CPUK FINANCE LIMITED

Operating and financial review for the 52 weeks ended 21 April 2016

In accordance with the reporting requirements of its financing, CPUK Finance Limited is pleased to present its operating and financial review for the 52 weeks ended 21 April 2016 ("FY16"). All figures presented in this report relate to the group of companies headed by Center Parcs (Holdings 1) Limited ("the Group"). The financial information presented in this report includes the results for the Original Four Villages and Woburn (together the "Combined Group") for the full 52 weeks ended 21 April 2016. Prior year figures have been restated to include Woburn's results for the 52 weeks ended 23 April 2015 ("FY15"), although results for the eight weeks ended 18 June 2014 have been treated as exceptional/non-underlying pre-opening losses as this period is not considered representative of any on-going performance of Woburn.

All financial results referred to in this document exclude exceptional and non-underlying items, unless otherwise stated.

Financial highlights

52 weeks ended 21 April 2016

- Net revenue up 9.1% to £420.2 million (2015: £385.2 million) and adjusted EBITDA up 10.0% to £198.2 million (2015: £180.2 million).
- Net revenue at the Original Four Villages up 5.8% to £338.2 million (2015: £319.6 million) and adjusted EBITDA up 4.1% to £153.8 million (2015: £147.7 million).
- Record occupancy of 97.7%, despite 1.5% of accommodation being off-line for upgrades.
- ADR and RevPAL for the Original Four Villages up 5.3% and 5.7% to £162.07 and £158.56 respectively (2015: £153.90 and £150.01).

16 weeks ended 21 April 2016

- Q4 Combined Group revenue and adjusted EBITDA growth of 5.9% and 6.7% to £119.2 million and £50.8 million respectively (2015: £112.6 million and £47.6 million respectively).

Key performance indicators

Combined Group	**FY16 52 weeks**	**FY15 52 weeks**	**Variance**
Net revenue	£420.2m	£385.2m	9.1%
Adjusted EBITDA	£198.2m	£180.2m	10.0%
Occupancy	97.7%	96.9%	0.8%
ADR	£167.31	£159.43	4.9%
RevPAL	£163.51	£154.60	5.8%

Combined Group	**FY16 Q4**	**FY15 Q4**	**Variance**
Net revenue	£119.2m	£112.6m	5.9%
Adjusted EBITDA	£50.8m	£47.6m	6.7%
Occupancy	97.0%	97.8%	(0.8)%
ADR	£150.72	£139.75	7.8%
RevPAL	£146.15	£136.71	6.9%

	Sherwood Forest	Elveden Forest	Longleat Forest	Whinfell Forest	Woburn Forest[(1)]	Central overheads	Group
FY16							
Net revenue	£87.4m	£88.2m	£83.0m	£79.6m	£82.0m	-	£420.2m
Adjusted EBITDA	£48.3m	£46.7m	£43.4m	£40.6m	£44.4m	£(25.2)m	£198.2m
Occupancy	97.5%	98.8%	97.9%	97.2%	97.2%	-	97.7%
FY15							
Net revenue	£82.9m	£83.1m	£77.9m	£75.7m	£65.6m	-	£385.2m
Adjusted EBITDA	£45.6m	£43.8m	£39.9m	£38.3m	£35.1m[(2)]	£(22.5)m[(3)]	£180.2m
Occupancy	97.5%	97.6%	97.3%	97.5%	95.2%	-	96.9%

(1) Woburn results for FY15 are for the 44 weeks ended 23 April 2015.
(2) Excludes £2.6m of central overheads recharge to Woburn.
(3) Includes £2.6m of central overheads recharged to Woburn.

The table below sets out the key performance indicators for the 52 weeks ended 21 April 2016 for the Original Four Villages only. This table is provided to aid comparability, given that Woburn opened to the public on 6 June 2014 (i.e. during the 52 weeks ended 23 April 2015).

Original Four Villages	**FY16 52 weeks**	**FY15 52 weeks**	**Variance**
Net revenue	£338.2m	£319.6m	5.8%
Adjusted EBITDA	£153.8m	£147.7m[(1)]	4.1%
Occupancy	97.8%	97.5%	0.3%
ADR	£162.07	£153.90	5.3%
RevPAL	£158.56	£150.01	5.7%

(1) Stated after recharging £2.6 million of central overheads to Woburn.

Review of operations for the 52 week period ended 21 April 2016

Revenue

Combined Group

The Combined Group's revenue in FY16 increased by £35.0 million, or 9.1%, to £420.2 million reflecting growth in accommodation revenue of 8.7% and on-village revenue of 9.6%. This growth was driven in part by Woburn being open for all of FY16 compared to 44 weeks in FY15, but also reflects strong underlying growth at the Original Four Villages as set out below.

We achieved our highest ever level of occupancy of 97.7%, despite approximately 1.5% of capacity being off-line for upgrade and therefore unavailable for sale. This record occupancy and strong ADR growth of 4.9% resulted in RevPAL of £163.51, a 5.8% increase in comparison to the prior year.

Like-for-like performance in Q4 further demonstrates the growth trend, with ADR and RevPAL increases of 7.8% and 6.9% respectively. Occupancy of 97.0% was 0.8% lower than the comparative period as approximately 2.5% of accommodation was off-line for upgrades, a significantly higher figure than in the comparative quarter.

Original Four Villages

Revenue at the Original Four Villages increased by £18.6 million, or 5.8%, to £338.2 million in the 52-week period ended 21 April 2016 compared to £319.6 million in the 52-week period 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.

As previously highlighted, the ADR growth in the Original Four Villages has now returned to levels at or above those seen in the years prior to Woburn opening. ADR for the Original Four Villages increased by 5.3% in the 52 weeks 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 52 weeks ended 21 April 2016 (52 weeks ended 23 April 2015: £103.3 million) in line with the growth in on-village revenue. This in part reflected the extra eight weeks of trading at Woburn in the current financial year.

Administrative expenses

Administrative expenses increased to £110.3 million in the 52 weeks ended 21 April 2016 (52 weeks ended 23 April 2015: £101.7 million), again partly as a consequence of the impact of Woburn.

The £4.5 million of exceptional/non-underlying administrative expenses incurred in the 52 weeks ended 21 April 2016 are costs in respect of the Group's review of its strategic options, which ultimately resulted in the Group's acquisition by a fund managed by a subsidiary of Brookfield Asset Management Inc.

Adjusted EBITDA

As a result of the factors outlined above, adjusted EBITDA for the 52-week period grew by £18.0 million or 10.0% in comparison to the prior year. Strong like-for-like growth was achieved in Q4, with adjusted EBITDA being 6.7% higher than the comparative period in FY15, despite the adverse impact of more off-line accommodation in comparison to the prior year.

Adjusted EBITDA for the 52 weeks ended 21 April 2016 was £198.2 million.

Depreciation and amortisation

Depreciation and amortisation for the 52 weeks ended 21 April 2016 was £42.6 million, an increase of £2.2 million or 5.4% in comparison to the charge for the 52 weeks ended 23 April 2015. This increase was primarily driven by higher depreciation at Woburn in the current period (Woburn's assets were not depreciated prior to its opening on 6 June 2014) and continued high levels of capital investment.

Movement in fair value of financial derivatives

The option to repay the B tranche of the Group's secured debt 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 B tranche of the secured debt was refinanced on 3 August 2015.

Finance costs and income

With effect from 3 August 2015, following the refinancing of the Group's B secured notes, annual interest payable on the Group's secured debt will be £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, £19.9 million relates to make-whole and consent fees incurred in respect of the refinancing of the A1 tranche of the Group's secured debt. A further £16.9 million represents the premium paid on the settlement of the B tranche of the Group's secured debt and £5.2 million represents accelerated amortisation of deferred issue costs in respect of the B tranche.

Finance income represents bank interest receivable.

Taxation

Corporation tax of £1.0 million was paid during the 52 weeks ended 21 April 2016 compared with £1.2 million in the comparative period.

Cash Flow

As at 21 April 2016 the Group had cash and cash equivalents of £47.7 million (23 April 2015: £104.0 million) and negative working capital of £119.7 million (23 April 2015: £110.8 million). Working capital is defined as the net value of the Group's inventories, trade and other receivables and current trade and other payables (excluding taxation creditors and capital and interest accruals).

Net cash from operating activities was £200.9 million and net cash used in investing activities was £222.6 million in the 52 weeks ended 21 April 2016 (52 weeks ended 23 April 2015: £182.6 million and £72.3 million respectively). Cash used in investing activities in the 52-week period ended 21 April 2016 includes £140.5 million in respect of the acquisition of CP Woburn (Operating Company) Limited.

As permitted under the terms of our financing, the Group paid a dividend of £23.0 million in April 2016. Subsequent to the year-end a further dividend of £9.8 million was paid.

Investment Programme

Accommodation upgrades

As at 21 April 2016, approximately 91% of the Group's units of accommodation in the Original Four Villages had been upgraded since 2008 under an investment programme known internally as "Project Spring". This programme is continuing and we expect to complete the upgrade of a further 208 units of accommodation at Sherwood, Longleat and Whinfell by December 2016.

A new refurbishment cycle known internally as "Project Summer", commenced in April 2016. The Project Summer refurbishment cycle is not as transformational as the Project Spring programme, as accommodation units will be off-line for roughly half the time and the costs will be approximately half those of the previous upgrades. Project Summer will initially start at Elveden where all of the accommodation units, with the exception of the Hotel (which will be redeveloped in due course) have been upgraded as part of Project Spring. The initial phase of Project Summer covers 125 units of accommodation and it is anticipated that the second phase of the project, covering 120 units of accommodation, will commence in January 2017.

New builds

In early January 2016, six new build four-bed Exclusive lodges at Sherwood were opened and construction is currently underway on a further 18 three-bed Executive lodges at Woburn that are expected to open in late-summer 2016. Following the completion of these lodges, the construction of an additional 57 new lodges is planned at Woburn. At Elveden, work is progressing on the construction of four treehouses and a 48-unit apartment complex; we also plan to commence the construction of six 3-bed Executive lodges at Longleat in September 2016 and ten four-bed Exclusive lodges at Whinfell in October 2016.

Financial covenants

Classes A and B

Covenants have been calculated on a pro-forma basis, which assumes that the current (i.e. post 3 August 2015) financing structure and cost of debt was in place for the 52 weeks ended 21 April 2016.

The Class A FCF: DSCR was 4.0 times for the 52 weeks ended 21 April 2016 (covenant: 1.1 times) and the Class B FCF: DSCR was 2.2 times (covenant 1.0 times).

Class B

The Consolidated Leverage Ratio (Gross Debt: EBITDA) was 7.52 times as at 21 April 2016.

The Directors certify that the calculations of the financial covenants and ratios are undertaken accurately and that the information in this report is true and accurate in all material respects. All covenants were satisfied as at 21 April 2016.

Maintenance and Investment Capital expenditure

Under the terms of its financing, the Group is required to spend a minimum of £18.5 million per annum on maintenance capital expenditure and an average of £6 million per annum over four years on investment capital expenditure. During the 52 weeks ended 21 April 2016 the Group spent £23.5 million (2015: £24.2 million) on maintenance capital expenditure and £39.7 million (2015: £18.7 million) on investment capital expenditure. Prior year figures exclude the final phase of the Woburn build.

Contractual commitments and contingencies

As at 21 April 2016 the Group had capital expenditure contracted for but not provided of £29.9 million. The Group has no other material contractual commitments with the exception of the headleases on the Longleat and Woburn properties.

The Group had no material contingent liabilities or assets at 21 April 2016.

Center Parcs Ireland

Three objections were received to the local council's initial approval of planning permission for the proposed Center Parcs village in County Longford, Ireland; the decision now passes to Ireland's national planning authority and a final decision is expected later in the summer.

The construction of Center Parcs Ireland would be funded separately to the securitised Group.

Future outlook

Forward bookings for the Group remain ahead of the prior year with 54.3% of the FY17 financial year's capacity booked (FY16: 51.7%) as at 17 June 2016. In addition, the ADR growth continues to be strong on forward bookings and is consistent with the trends seen in the second half of FY16.

The next operating and financial review will be for the 12 weeks ended 14 July 2016 and we expect this report will be published in late August 2016.

Investor conference call

An investor conference call will be held on 27 June 2016 at 2.00pm (BST), at which the Group will present its financial results. A summary presentation will be released along with the results and will be used as the basis of the investor conference call.

Investors wishing to participate in the investor conference call need to pre-register at https://eventreg1.conferencing.com/webportal3/reg.html?Acc=952919&Conf=194807.

Full participant information (including dial-in number) will be provided upon registration.

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Audited income statement for the 52 weeks ended 21 April 2016

	52 weeks ended 21 April 2016			52 weeks ended 23 April 2015		
	Before exceptional and non-underlying items £m	Exceptional and non-underlying items £m	Total £m	Before exceptional and non-underlying items £m	Exceptional and non-underlying items £m	Total £m
Revenue	**420.2**	**-**	**420.2**	**385.2**	**1.7**	**386.9**
Cost of sales	(111.7)	-	(111.7)	(103.3)	(2.8)	(106.1)
Gross profit	**308.5**	**-**	**308.5**	**281.9**	**(1.1)**	**280.8**
Administrative expenses	(110.3)	(4.5)	(114.8)	(101.7)	(8.8)	(110.5)
Adjusted EBITDA	***198.2***	***(4.5)***	***193.7***	***180.2***	***(9.9)***	***170.3***
Depreciation and amortisation	(42.6)	-	(42.6)	(40.4)	(0.6)	(41.0)
Owners' costs	(0.4)	-	(0.4)	(2.0)	-	(2.0)
Total administrative expenses	(153.3)	(4.5)	(157.8)	(144.1)	(9.4)	(153.5)
Operating profit	**155.2**	**(4.5)**	**150.7**	**137.8**	**(10.5)**	**127.3**
Movement in fair value of financial derivatives	-	(16.8)	(16.8)	0.2	16.8	17.0
Finance income	0.4	-	0.4	0.7	-	0.7
Finance expense	(98.3)	(42.0)	(140.3)	(115.9)	(6.4)	(122.3)
Profit/(loss) before taxation	**57.3**	**(63.3)**	**(6.0)**	**22.8**	**(0.1)**	**22.7**
Taxation	(8.5)	20.9	12.4	(4.6)	(5.7)	(10.3)
Profit for the period attributable to equity shareholders	**48.8**	**(42.4)**	**6.4**	**18.2**	**(5.8)**	**12.4**

The finance expense in the 52 weeks ended 21 April 2016 of £98.3 million includes interest payable to related parties of £9.0 million (2015: £24.8 million) and amortisation of deferred issue costs of £4.3 million (2015: £5.2 million).

Details of exceptional and non-underlying items are provided on page 7 of this report.

Unaudited income statement for the 12 weeks ended 21 April 2016

	12 weeks ended 21 April 2016			12 weeks ended 23 April 2015		
	Before exceptional and non-underlying items £m	Exceptional and non-underlying items £m	Total £m	Before exceptional and non-underlying items £m	Exceptional and non-underlying items £m	Total £m
Revenue	**119.2**	**-**	**119.2**	**112.6**	**-**	**112.6**
Cost of sales	(33.4)	-	(33.4)	(32.6)	-	(32.6)
Gross profit	**85.8**	**-**	**85.8**	**80.0**	**-**	**80.0**
Administrative expenses	(35.0)	(0.4)	(35.4)	(32.4)	(6.3)	(38.7)
Adjusted EBITDA	***50.8***	***(0.4)***	***50.4***	***47.6***	***(6.3)***	***41.3***
Depreciation and amortisation	(13.8)	-	(13.8)	(14.1)	-	(14.1)
Owners' costs	-	-	-	(0.9)	-	(0.9)
Total administrative expenses	(48.8)	(0.4)	(49.2)	(47.4)	(6.3)	(53.7)
Operating profit	**37.0**	**(0.4)**	**36.6**	**32.6**	**(6.3)**	**26.3**
Movement in fair value of financial derivatives	-	-	-	0.2	(7.5)	(7.3)
Finance income	0.1	-	0.1	0.2	-	0.2
Finance expense	(29.4)	0.6	(28.8)	(37.8)	(4.3)	(42.1)
Profit/(loss) before taxation	**7.7**	**0.2**	**7.9**	**(4.8)**	**(18.1)**	**(22.9)**
Taxation	(8.5)	20.9	12.4	(7.9)	(2.1)	(10.0)
Profit/(loss) for the period attributable to equity shareholders	**(0.8)**	**21.1**	**20.3**	**(12.7)**	**(20.2)**	**(32.9)**

Exceptional and non-underlying items for the 52 weeks ended 21 April 2016

	2016	2015		
	Exceptional and non-underlying items £m	Woburn pre-opening losses £m	Other exceptional and non-underlying items £m	Total exceptional and non-underlying items £m
Revenue	**-**	**1.7**	**-**	**1.7**
Cost of sales	**-**	(2.8)	-	(2.8)
Gross loss	**-**	**(1.1)**	**-**	**(1.1)**
Administrative expenses	(4.5)	(2.5)	(6.3)	(8.8)
Adjusted EBITDA	**(4.5)**	**(3.6)**	**(6.3)**	**(9.9)**
Depreciation and amortisation	**-**	(0.6)	-	(0.6)
Operating loss	**(4.5)**	**(4.2)**	**(6.3)**	**(10.5)**
Movement in fair value of financial derivatives	(16.8)	-	16.8	16.8
Finance expense	(42.0)	(2.1)	(4.3)	(6.4)
(Loss)/profit before taxation	**(63.3)**	**(6.3)**	**6.2**	**(0.1)**
Taxation	20.9	(3.1)	(2.6)	(5.7)
(Loss)/profit for the period	**(42.4)**	**(9.4)**	**3.6**	**(5.8)**

Woburn's results for the 2015 financial year are split into periods in line with the Group's accounting periods, which each consist of four weeks. Woburn pre-opening losses of £6.3 million related to losses incurred in respect of Woburn Village during the eight-week period ended 19 June 2014. This period included the final phase of the development and a trial break period and as such is not considered representative of any on-going performance of Woburn Village.

The £4.5 million (2015: £6.3 million) of exceptional/non-underlying administrative expenses are costs incurred in respect of the Group's review of its strategic options, which resulted in the Group's acquisition by a fund managed by a subsidiary of Brookfield Asset Management Inc.

The option to repay the B tranche of the Group's secured debt prior to maturity was considered to be a derivative financial instrument. The fair value of this instrument increased by £16.8 million during the 52-week period ended 23 April 2015 and this increase was recognised as an exceptional/non-underlying item. This derivative was extinguished on 3 August 2015 when the B tranche of the secured debt was repaid and hence the previous gain has been reversed.

Of the £42.0 million exceptional/non-underlying finance expense for the 52 weeks ended 21 April 2016, £19.9 million relates to make-whole costs and consent fees in respect of the settlement of the A1 tranche of the Group's secured debt. A further £16.9 million represents the premium paid on the settlement of the B tranche of the Group's secured debt and £5.2m represents accelerated amortisation of deferred issue costs in respect of the B tranche. Unamortised deferred issue costs of £4.3 million in respect of the A1 tranche of the Group's secured debt were amortised on an accelerated basis during the 52-week period ended 23 April 2015 in light of the early repayment of this tranche of the debt shortly after the financial year-end.

Taxation in respect of the above items has also been treated as exceptional/non-underlying, as has the impact of the change in applicable deferred tax rate from 20% to 18%.

Audited balance sheet as at 21 April 2016

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

Current trade and other payables include interest and capital accruals totalling £27.6 million (2015: £26.1 million) and taxation group relief creditors of £5.5 million (2015: £nil).

Audited cash flow statement for the 52 weeks ended 21 April 2016

	52 weeks ended 21 April 2016 £m	52 weeks ended 23 April 2015 £m	**12 weeks ended 21 April 2016 £m**	12 weeks ended 23 April 2015 £m
Cash flows from operating activities				
Operating profit	**150.7**	127.3	**36.6**	26.3
Depreciation and amortisation	**42.6**	41.0	**13.8**	14.1
Working capital movements	**8.9**	15.6	**38.5**	49.9
Profit on disposal of property, plant and equipment	**(0.1)**	(0.2)	**(0.1)**	(0.2)
Difference between the pension charge and contributions	**(0.2)**	0.1	**(0.2)**	0.1
Corporation tax paid	**(1.0)**	(1.2)	**(0.2)**	(0.2)
Net cash from operating activities	**200.9**	182.6	**88.4**	90.0
Cash flows from investing activities				
Purchase of property, plant and equipment	**(56.3)**	(68.7)	**(16.8)**	(9.0)
Purchase of intangible assets	**(2.9)**	(3.8)	**(2.9)**	(3.0)
Sale of property, plant and equipment	**0.1**	0.2	**0.1**	0.2
Acquisition of CP Woburn (Operating Company) Limited	**(140.5)**	-	**-**	-
Dividends paid	**(23.0)**	-	**(23.0)**	-
Net cash used in investing activities	**(222.6)**	(72.3)	**(42.6)**	(11.8)
Cash flows from financing activities				
Proceeds from issue of ordinary shares	**75.3**	-	**-**	-
Repayment of external borrowings	**(738.9)**	(2.3)	**(0.2)**	(0.1)
Proceeds from external borrowings	**1,050.0**	20.8	**(0.5)**	(0.3)
Repayment of related party loans	**(330.9)**	(2.5)	**-**	-
Proceeds from related party loans	**49.9**	0.3	**-**	0.3
Issue costs and consent fees on secured debt	**(16.5)**	-	**-**	-
Break costs on secured debt	**(36.2)**	-	**-**	-
Interest received	**0.4**	0.7	**0.1**	0.2
Interest paid	**(87.7)**	(87.1)	**(45.7)**	(43.3)
Net cash used in financing activities	**(34.6)**	(70.1)	**(46.3)**	(43.2)
Net (decrease)/increase in cash and cash equivalents	**(56.3)**	40.2	**(0.5)**	35.0
Cash and cash equivalents at the beginning of the period	**104.0**	63.8	**48.2**	69.0
Cash and cash equivalents at the end of the period	**47.7**	104.0	**47.7**	104.0
Reconciliation of net cash flow to movement in net debt				
(Decrease)/increase in cash and cash equivalents	**(56.3)**	40.2	**(0.5)**	35.0
Cash (in)/outflow from movement in debt	**(311.1)**	(18.5)	**0.7**	0.4
Change in net debt resulting from cash flows	**(367.4)**	21.7	**0.2**	35.4
Non-cash movements and deferred issue costs	**6.5**	(7.6)	**(1.8)**	(4.5)
Movement in net debt in the period	**(360.9)**	14.1	**(1.6)**	30.9
Net debt at the beginning of the period	**(1,057.6)**	(1,071.7)	**(1,416.9)**	(1,088.5)
Net debt at the end of the period	**(1,418.5)**	(1,057.6)	**(1,418.5)**	(1,057.6)

Definitions

Adjusted EBITDA (Earnings before interest, taxation, depreciation and amortisation) is before owners' costs and exceptional/non-underlying items.

Occupancy is the average number of units of accommodation occupied as a percentage of the total number available.

ADR (Average Daily Rate) is the average daily rent (excluding VAT) achieved based on total accommodation income divided by the total number of lodge nights sold.

RevPAL (Rent per available lodge night) is the average daily rent (excluding VAT) achieved based on the total accommodation income divided by the total available number of lodge nights.

Combined Group means, collectively, the Sherwood, Elveden, Longleat, Whinfell and Woburn Villages.

Original Four Villages means, collectively, the Sherwood, Elveden, Longleat and Whinfell Villages.

Critical accounting policies

The following accounting policies are considered to be critical for an understanding of the financial information presented in this document. A full list of accounting policies applied by the Group are presented in the Annual Report of Center Parcs (Holdings 1) Limited.

Revenue

Revenue relates to accommodation rental income on holidays commenced during the period, together with other related income that primarily arises from on-village leisure, retail and food and beverage spend.

Revenue relating to accommodation is recognised on a straight-line basis over the period of the holiday. Non-rental income 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

The Group carries property, plant and equipment at cost rather than current valuation. As such, no increases in the value of the Group's 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.

Maintenance expenditure

It is the policy of the Group 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 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.