suites and other executive lodges. Center Parcs currently has planning permission for more than half of these new builds.

The following table shows a breakdown of the different grades of accommodation across Center Parcs' villages as of 20 April 2017.

Accommodation Stock

	Sherwood	Elveden	Longleat	Whinfell	Woburn	Total
Standard						
Woodland lodges	488	339	452	463	357	2,099
New woodland lodges	36	193	0	62	0	291
Sub total	**524**	**532**	**452**	**525**	**357**	**2,390**
Executive						
Executive lodges	252	177	194	131	270	1,024
New executive lodges	67	57	76	120	0	320
Exclusive lodges	20	21	20	9	16	86
Spa suites	0	4	0	0	8	12
Treehouses	3	4	3	0	0	10
Apartments and hotel rooms	11	48	60	87	75	281
Sub total	**353**	**311**	**353**	**347**	**369**	**1,733**
Total	**877**	**843**	**805**	**872**	**726**	**4,123**

Woodland Lodges (entry level standard)

The woodland lodges feature oak-style flooring with a well equipped kitchen (including a full range of integrated appliances), a multi-channel TV and DVD player and well apportioned bathrooms and bedrooms. This level of accommodation is available in two, three and four bedroom layouts.

New woodland lodges

New woodland lodges are similar to Woodland lodges with newly refreshed interiors and modern interior design, with some additional features and appliances including a 40" flat screen television, state-of-the-art media hub and coffee machine.

Executive lodges

This level of accommodation offers an overall higher level of functionality and furnishings. The majority of the three to four bedroom executive lodges have saunas as well as the additional benefits of en-suite bathrooms and daily housekeeping service.

New executive lodges

New executive lodges are similar to executive lodges with newly refreshed interiors and modern interior design, with some additional features and appliances including a 40” flat screen television and state-of-the-art media hub

Exclusive lodges

As the luxury version of the executive lodges, this accommodation is the top of the range, comprising two storey, four bedroom, detached lodges designed for families or groups who desire the privacy of their own spa area and enclosed garden. The exclusive lodges also include a steam room, sauna and outdoor hot tub.

Spa suites

Center Parcs introduced Spa Suites in November 2011 with the opening of four units at Elveden. Subsequently, Center Parcs has added a further eight Spa Suites units at Woburn. These are luxurious one bedroom units adjacent to the Aqua Sana spa and provide direct access to the Spa facilities with entry included as part of the tariff. Unlike all other accommodation types they are sold on a per night basis.

Treehouses

The two storey luxury treehouses are designed for families or friends who want the ultimate Center Parcs experience with views of the forest and a balcony to every bedroom. The accommodation consists of four en-suite bedrooms, an infrared sauna room, a balcony hot tub, as well as a separate games den with pool table, and offers a daily housekeeping service and free Wi-Fi access. Treehouses have achieved the highest ADR of all accommodation stock in financial year 2017, followed by Exclusive Lodges.

Apartments and hotel rooms

Sherwood, Longleat, Elveden and Whinfell have apartment style accommodation which offer executive standard accommodation with self-catering facilities. Woburn has a 75 room hotel.

Leisure Activities

Center Parcs offers more than 150 leisure and spa activities at each of its villages. These activities range from passive and gentle to active and high adrenaline. Excluding the Aqua Sana spa, leisure activities comprised 12% of the total revenue and 29% of total on-site revenue, or £51 million, in financial year 2017.

Sub-tropical Swimming Paradise

The sub-tropical swimming paradise is the core leisure offer of each Center Parcs village and is free to guests. The pools are heated all year and have slides, water playgrounds for toddlers and a variety of other features, such as family raft rides at Elveden, Sherwood and Woburn. Across the five villages, the pool complex averages over 5,500 square metres in size, with an average capacity of over 1,400 people in the pool and changing areas. Various activities are available, including scuba diving and aqua jetting. Guests can also hire a cabana with seating, a television and complimentary soft drinks.

In 2011, Center Parcs commenced Project Atlantis, a strategic enhancement of its pool offer. The review covers facility maintenance as well as opportunities to add new features. Project Atlantis is an investment capital expenditure program pursuant to which approximately £21 million was spent between 2012 and 2017 at the Original Villages in order to enhance the offering and guest experience. In autumn 2012, a new raft ride, the Tropical Cyclone, was introduced at Elveden and in June 2013, a family play area including numerous slides and water features was also opened at Elveden. These concepts, including high adrenaline raft rides and water slides, were included at Woburn Forest upon its opening in 2014. In 2016, construction commenced on an extension to the Subtropical Swimming Paradise at Longleat. This extension will accommodate two new raft rides in addition to a new children’s play area.

Outdoor Activities

Outdoor activities offered by Center Parcs vary from adventure golf and nature walks to high adrenaline activities such as high ropes, tree trekking and zip wires. All villages have a lake which offers a wide range of water sports and boats for hire. In 2014, Sherwood started offering electric boats for hire and these were introduced to all other villages during 2015. All villages also provide access to boathouses and beaches, where paddle boats and activities such as canoeing and sailing are on offer. All the villages have an outdoor activity centre providing activities such as Segways®, archery, quad biking and laser combat. Sherwood and Whinfell also have nature centres which allow guests to learn about the village’s wildlife as well as provide activities such as falconry, woodland walks and educational tours. Center Parcs also offers festive-themed activities from November through the Christmas period as villages are transformed into “Winter Wonderland”. Center Parcs’ focus on capacity management has enabled extra sessions for guests, further increasing profitability. New outdoor activities recently introduced include electric boats, mini tree trekking for younger children, woodland wheelers, off road explorers and mini captain’s adventure.

Indoor Activities

Indoor activities include traditional activities, such as badminton, ten pin bowling, snooker, pool and table tennis, all of which are consistently popular with guests and accordingly, have generated consistent revenue streams. Access to a gymnasium and arcade are also available across all villages. Classes are offered for activities such as fencing and climbing. Pottery painting was introduced initially at Longleat in 2010 and has been rolled out to all villages. It caters to all age groups and is a popular activity which has seen significant revenue growth.

Ten pin bowling is also a popular activity with guests. There are two bowling locations at Sherwood and Woburn and one location at each other village.

New indoor activities more recently introduced include a caving experience at Whinfell and Sherwood and a new Indoor Climbing Adventure which has been introduced across all villages.

Children's Activities

Center Parcs offers a wide range of activities tailored for children aged from six months to 14 years. Many such activities are offered through the "Activity Den". Trained staff offer a spectrum of activities, from traditional crèche and soft play areas for toddlers to hair braiding and activities such as Den Building for older children and teenagers. In addition to the "Activity Den", classes for younger guests are offered in sports including football and cricket. Roller skating and junior archery are also popular.

Cycle Hire

The car-free environment makes cycling a key feature of the Center Parcs experience. Each village has a cycle fleet of approximately 1,900 cycles on average. Center Parcs reviews its fleet regularly and invests significantly in new ranges of cycles to replace older models. In line with the initiative to pre-book more activities, pre-booking of cycles represented more than half of total cycle bookings in financial year 2017, reducing queuing times and improving planning.

Aqua Sana — Spa and Treatments

The Aqua Sana spa is open to outside guests as well as to village guests, with most bookings made in advance and pre-paid prior to arrival. Aqua Sana comprised 5% of total revenue and 13% of total on-site revenue, or £24 million, in financial year 2017.

Each village has between 15 and 25 treatment rooms and extensive spa facilities with a variety of different "experience rooms", hydrotherapy pools, saunas and meditation areas. Treatments range from massage through to more advanced facials and beauty treatments for both men and women.

Aqua Sana facilities have benefited from on-going refurbishment and upgrades, with approximately £6 million invested in the last three financial years. Retail shops offer a wide variety of beauty products from well-known brands, including Elemis and Decleor. The Aqua Sana offer at all villages includes a "Vitalé Café Bar" food and beverage offer serving light meals and refreshments. In 2017, Center Parcs launched the refurbished Aqua Sana spa at Sherwood which includes a Treetop Relaxation area and an offering of 26 spa experiences. The refurbishment of the Aqua Sana spa at Sherwood involved a total capital expenditure of more than £3 million.

A new concept of spa suites was introduced at Elveden in 2011. They provide a package of an overnight stay combined with access to the Aqua Sana. Four units were opened and unlike other accommodation can be booked on a nightly basis. Woburn Forest opened with six spa suite units and a further two have been subsequently added. There are further plans to add eight spa suites at Longleat within the next few years.

Revenue from outside guests has been an area of growth, comprising approximately 37% of Aqua Sana revenue in financial year 2017. The business continues to work towards ensuring the right offer for both village guests and outside guests.

Online booking is available for Aqua Sana and a new web site was introduced in December 2016. Aqua Sana receives dedicated operational and sales and marketing support. Center Parcs will continue to refurbish and upgrade facilities and invest in system enhancements at the Aqua Sana spas.

Conference Facilities

Sherwood, Elveden, Longleat and Woburn offer purpose built conference and meeting facilities. Woburn provides the largest conference facilities and can accommodate up to 400 delegates. Each of the villages offers an extensive range of leisure activities, which can be used during conferences for teambuilding purposes, such as raft building, tree trekking or aerial adventures. The use of these conference and meeting facilities are booked through Center Parcs' Corporate Events division.

On-site Food and Beverage

Center Parcs seeks to provide its guests with an extensive range of dining experiences, with on-site food and beverage sales comprising 17% of total revenue and 42% of total on-site revenue, or £75 million, in financial year 2017.

Each village has an average of 16 restaurants and bars. This provides a choice of restaurants, some targeted at families, with play areas and children's menus while others offer premium dining. Center Parcs believes that these on-site food and beverage facilities are popular with its guests and have enabled higher sustained pricing and limited promotional activity compared with restaurants located on high streets. Menus are reviewed regularly and restaurants have been refurbished and upgraded on a rolling cycle to ensure that standards and the experience are maintained to a high standard. In financial years 2016 and 2017, Center Parcs carried out major refurbishments at “Sports Café” at Sherwood, Whinfell, Longleat and Elveden, “Leisure Bowl” at Longleat and Elveden and “Huck’s” at Elveden and Whinfell.

Concession partners operate certain outlets and account for approximately a third of on-site spend on food and beverage. Approximately one-third of the outlets are operated under concession agreements with Casual Dining Group and SSP. Under these concession agreements, the concession fees payable by each of Casual Dining Group and SSP to Center Parcs is the greater of a set minimum fee or a specified percentage of their respective revenue. Current revenue generated by each of Casual Dining Group and SSP is above the minimum guaranteed. Concession partners bring industry operational expertise to Center Parcs and have brought high street brand names such as Café Rouge, Las Iguanas, Strada and Bella Italia to the villages.

The food and beverage offer includes the following:

- Starbucks is operated as a franchise in all villages under licence, with thirteen units in total;
- Café Rouge (all villages), Bella Italia (Elveden, Whinfell, Sherwood and Longleat), Strada (Woburn only) and Las Iguanas (Longleat only) are managed under a concession agreement by Casual Dining Group;
- a gastro pub concept restaurant operates in Sherwood, Elveden and Woburn - these units are operated under a concession agreement by SSP;
- a takeaway or delivery service in all villages, Dining In, which offers guests the opportunity to choose among Indian, Chinese and Italian cuisine;
- an American style restaurant (Huck’s) operates in all villages - these restaurants are family orientated and include a children’s play area;
- a Sports Café operates in all villages and offers a wide menu choice throughout the day and provides big screen sports entertainment;
- an Indian restaurant, Rajinda Pradesh, offers a premium dining experience in all villages;
- fast food restaurants in all villages are located inside the pool complex and adjacent to the pools - these restaurants are operated under a concession agreement by SSP which pays a concession fee;
- Leisure Bowl bars adjoin the bowling lanes in all villages;
- Pancake House is a restaurant operating in all five villages;
- a “Vitalé Café Bar” café in the Aqua Sana catering for both village and outside guests;
- a traditional English pub at Whinfell and a “Grand Café” at Longleat; and
- the Venue, mainly used for corporate functions but also seasonal events, in all villages with the exception of Whinfell.

On-site Retail

Center Parcs offers a range of both food and non-food retail at each of its villages, which comprised 6% of total revenue and 16% of total on-site revenue, or £28 million, in financial year 2017.

The retail outlets have been designed to complement the activities at Center Parcs and the requirements of its guests. Each village has an average of eight main retail outlets and a number of satellite retail offers.

The on-site supermarket, the ParcMarket, provides guests with a full range of products comparable to a high street convenience store for guests’ self-catering requirements. The shop includes a range of fresh foods, fresh breads and pastries baked on-site, and a wide range of wines, beers and spirits as well as a comprehensive grocery offer. Prices are monitored against comparably sized outlets in the surrounding areas. Sales averaged approximately £4 million per year per ParcMarket for financial year 2017.

Each village also has a confectionery shop, a gift shop with a wide variety of gifts and souvenirs and a toy store catering for children of all ages. There is also a shop within the cycle centre.

Since 2008, the Nuance Group has been Center Parcs’ strategic retail partner. The Nuance Group operates the “Sportique”, “Aquatique”, “Time for Shade” and “Spirit” shops, the gift shop “Store Room” and the toy store “Just Kids” under a concession agreement. The Nuance Group management of these units has allowed Center Parcs to develop a partnership with an operator with a well-established retail network and to extend and improve the retail offer including access to well-known brands including Superdry and Fat Face. The presence of the concession partners enables guests to benefit from high street brand offerings and Center Parcs to leverage industry expertise in order to increase profitability. Approximately two-thirds of all retail shops at Center Parcs are operated under concession agreements with the Nuance Group.

Center Parcs Villages

An independent valuation report of May 2017 valued the aggregate market value of Center Parcs' properties across the five villages, subject to certain special assumptions set forth therein, at approximately £2.6 billion.

The following table sets out certain key information in respect of each Center Parcs' five villages:

	Sherwood Forest	Elveden Forest	Longleat Forest	Whinfell Forest	Woburn Forest
Year of opening	1987	1989	1994	1997	2014
Acres	391	413	405	415	357
Units of accommodation	877	843	805	872	726
Tenure of lease	999 years from 14 September 2000	999 years from 14 September 2000	First lease: 72 years and 11 months from 23 March 2000 Second lease: 72 years, five months and 29 days from 25 August 2000 Third lease: 64 years, one month and 25 days from 1 January 2009	First lease: 125 years from 8 November 1995 Second lease: 123 years from 27 March 1997	99 years from 24 December 2010
Annual rent (per annum)	£100	£100	First lease: £731,621 Second lease: £37,088 Third lease: £16,000	£1,000 (for both leases)	£555,750
Rent review	—	—	Every five years, upwards only (but limited by reference to revenue increase)	—	Every five years

Sherwood Forest

Sherwood, opened in 1987, was the first of Center Parcs' villages in the UK. Sherwood is set in approximately 391 acres of woodland and lakes and has an open, rather than covered, village square, which generates a continental atmosphere with alfresco dining. In the 2017 financial year, Sherwood generated £91 million in revenue and £51 million Adjusted EBITDA.

Location

The village is located approximately 20 miles from the M1 motorway, 17 miles from the city of Nottingham (population 288,700) and nine miles from the town of Mansfield, within Nottinghamshire. The nearest town is Ollerton, which is three miles to the northeast.

Transport Links

Road access to the village from the north and south is from the M1/A1. The nearest mainline rail station is Newark North Gate which runs East Coast services between Newark and London Kings Cross (journey time is approximately 80 minutes), although the nearest rail services are from Mansfield.

Catchment Area

Located centrally within England, its accessibility provides a large catchment area within easy reach of areas north, south, east and west of the country. The main catchment areas are the Midlands and Yorkshire, as well as major cities such as Leeds, Manchester, Nottingham and Birmingham.

Tenure

The property is held in leasehold title under the terms of a headlease with Scottish & Newcastle Plc. The term of the lease is 999 years from 14 September 2000 for a passing rent of £100 per annum (a premium of £100 million was paid initially to the lessor).

Elveden Forest

Elveden opened in 1989 as the second of Center Parcs' villages. Elveden covers an area of approximately 413 acres. In the 2017 financial year, Elveden generated £92 million in revenue and £50 million Adjusted EBITDA.

Location

Elveden lies approximately 85 miles to the northeast of London, approximately one hour's drive from the M25 motorway, in the heart of Suffolk, in the Breckland area. The property is located in Elveden Forest, approximately two miles south of Brandon between Cambridge and Norwich. The nearest town is Thetford, approximately four miles to the north of the property. Bury St. Edmunds is approximately 16 miles to the southeast of the property and Cambridge is approximately 35 miles to the southwest.

Transport Links

Access to the property from the south is via the M11 motorway, the A14 and the A11. The nearest mainline station is in Thetford, which provides a service to London, Cambridge and Norwich.

Catchment Area

According to the management of the village, Elveden considers its catchment area to be within a 2.5 hour drive of the property. These catchment areas include Suffolk, Norfolk, Cambridgeshire, Hertfordshire, Essex and — to a lesser extent — southern England.

Tenure

The property is held in leasehold title under the terms of a headlease with Scottish & Newcastle Plc. The term of the lease is 999 years from 14 September 2000 for a passing rent of £100 per annum (a premium of £100 million was paid initially to the lessor).

Longleat Forest

Longleat opened in 1994 as the third of Center Parcs' villages. In the 2017 financial year, Longleat generated £87 million in revenue and £46 million Adjusted EBITDA.

Location

The property is located approximately four miles west of Warminster and 25 miles southeast of Bristol. It forms part of the Longleat Estate. Longleat covers an area of approximately 405 acres.

Transport Links

The village is within easy access of the A303, providing links with the M3 motorway to the east and M5 motorway to the west. Both the M4 motorway and the M27 motorway are just over 20 miles to the north and south, respectively, providing excellent road connections with major centres throughout the south of England and the Midlands. The nearest rail connection is found at Warminster, which has direct access to London.

Catchment Area

Longleat draws the majority of its guests from southern England and South Wales. The catchment area includes Bristol, Southampton, Swindon, Exeter and the M4 motorway corridor.

Tenure

Parts of the property are held under two underleases from SPV 2 Limited (a subsidiary of CP Cayman Limited Holdings L.P.), which in turn holds such parts of the property under two headleases from the Marquis of Bath. The term of the first under lease is 72 years and 11 months from 23 March 2000 to 22 February 2073 for a current passing rent of £731,621 per annum (pursuant to a 2014 rent review). A premium of £10 million was paid to the lessor. The term of the second underlease is 72 years, five months and 29 days from 25 August 2000 to 22 February 2073 for a current passing rent of £37,088 per annum (pursuant to a 2014 rent review). Both underleases had a first rent review in July 2004 and their second rent review (due in July 2009) was settled in 2010. The most recent rent review was settled in July 2015. Rent reviews are carried out every five years. Rent reviews are upwards only but limited by reference to revenue increase relative to whichever of the preceding review periods has the greatest revenue. The remainder of the property (an outdoor activity centre) at Longleat is held under a lease between The Most Honourable Alexander George Seventh Marquis of Bath and Longleat Property Limited. The term of this lease is 64 years, one month and 25 days from 1 January 2009 to 25 February 2073 for a current passing rent of £16,000 per annum. This lease is subject to a rent review mechanism on similar terms as the above-mentioned two underleases.

Whinfell Forest

Whinfell was initially built by Rank and opened in 1997. It was subsequently sold to Bourne Leisure and then acquired by Center Parcs in 2001. Whinfell comprises approximately 415 acres of land and is home to one of the UK's last remaining colonies of red squirrels, which can be seen regularly throughout the village. In 2017 financial year, Whinfell generated £84 million in revenue and £44 million Adjusted EBITDA.

Location

The property is located between Penrith and Temple Sowerby on the A66. Penrith is the closest town (population approximately 15,000) and is approximately four miles west of the village.

Transport Links

The M6 motorway is approximately seven miles to the west of the village, providing motorway access to Scotland and the northwest of England, as well as to the Midlands and the south of England. The closest rail facilities are located in Penrith, which provides connections to major centres, including Edinburgh, Glasgow, Manchester, Birmingham and London.

Catchment Area

Whinfell is the most northerly of the Center Parcs' villages and it therefore tends to attract guests from Scotland, the north of England and north Wales. The main catchment areas include Glasgow and the west coast of Scotland, Newcastle and the north east, Liverpool, Manchester and the North West. However, due to the proximity of the village to the Lake District, this facility also has a higher proportion of long distance guests.

Tenure

The property is held under three separate titles - one being freehold and two being long leasehold. The leasehold titles are held under two leases scheduled to expire in 2120 for a total passing rental of £1,000 per annum. A premium of £3,288,500 (plus VAT) was previously paid in instalments for one lease, and a premium of £112,000 was paid in respect of the other lease.

Woburn Forest

The fifth village in Center Parcs' portfolio comprises approximately 357 acres of mature forested land in Woburn, Bedfordshire and was opened to paying guests on 6 June 2014. Woburn was built with the same core offer as the Original Villages but introduced modern and contemporary accommodation designs and has a higher proportion of premium accommodation offerings. It currently has 726 units of accommodation comprising 643 lodges, a 75 room hotel and 8 spa suites. There are 369 units of executive accommodation, representing 51% of the total, a higher percentage than any other village. This is designed to service the anticipated demand of its affluent guest base in the south of England.

Construction for the development of a further phase of 57 premium lodges commenced in September 2016 and is expected to complete in September 2017.

In the 2017 financial year, Woburn Forest generated £86 million in revenue and £46 million Adjusted EBITDA.

Location

Woburn is located approximately 60 miles north of London in Bedfordshire.

Transport Links

Woburn is six miles from the M1 motorway. The village also has convenient rail links, with a journey time of 45 minutes by train from London St. Pancras to Flitwick train station, located approximately two miles away.

Catchment Area

Woburn is the only Center Parcs village within a 90-minute drive time of London households. Woburn also has the highest volume of core target households within that drive time. For much of this population, the penetration for Center Parcs has historically been low.

Tenure

The property is held in leasehold title under the terms of a lease with Woburn Estate Company Limited and Bedford Estates Nominees Limited. The term of the lease is 99 years from 24 December 2010 for a current passing rent of £557,750 (pursuant to a 2013 rent review) per annum. A premium of £3,540,600 was paid to the lessor. The lease contains a rent review clause with an upwards only review to take place every 5 years (with the next review due on 31 March 2018) by reference to the greater of an increase in rent in line with the retail price index, a fixed percentage increase in the passing rent or the historic increase in revenue at Woburn.

Village Development

The first step in the development of a new Center Parcs village is the identification of an appropriate site. There are limited appropriate sites for villages as the Center Parcs' model requires large forested areas near major population centres. Following the identification of the site, planning permits for the development of the village need to be obtained. The development of a new village has a long lead time due to the stringent requirements for these permits. In addition, a wide range of specialised operations and planning expertise are required to develop a new village, including cost plans and budgets as well as studies assessing the economic, geological and ecological impact of the new village. The planning phase is followed by tender and procurement processes for the construction. These processes are then followed by the actual construction and pre-opening training of village staff.

There are significant costs associated with the development of a village. For example, the development cost for Woburn Phase 1 was approximately £250 million. Approximately 1,300 people were hired for the development process and they collectively received approximately 84,000 hours of training. The actual building of the village involved the construction of 706 units of accommodation in addition to the Village Square, the Indoor Plaza, the Subtropical Swimming Paradise and other activity and leisure areas.

Center Parcs has identified a site in County Longford in the Republic of Ireland for its sixth village ("**Longford Forest**"). Longford Forest will be Center Parcs' first village outside of the United Kingdom. Longford Forest will remain outside of the Restricted Group. Center Parcs received planning permission for Longford Forest in July 2016. The proposed 400 acre Longford Forest is expected to include 466 lodges and 30 apartments, which will accommodate approximately 2,700 guests, more than 100 indoor and outdoor family activities including the Subtropical Swimming Paradise and the Aqua Sana spa and a range of restaurants and shops. The development of Longford Forest is expected to cost approximately €250 million and is expected to be completed in late summer 2019. Center Parcs believes the development of Longford Forest will result in the creation of approximately 750 jobs during the construction and a further 1,000 permanent jobs once Longford Forest has opened.

Village Operations

Operational Management

Each of Center Parcs' villages is managed by a general manager and a deputy general manager, who oversee the events manager, guest services manager and on-village revenue manager. Other individuals responsible for the management of the village are the technical services manager, housekeeping manager, leisure services manager, village financial controller, human resources manager, security manager, health and safety technician and food and beverage manager. As of 20 April 2017, Center Parcs had an average of approximately 1,500 employees at each village. Center Parcs' villages are akin to small towns with their own infrastructure, including gas, water and power provision.

One of the key focus points of village operations is guest satisfaction. 96% of guests rated their break as "excellent" or "good" in financial year 2017. Center Parcs uses the "Delivering Excellent Service" metric to measure service provision across offerings. Guest feedback, particularly the monitoring of "Delivering Excellent Service" scores through guest surveys, forms a central part of the internal review and improvement process for each village. Each operating unit at a village has target "Delivering Excellent Service" scores as part of its bonus schemes.

Risk Management

Each village's general manager is supported by an independent health and safety team at the head office. Each village has regular risk meetings throughout the year. Center Parcs' risk management policy focuses on health and safety including guest safety, food safety, lodge safety, employee safety, fire safety and child protection. Center Parcs also centrally monitors enterprise risk and key performance indicators.

Supply chain

Center Parcs primarily has a centralised purchasing function to ensure quality, competitiveness, regulatory and ethical policy compliance, continuity and consistency across its five villages. Center Parcs mainly uses national suppliers that service all five villages, ensuring economies of scale and commercial leverage, and therefore controlling overall costs. Center Parcs' villages also use local suppliers for certain goods and services to ensure provenance and speed of service as well as to support corporate social responsibility initiatives. Altogether, Center Parcs manages approximately 1,700 suppliers centrally and purchased approximately £180 million of goods and services in financial year 2017. Center Parcs has a dedicated sourcing team focusing on utilities, food and beverage, fixtures, fittings and inventory, technical and ground services, laundry services and leisure goods and services.

Guest Profile

Over 80% of the UK population lives within a 2.5 hour drive of at least one of Center Parcs' villages, and the majority of Center Parcs' guests live within a two hour drive of the village they choose to visit.

In financial year 2017, 79% of Center Parcs' guests were families, with families with pre-school children, families with school age children and families with mixed age children comprising 32%, 27% and 20% of all guests, respectively.

During peak periods of school and national holidays, occupancy is driven by families with school age children. During off-peak periods, families with pre-school children and infants support midweek occupancy while weekend guests are predominantly families with school age children. During financial year 2017, during peak periods, Center Parcs' guests consisted of 45% families with school age children, 17% families with pre-school children, 26% families with mixed age children and 12% adult-only groups, while during off-peak periods, Center Parcs' guests consisted of 19% families with school age children, 39% families with pre-school children, 16% families with mixed age children and 26% adult-only groups.

Center Parcs' primary guest base is affluent families. According to management estimates, 84% of Center Parcs' guests, as compared to approximately 60% of the total population, are classified as "affluent achievers", "rising prosperity" and "comfortable communities" (42%, 10% and 32% of Center Parcs' guests, respectively) based on ACORN postcode analysis.

Marketing

Center Parcs is positioned as a relatively upmarket, high quality short-break holiday option for affluent families wanting to spend time together, away from the stresses and routine of everyday life. Brand value and integrity underlies Center Parcs' marketing strategy.

Center Parcs engages directly with guests, with approximately 85% of bookings made online in 2017 and the remaining through its in-house contact centre. Center Parcs does not deal with online affiliates or travel agents. As such, there are no commission payments made to third parties selling Center Parcs to consumers.

Center Parcs' accommodation pricing strategy is based on a demand driven model, where prices start at a low level in order to generate demand and generally rise as sales increase along with demand as the short-break holiday dates approach. This approach rewards and encourages early booking (Center Parcs has an 18-month booking horizon) and has helped Center Parcs increase revenues through economic cycles and has allowed it to maintain and improve occupancy rates. This is reflected in "intention to return" scores of 95% in financial year 2017.

Center Parcs operates a dynamic demand-driven pricing model, overseen by its dedicated pricing team, which enables management to optimise accommodation revenues by linking price to demand throughout the year. The pricing model utilises granular data, mapping holidays by length of break, accommodation type (with over 180 different types across the villages for the purposes of the pricing model), time of year as well as by village and incorporates the previous year's average price as a base, adjusted for inflation and other factors (including the time of week, whether the period is peak or off-peak and high occupancy versus quieter occupancy periods). This allows Center Parcs to smooth out its pricing across the seasons, adapt its accommodation pricing to guest demand and facilitate its yield management. Prices are reviewed daily and any changes can be updated on the Center Parcs website within 30 minutes. Any prices can be benchmarked against other villages, to adapt the progression of bookings against the expected booking profile.

Center Parcs' on-site pricing is generally less variable than its accommodation pricing. All activities except for the Subtropical Swimming Paradise are booked on a pay-per-use principle, and all activities are available for pre-booking. In financial year 2017, more than 60% of on-site activities were pre-booked and pre-paid. Center Parcs maintains clear price lists for its activities to increase transparency.

Center Parcs maintains a guest database of approximately one million contacts, with approximately 420,000 of those being considered active guests as of 20 April 2017 who had a Center Parcs break in the last 26 months or have an active booking. Over 35% of guests return within 14 months, and approximately 60% return within five years. Given the cost effectiveness of targeting guests who have previously stayed at a Center Parcs village, a significant proportion of the Center Parcs marketing budget is focused on communicating with its existing guest base, targeting repeat visits and the sale of on-site activities. The retention strategy focuses on an email programme that maintains communication with guests, from initial enquiry for information, through booking of accommodation, pre-arrival booking of activities, to the post-visit "Welcome Home" and "Anniversary" emails. Center Parcs also distributes the "Village Life" magazine to approximately 300,000 previous guests three times a year. In addition, Center Parcs constantly monitors on-going guest feedback through its online Guest Service Questionnaire, which has been completed by over 30% of guests in financial year 2017, as well as through various quantitative and qualitative research projects (including surveys and focus groups), website behavioural tracking and social media reporting and monitoring to review the various elements of its business. Questionnaires have been exclusively online since May 2010, which has significantly increased the number of returns and has improved guest feedback. Such research helps guide marketing communications, but has also been the basis of improvements in both guest service and product development (for example, accommodation refurbishment, pool upgrades, new leisure activities and introduction of the Center Parcs app). Center Parcs also offers a "come back soon" price guarantee to guests when they leave thus incentivising guests to return.

Center Parcs launched the Digital Roadmap in 2015, a joint IT and Marketing initiative to improve its websites, booking and guest database and analysis systems. For more information on the Digital Roadmap, see "— *Information Technology*".

In addition to its retention strategy, Center Parcs integrates acquisition marketing activities across a mix of available marketing channels such as TV, radio, web, email, newspapers and magazines, outdoor and social media, all aimed primarily towards a more affluent market to bring in new affluent guests that have the potential to provide repeat business and good lifetime value through multiple return visits. Typically, Center Parcs runs an integrated cross-channel media campaign, led by television and internet advertising, supplemented by email, social media and other forms of public relations activities, all of which are seasonally, geographically and demographically targeted for optimal effects. The largest spend of the year is focused upon the key booking period from late December through to late February, when large numbers of UK consumers are in the market for holidays and short-breaks and the propensity to book is higher.

Center Parcs operates a service programme called "Making Memorable Moments" to enhance the level of service it provides to its guests. All staff have been trained under the Making Memorable Moments Programme. This effort has yielded improved results, as measured by responses to guest questionnaires.

Information Technology

Digital Roadmap

In February 2015, Center Parcs launched Digital Roadmap, a multi-pronged process technology investment programme designed to further optimise revenue by improving its data management, analysis and digital capabilities, which is expected to be completed during financial year 2018. Through this process, Center Parcs plans to introduce more sophisticated marketing tools in order to increase demand through targeted marketing, improved customer relationship management, and the capture of measureable data down to the individual guest level, thus helping Center Parcs better understand consumer browsing and booking behaviour as well as target customers and make marketing expenditures more effectively. The Digital Roadmap has been overseen by a steering committee, including members of the board of directors.

To date, the Digital Roadmap has created a long-term technology platform able to manage structured and unstructured data and that has enabled:

- intra-day price changes to improve flexibility and price reactivity;
- bringing the customer database in-house;
- relaunch of the Aqua Sana spa website on a new flexible technology platform (Adobe); and
- introduction of Adobe Campaign for managing emails for Aqua Sana.

Further projects being implemented later this year include a new Center Parcs website with personalised accounts for guests, Adobe Campaign for all Center Parcs emails and additional data analytics capabilities across the key digital channels.

Center Parcs uses price variability between seasons and across villages for on-site pricing in order to respond to changes in demand, local economic conditions, and guest spending profiles such as through enhanced identification of high on-site spenders with targeted offers.

Through the Digital Roadmap, Center Parcs intends to maintain a more sophisticated customer database with a fully integrated accommodation and on-site spend database, and in time develop improved customer analytics, full social media and customer relationship management integration and a robust online platform recognising individuals and profile segments. As a result, Center Parcs is building the future opportunity to (i) develop and facilitate access to guest data for guest-facing service departments and to provide more targeted guest services, such as differentiating between first-time guests and repeat guests; (ii) boost individual guest identification indicating individual preferences to enable Center Parcs to better tailor guest services; and (iii) allow for an improved user booking experience by providing seamless, consistent and more responsive process across its booking systems.

Bookings Systems

Center Parcs' pre-arrivals booking systems comprise a telephone-based in-house contact centre and an online service via its website and mobile app. Center Parcs has significantly improved cost efficiency and efficiency of call handling through the consolidation of its call centre operations to its head office in 2010. Guests are able to book leisure activities six months in advance through these booking systems. In addition to benefiting guests, these pre-arrivals booking systems help optimise yield management and give Center Parcs greater planning time to ensure it meets demand through extra sessions/capacity. A dedicated revenue management team ensures that accommodation demand and capacity are constantly monitored to ensure revenue optimisation. In financial year 2017, more than 60% of activities were pre-booked and pre-paid prior to arrival. 100% of bookings are made directly with Center Parcs, with approximately 85% of accommodation bookings made online in financial year 2017. Guests can book either online (using Center Parcs' website, mobile site or app) or on-site using purpose built on-site booking points.

Mobile App

Center Parcs launched an app for smart phone users in 2014. The app allows guests to pre-book their accommodation, in addition to pre-booking activities, checking their itinerary and navigating their way around the village. The app also includes features to create personalised digital postcards and to actively connect the Center Parcs' short break experience with social media platforms. Center Parcs plans to review and significantly enhance the mobile app, including through direct targeted offers to current and past guests as well as potential guests for on-site activities once the initial projects from the Digital Roadmap programme have been implemented.

Intellectual Property

CP Opco and Center Parcs Limited, together, owned 40 registered trademarks as of 20 April 2017. These include trademarks for the Center Parcs® name and logo; restaurants such as The Pancake House® and Hucks®; leisure venues like The Venue®; activities such as Action Challenge® and Aqua Sana® spa; ParcMarket® on-site supermarket; and Jardin Des Sports® sports centre.

Under the Center Parcs name, Center Parcs Europe NV operates 21 villages across Holland, Belgium, Germany and France. Center Parcs Europe NV is not owned by Brookfield. CP Opco and Center Parcs Europe NV are party to a brand sharing agreement pursuant to which CP Opco is exclusively entitled to use its trademark registrations for the Center Parcs brand in the United Kingdom, Channel Islands and the Republic of Ireland, and Center Parcs Europe NV is exclusively entitled to use its trademark registrations for the Center Parcs brand in Albania, Austria, the Benelux, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Latvia, Liechtenstein, Lithuania, Macedonia, Monaco, Norway, Poland, Portugal, Romania, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland and Ukraine. If CP Opco or Center Parcs Europe NV intend to use the Center Parcs name or other trademarks that include or are confusingly similar to them to brand a holiday centre in a jurisdiction outside of these territories, the party planning to expand into that new territory must submit a detailed business plan to the other party inviting them to participate in all aspects of the development, funding, ownership and future management of that holiday centre in that new territory such that CP Opco and Center Parcs Europe NV will participate on terms identical to each other. If the other party accepts the invitation, and CP Opco and Center Parcs Europe NV participate in the development and management of a holiday centre in a new territory, trade mark applications and registrations used in connection with any such development will generally be jointly applied and paid for. If the other party does not accept the invitation, the offering party will have the exclusive rights to open and operate holiday centres under the Center Parcs name and the other trademarks. The brand sharing agreement also governs the marketing arrangements pursuant to which Center Parcs Europe NV may market its holidays in the CP Opco territory pursuant to distribution agreements with travel agents in the United Kingdom provided that the content of any publicity referring to Center Parcs Europe NV's holidays has been previously agreed by CP Opco. CP Opco must include in its brochures a page promoting Center Parcs Europe NV's holiday villages, the content of which is agreed with CP Opco. The page includes clear language that the two entities are owned separately. Under the marketing arrangements, CP Opco is required to take telephone inquiries and bookings for Center Parcs Europe NV from customers calling the number in its brochure. For this service, it is entitled to receive a variable commission based on the annual accommodation revenue of the bookings made.

Center Parcs believes that its trademarks are valuable to the operation of its villages and are an integral part of its marketing strategy, and is not aware of any existing infringing uses that could reasonably be expected to materially affect its business.

Employees

As of 20 April 2017, 18% of employees have been with Center Parcs for over ten years and less than 2% of hours worked for the 52-weeks ended 20 April 2017 were by employees on zero hour contracts. As of 20 April 2017, Center Parcs employed a total of 8,225 workers (including fixed term or temporary contractors) with a full-time equivalent of 4,700 employees. Of the full-time equivalent of 4,700 employees, 307 were based at the head office, and an average of 885 full-time equivalent employees were working at each village. The following table provides a breakdown of Center Parcs' number of employees by village for the last three financial years.

Employees by village

	As of 23 April 2015		As of 21 April 2016		As of 20 April 2017	
	Full-time equivalents	Total	Full-time equivalents	Total	Full-time equivalents	Total
Sherwood	799	1,523	839	1,619	899	1,706
Elveden	879	1,630	909	1,745	901	1,669
Longleat	808	1,554	821	1,575	862	1,634
Whinfell	815	1,258	854	1,308	867	1,321
Woburn	817	1,373	861	1,491	887	1,587
Head Office	235	272	252	288	273	307
Total	**4,353**	**7,610**	**4,536**	**8,026**	**4,691**	**8,224**

As of 20 April 2017, 41% of the Group's employees were housekeepers, 21% of employees were employed in leisure activities and 20% of employees were employed in food and beverage outlets.

Center Parcs is a large local employer in the locations where it operates and its strong brand awareness helps it attract new employees. Center Parcs uses a centralised online recruitment system, in addition to references from current employees. All new employees go through an induction programme that introduces them to Center Parcs' customer service initiatives. Employees also have access to on-the-job training including a management training course for employees looking to transition into management roles. Center Parcs also offers apprenticeships, diploma courses and over 200 technical and professional courses each year to its employees.

Maintenance and Inspection

Center Parcs uses both planned preventative maintenance and reactive maintenance regimes to ensure that its accommodation, facilities, amenities, plant, equipment, fixtures and fittings are inspected and maintained to a standard acceptable to its target guest base.

The planned preventative maintenance regime helps to ensure that Center Parcs has visibility of the total cost of maintaining its assets and the cost of replacing end of life assets. The reactive maintenance regime ensures that Center Parcs has a technical services team on call to attend to any maintenance issue 24 hours a day, 365 days a year. The technical services teams are complimented by external experts, technicians and engineers as required.

The Regional Directors of Operations and the senior management team of each village meet every six weeks to inspect each village to ensure that all maintenance issues are identified and addressed. The villages have a fire, health and safety inspection every two months. Furthermore, the Operations and Development Director conducts a two-day inspection at each village twice a year.

Insurance

Center Parcs maintains insurance of the types it believes to be commercially reasonable and available to businesses in its industry, and in amounts exceeding the statutory minimums. It maintains insurance policies that provide coverage for property related risks, business interruption following loss of or damage to property, employers’ liability and public and product liability.

Center Parcs’ current insurance policies expire on 30 June of each year. While insurance premiums have remained relatively stable over recent years and no material changes are expected in the near term, Center Parcs cannot predict the level of the premiums it may be required to pay for subsequent insurance coverage or the level of insurance available.

Legal Proceedings

From time to time, Center Parcs has been and is involved in disputes and litigation related to its business and operations. In particular, the nature of the leisure activities which it provides and the industry in which it operates tend to expose Center Parcs to claims by guests for personal injuries. Center Parcs investigates such claims thoroughly and, depending on the circumstances, will settle or defend the claim accordingly. To date, none of these claims have been material.

Center Parcs is not currently party to any actual or threatened legal proceedings or disputes which may have a material adverse effect on its business, results of operations or financial condition.

Regulation and Environment

The villages operated by Center Parcs are subject to a number of national and local laws relating to the operation of holiday breaks, including those regarding the sale of alcohol and offering of entertainment. Operating in forested areas with endangered wildlife, the villages are also required to adhere to strict environmental codes.

Center Parcs’ operations are subject to increasingly stringent national and local environmental laws and regulations, including laws and regulations governing air and noise emissions; wastewater and storm water discharges and uses; oil spillages; the maintenance of storage tanks and the use, release, storage, disposal, handling and transportation of, and exposure to, chemicals and hazardous substances; and otherwise relating to health, safety and the protection of the environment and natural resources and the remediation of contaminated soil and groundwater.

Center Parcs is subject to applicable rules and regulations relating to its relationship with its employees, including minimum wage requirements, child labour laws, health benefits, and overtime and working condition requirements. In addition, Center Parcs is subject to the Equality Act 2010.

Center Parcs was the first UK organisation to receive the Wildlife Trust’s Biodiversity Benchmark across all of its sites, with all of the villages retaining their certification as of January 2017.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Longford Management Services Agreement

The services agreement between CP Opco and Center Parcs Ireland Limited ("**CP Ireland**") dated on or about the Fourth Closing Date (the "**Longford Management Services Agreement**") provides for CP Opco to provide certain operating services and development management services in relation to the sixth Center Parcs village to be developed and opened at Newcastle, Ballymahon, County Longford, Ireland (the "**Longford Forest**"), in return for the payment of on-going charges of £500,000 per annum in respect of development management services provided until practical completion of Longford Forest and ongoing operating services (such per annum amount to be invoiced by CP Opco monthly in arrears). CP Opco will be required to provide or procure a broad range of services, including: pre-opening operating services; human resources support; sales and marketing services; guest services; pricing and accounts; using all reasonable endeavours to procure insurance in the name of CP Ireland; legal, compliance and company secretarial support; central purchasing and liaison with suppliers; health and safety advice; procurement and management of IT services; vehicle fleet management; site maintenance services; management of concessions and licensed units; internal audit services; services in respect of the preparation of management accounts and statutory accounts; tax; strategic support; advice in relation to tender processes for the building of infrastructure; using all reasonable endeavours to obtain required licences and consents; appointment of consultants; liaising with external counsel and negotiation with contractors; management of the construction programme; using all reasonable endeavours to monitor building contracts; arranging appropriate financing arrangements; and any other services provided by CP Opco to the existing villages. CP Opco is required to provide the operating services and the development management services to at least the same overall standard, scope and quality as are provided to the existing villages.

CP Opco also grants CP Ireland a royalty-free, non-exclusive, non-transferable, irrevocable and perpetual licence to use and reproduce any brands or trademarks owned or licensed by CP Opco and used by any of the existing villages (including the core "Center Parcs" brand and trademarks) for the purposes of running the business of Longford Forest which is described in further detail below. This IP licence is terminable only in certain limited circumstances as described below.

The Longford Management Services Agreement, but not the licence of the intellectual property rights, may be terminated in the following circumstances: (i) if CP Opco and CP Ireland cease to be affiliates, by either CP Opco or CP Ireland providing two years' written notice; and (ii) by either CP Opco or CP Ireland for non-payment, subject to an aggregate grace period for payment of 15 days. If CP Opco and CP Ireland cease to be affiliates, CP Opco may terminate the Longford Management Services Agreement and the licence of the intellectual property rights by written notice if CP Ireland does or omits to do anything which causes a material adverse effect to the value of the core "Center Parcs" brand and trademarks (taken as a whole). In addition, if CP Opco and CP Ireland cease to be affiliates: (i) CP Ireland may terminate the licence of the intellectual property rights only by six months' written notice and (ii) CP Opco may terminate the licence of the intellectual property rights only by three months' written notice if CP Ireland ceases to brand Longford Forest as a "Center Parcs" site. The licence of CP Opco's intellectual property rights (excluding the marks referred to below) is a royalty free, non-exclusive and non-transferable (subject to the terms of the Longford Management Services Agreement) licence whereas the licence of the trademarks (which includes the core Center Parcs brand and trademarks, and any other brands or trademarks owned or licensed by CP Opco and used by any of the existing villages) is a royalty-free, non-exclusive, non-transferable (subject to the terms of the Longford Management Services Agreement) and (unless terminated in accordance with the Longford Management Services Agreement) irrevocable and perpetual licence.

Where a notice of termination has been served by CP Opco due to CP Ireland doing or omitting to do anything which causes a material adverse effect on the value of the core "Center Parcs" brand and trademarks (taken as a whole) the licence of the intellectual property rights will terminate on the date on which CP Ireland receives the written notice of termination whereas, in respect of the other provisions of the Longford Management Services Agreement, CP Opco shall provide exit services to CP Ireland for a period of 12 months from the date of the written notice of termination. If CP Opco and CP Ireland cease to be affiliates and either CP Opco or CP Ireland provides two years' written notice to the other to terminate, CP Opco shall provide exit services to CP Ireland for six months prior to the end of the two year notice period. Such exit services include the handover of data (to the extent permitted by law) required to honour future bookings of Longford Forest and market to past and existing guests of Longford Forest and assistance with the handover or replacement of third party supplier contracts, shared IT services and equipment, payroll and HR systems, and the phasing out of the use of CP Opco's intellectual property rights. The exit services will be provided in return for a service charge of a sum equal to CP Opco's cost of providing the exit services, such amount being increased by 20% if CP Opco and CP Ireland cease to be affiliates. At any time when exit services are provided, CP Opco and CP Ireland will not be affiliates and the termination events which lead to CP Opco being required to provide exit services only apply once CP Opco and CP Ireland cease to be affiliates.

The liability of CP Opco to CP Ireland whether arising from negligence, breach of contract or otherwise shall not exceed an aggregate cap of £15 million. CP Opco may also be liable to CP Ireland where it causes damage to any physical property up to an aggregate cap of £10 million provided that CP Ireland must first recover any loss for damage to physical property from insurance proceeds. Neither CP Opco nor CP Ireland limits its liability for fraud, death or personal injury arising from its negligence or that of its employees, agents or subcontractors. Neither CP Opco nor CP Ireland shall be liable to each other for: (i) loss of profits, revenues or contracts, business interruption, or loss or corruption of data; or (ii) indirect, special or consequential loss or damage, even if such loss was reasonably foreseeable and whether arising from negligence, breach of contract or otherwise.

Other Related Party Transactions

In the ordinary course of business, Center Parcs may enter into transactions, including intercompany loans and investments, with related parties. As of 20 April 2017, Center Parcs had an outstanding balance of £1.6 million owed to it by Zinc Investments S.à r.l., a company which is affiliated with, and ultimately controlled by, the Brookfield Funds.

DOCUMENTS INCORPORATED BY REFERENCE

This Supplemental Bondholder Report should be read and construed in conjunction with the documents specified in the list below, which documents shall be incorporated in, and form part of, this Supplemental Bondholder Report; provided, however, that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Supplemental Bondholder Report to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Supplemental Bondholder Report. Any further information or documents incorporated by reference in the documents incorporated by reference below does not form part of this Supplemental Bondholder Report. Information contained in the documents incorporated by reference into this Supplemental Bondholder Report, which is not itself incorporated by reference herein, is not relevant for investors.

Copies of the documents incorporated by reference in this Supplemental Bondholder Report may be viewed electronically and free of charge at http://www.centerparcs.co.uk/company/company_review/index.jsp (the "**Website**"). The Website does not form part of Center Parcs' website, and Center Parcs' website does not form any part of this Supplemental Bondholder Report. The Website is provided for convenience only, and its content does not form any part of this Supplemental Bondholder Report, other than in respect of those financial accounts expressly being incorporated by reference into this Supplemental Bondholder Report. The information incorporated by reference into this Supplemental Bondholder Report is an important part of this Supplemental Bondholder Report.

The list below sets out the details of each of the documents incorporated by reference in this Supplemental Bondholder Report:

- Consolidated Financial Statements of Center Parcs (Holdings 1) Limited for the 52 weeks ended 20 April 2017 (all pages);
- Consolidated Financial Statements of Center Parcs (Holdings 1) Limited for the 52 weeks ended 21 April 2016 (all pages);
- Consolidated Financial Statements of Center Parcs (Holdings 1) Limited for the 52 weeks ended 23 April 2015 (all pages);
- Financial Statements of CP Woburn (Operating Company) Limited for the 52 weeks ended 20 April 2017 (all pages);
- Financial Statements of CP Woburn (Operating Company) Limited for the 52 weeks ended 21 April 2016 (all pages);
- Financial Statements of CP Woburn (Operating Company) Limited for the 52 weeks ended 23 April 2015 (all pages);
- Financial Statements of CPUK Finance Limited for the 52 weeks ended 20 April 2017 (all pages);
- Financial Statements of CPUK Finance Limited for the 52 weeks ended 21 April 2016 (all pages);
- Financial Statements of Center Parcs (Operating Company) Limited for the 52 weeks ended 20 April 2017 (all pages); and
- Financial Statements of Center Parcs (Operating Company) Limited for the 52 weeks ended 21 April 2016 (all pages).