CPUK Finance Limited

SUPPLEMENTAL BONDHOLDER REPORT
7 May 2024

CPUK Finance Limited (the "**Issuer**") has made available certain updated information on 7 May 2024. 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 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 this 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:

- the impact of economic and business conditions, including increased inflation and higher interest rates, political instability and changes in the UK holiday market;
- failure to manage villages effectively or any significant business interruption;
- increased or changed government regulation;
- adverse impacts on perceptions of the Center Parcs brand;
- competition with other holiday centres, recreation parks and other holiday alternatives;
- failure to adapt to changes in consumer tastes and preferences;
- failure, inadequacy, interruption or breach of security of information technology;
- adverse conditions, including weather conditions and instances of illness, epidemics or pandemics, including COVID-19, particularly during peak demand periods;
- failure to attract and/or retain qualified personnel, as well as the impact of work stoppages, labour shortages and other employee problems;
- failure of one or more third party suppliers and contractors to deliver or provide the requisite services;
- seasonal fluctuations;
- 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 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. There can be no assurance that Center Parcs' actual results will not differ materially from the expectations set forth in such forward-looking statements. The Issuer and the Center Parcs Group expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any new information or change in events, conditions or circumstances on which any of such statements are based.

USE OF CERTAIN TERMS IN THIS SUPPLEMENTAL BONDHOLDER REPORT

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

- "**Bidco Parent**" refers to BSREP II Center Parcs Jersey Limited.
- **"Borrowers**" refers to CPH3, CP Opco, Longleat Property Limited, CP Elveden Village Limited, CP Sherwood Village Limited, CP Woburn and CP Whinfell Village Limited.
- "**Brookfield**" refers to Brookfield Asset Management, Inc. and its subsidiaries and affiliates, as applicable.
- "**Brookfield Funds**" refers to certain funds managed by affiliates of Brookfield Management Inc.
- "**Center Parcs**" or "**Center Parcs Group**" refers to the Restricted Group or to Center Parcs (Holdings 1) Limited and its subsidiaries or to Bidco Parent and its subsidiaries, in each case as the context may require.
- "**Center Parcs (Holdings 1) Limited**" refers to Center Parcs (Holdings 1) Limited, a private limited company, and an indirect subsidiary of Topco.
- "**Class A Notes**" refers to the Class A4 Notes, the Class A5 Notes, the Class A6 Notes and the Class A7 Notes issued by the Issuer.
- "**Class A Noteholders**" refers to the holders of the Class A Notes.
- "**Class A4 Notes**" refers to the Initial Class A4 Notes, the Further Class A4 Notes and the Second Further Class A4 Notes.
- "**Class A5 Notes**" refers to the £379,500,000 3.690% Class A5 Fixed Rate Secured Notes due 2047 issued by the Issuer on the Fifth Closing Date.
- "**Class A6 Notes**" refers to the £324,000,000 5.876% Class A6 Fixed Rate Secured Notes due 2047 issued by the Issuer on the Eighth Closing Date.
- "**Class A7 Notes**" refers to the £324,000,000 6.136% Class A7 Fixed Rate Secured Notes due 2047 issued by the Issuer on the Eighth Closing Date.
- "**Class B Notes**" refers to the Class B4 Notes, the Class B5 Notes, the Class B6 Notes and any Class B Notes issued pursuant to "*Terms and Conditions of the Class B Notes — Condition 19* (*Class B Further Notes and Class B New Notes*)".
- "**Class B4 Notes**" refers to the £250,000,000 aggregate principal amount of 4.875% Class B4 Fixed Rate Secured Notes due 2047 issued by the Issuer on the Fourth Closing Date.
- "**Class B4 Facility**" refers to the secured facility in an aggregate principal amount of £250,000,000 made available by the Issuer to the Borrowers on the Fourth Closing Date.
- "**Class B4 Loan**" refers to the advance under the Class B4 Facility.
- "**Class B5 Notes**" refers to the £250,000,000 aggregate principal amount of 6.500% Class B5 Fixed Rate Secured Notes due 2050 issued by the Issuer on the Sixth Closing Date.
- "**Class B5 Facility**" refers to the secured facility in an aggregate principal amount of £250,000,000 made available by the Issuer to the Borrowers on the Sixth Closing Date.
- "**Class B5 Loan**" refers to the advance under the Class B5 Facility.
- "**Class B6 Notes**" refers to the £255,000,000 aggregate principal amount of 4.500% Class B6 Fixed Rate Secured Notes due 2051 issued by the Issuer on the Seventh Closing Date.
- "**Class B6 Facility**" refers to the secured facility in an aggregate principal amount of £255,000,000 made available by the Issuer to the Borrowers on the Seventh Closing Date.
- "**Class B6 Loan**" refers to the advance under the Class B6 Facility.

- "**Class B Loans**" refers to the Class B4 Loan, the Class B5 Loan, the Class B6 Loan, and any other loans advanced under a subordinated secured facility pursuant to the terms of the Class B Issuer/Borrower Loan Agreement.
- "**Closing Date**" refers to 28 February 2012, the date the Issuer issued the Original Class A Notes and Original Class B Notes and the Original Class A Loans and the Original Class B Loan were advanced under the Original Class A Issuer/Borrower Loan Agreement and the Original Class B Issuer/Borrower Loan Agreement, respectively.
- "**Closure Periods**" refers to the periods where all of Center Parcs' villages were closed from 20 March to 13 July 2020, 5 November 2020 to 4 December 2020 and 21 December 2020 to 11 April 2021, and where some of Center Parcs' villages were subject to localised closures as a result of the tier restrictions, such as the closure of Sherwood Village from 30 October 2020 to 11 April 2021 and the closure of Woburn Village from 18 December 2020 to 11 April 2021.
- "**Eighth Closing Date**" refers to 14 April 2023, the date on which the Issuer issued the Class A6 Notes and the Class A7 Notes.
- "**Fourth Closing Date**" refers to 15 June 2017, the date on which the Issuer issued the Further Class A4 Notes, the Class B3 Notes and the Class B4 Notes.
- "**Fifth Closing Date**" refers to 20 November 2018, the date on which the Issuer issued the Second Further Class A4 Notes and the Class A5 Notes.
- "**Further Class A4 Notes**" refers to the £100,000,000 of Class A4 Notes issued by the Issuer on the Fourth Closing Date and consolidated to and form a single series with the Initial Class A4 Notes.
- "**Initial Class A4 Notes**" refers to the £140,000,000 aggregate principal amount of 3.588% Class A4 Notes issued on the Second Closing Date.
- "**Issuer/Borrower Loan Agreements**" refers to the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement.
- "**Notes**" refers to the Class A Notes and the Class B Notes.
- "**Obligors**" refers to the Borrowers and certain subsidiaries of Topco that guarantee the Class B Loans.
- "**Original Class A Notes**" refers to the £300,000,000 in aggregate principal amount of Class A1 Notes and the £440,000,000 in aggregate principal amount of the Class A2 Notes, in each case issued on the Closing Date.
- "**Original Class B Notes**" refers to the £280,000,000 in aggregate principal amount of Class B Notes issued on the Closing Date.
- "**Original Villages**" refers to Sherwood Forest, Longleat Forest, Elveden Forest and Whinfell Forest.
- "**Restricted Group**" refers to Topco and its Restricted Subsidiaries which constitute the Obligors and the Topco Obligors.
- "**Restricted Subsidiaries**" refers to all subsidiaries of Topco other than the Unrestricted Subsidiaries (each being a "**Restricted Subsidiary**").
- "**Second Closing Date**" refers to 11 June 2015, the date the Second Class A Loans were advanced under the Class A Issuer/Borrower Loan Agreement.
- "**Second Issue Date**" refers to 1 June 2015, the date on which the Issuer issued the Second Class A Notes.
- "**Second Further Class A4 Notes**" refers to the £100,000,000 3.588% Class A4 Fixed Rate Secured Notes due 2025 issued by the Issuer on or about the Fifth Closing Date, which are consolidated and form a single series with the Initial Class A4 Notes and Further Class A4 Notes;
- "**Seventh Closing Date**" refers 7 May 2021, the date on which the Issuer issued the Class B6 Notes.
- "**Sixth Closing Date**" refers to 17 September 2020, the date on which the Issuer issued the Class B5 Notes.
- "**Third Closing Date**" refers to 3 August 2015, the date on which the Issuer issued the Class B2 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, unless otherwise indicated, has been derived from (i) the audited consolidated financial statements of Center Parcs (Holdings 1) Limited as at and for each of the 52-week periods ended 20 April 2023, 21 April 2022 and 22 April 2021, in each case prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and included elsewhere in this Supplemental Bondholder Report, and (ii) the unaudited interim consolidated income statement, balance sheet and cash flow statement of Center Parcs (Holdings 1) Limited as at and for each of the 36-week periods ended 28 December 2023 and 29 December 2022 incorporated by reference into this Supplemental Bondholder Report (the "**Interim Financial Information**").

The audited consolidated financial statements of Center Parcs (Holdings 1) Limited as at and for the 52-week period ended 20 April 2023 (the "**2023 Audited Financial Statements**"), the 52-week period ended 21 April 2022 and the 52-week period ended 22 April 2021 included elsewhere in this Supplemental Bondholder Report have been audited by Deloitte LLP, independent auditor, as stated in their reports included elsewhere in this Supplemental Bondholder Report. The audit reports, included elsewhere in this Supplemental Bondholder Report, express an unqualified opinion for each of the respective audited periods. The Interim Financial Information as at and for the 36-week periods ended 28 December 2023 and 29 December 2022 has been reviewed by Deloitte LLP in accordance with IAS 34 Interim Financial Reporting.

Reporting Terms

The financial year of Center Parcs is 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 2023**" or the "**2023 financial year**" are to the 52-week period ended 20 April 2023;
- "**Financial year 2022**" or the "**2022 financial year**" are to the 52-week period ended 21 April 2022; and
- "**Financial year 2021**" or the "**2021 financial year**" are to the 52-week period ended 22 April 2021.

Non-IFRS Financial and Operating Measures

EBITDA and Adjusted EBITDA

This Supplemental Bondholder Report contains certain non-IFRS financial measures and ratios, including EBITDA and, with respect to certain historic periods, Adjusted EBITDA, and leverage and coverage ratios, that are not required by, or presented in accordance with, IFRS. These measures are not measures of Center Parcs (Holdings 1) Limited's consolidated 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 before interest, taxation, depreciation and amortisation. Center Parcs defines Adjusted EBITDA as EBITDA as defined above, further adjusted to remove the effects of certain exceptional and non-underlying items that Center Parcs believes are not indicative of its underlying operating performance. Center Parcs believes that EBITDA is a useful indicator 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 EBITDA as the primary profit measure to assess the performance of the operating segments and discloses it within the consolidated financial statements included elsewhere 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 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.

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 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 (February 2024), Holiday Review, UK (January 2023) and Domestic Tourism, UK (February 2024) and **VisitEngland**— Great British Tourism Survey, Q3 2023 (February 2023); and Domestic Sentiment Tracker Report (March 2024). Mintel makes use of annual surveys by the Great Britain Tourism Survey and the Office of National Statistics. VisitEngland makes use information from the Office of National Statistics and its own survey fieldwork. 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 does not accept any responsibility for the accuracy of the information made available in or based on their market research reports and do 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 Obligors 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, owned 39 registered trademarks as of 3 April 2024. 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; Restaurant Runner® takeaway and delivery restaurant and Jardin Des Sports® sports centre. Center Parcs also makes use of some non-registered trademarks, including Vitalé Café Bar™ spa restaurant and Leisure Bowl™ bowling lanes and bar. 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. Further, to the extent that the COVID-19 pandemic adversely affects Center Parcs Group's business and its results of operations, it may also have the effect of heightening many of the other risks described in this section. 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

Economic and geopolitical events and conditions, including inflation, higher interest rates and political instability, particularly in England, may affect Center Parcs' revenues, operating costs and profitability.

Center Parcs' business is sensitive to unfavourable or uncertain economic conditions, economic contraction or recession, the perception by Center Parcs' guests of weak or weakening economic conditions and the corresponding impacts on discretionary consumer spending, particularly in the UK. Center Parcs has also been and may continue to be impacted by adverse perceived or actual changes in the economic climate, such as global or regional recessions, higher unemployment and underemployment rates, increases in the cost of living and declines in income levels. Higher energy prices and supply disruptions, including as a result of Russia's war in Ukraine, have resulted in high inflation, including in the UK, and have contributed to higher operating costs for Center Parcs. Inflation rates also outstripped wages and benefit increases in 2022 and 2023. While the annual Consumer Prices Index including owner occupiers' housing costs inflation rate in the UK decreased from 9.2% for the twelve months ended December 2022, to 4.2% for the twelve months ended February 2024, it remains above recent historical levels. In response to the high inflation rates, central banks in major economies, including the Bank of England, increased interest rates in 2022 and 2023. Even if inflation rates were to fall gradually in 2024, there would still be a possibility of further interest rate increases in 2024 and beyond or that interest rates remain higher than recent historical rates. Any further increase in interest rates or inflation, or a sustained period of high interest rates and/or high inflation, may result in, among other things, an increase in Center Parcs' operational expenses, including with respect to wages and salaries.

The villages have certain fixed operating costs and, as a result, decreases in revenue may result in a significant decline in net cash flow, as seen during the periods when Center Parcs' villages were closed in response to the COVID-19 pandemic. In addition, a significant or sustained decline in economic conditions or high rates of inflation 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 UK, including the current cost of living crisis, any decrease in the disposable income of Center Parcs' guests and decreasing consumer confidence, or in any regional market from which a particular village attracts guests, may adversely affect holiday centre occupancy and guest spending patterns. For example, guests may opt for less expensive food and beverage options or arrive with their own groceries rather than using Center Parcs' range of food and beverage options and book fewer on-site activities, or there may be less demand for higher-value accommodations. The villages of the Obligor Group are all located in England and, consequently, Center Parcs' revenue and profit could be substantially influenced by general economic conditions in England, in particular.

Even if economic conditions are stable or improving, a negative economic outlook, including the fear of a 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. Conversely, if general economic conditions in the UK were to improve significantly, there may be greater consumer preference for holidays abroad.

On 31 January 2020, the UK formally left the European Union ("Brexit"). Brexit may exacerbate the economic downturn in the UK. Uncertainty surrounding Brexit also led to a decrease in the exchange rate of the pound sterling against the euro and continued or sustained adverse effects on the exchange rate of the pound sterling as compared to foreign currencies. The effective price inflation of certain goods and services sourced from outside of the UK as a result of the changes in exchange rates, as well as increased costs of importation as a result of additional customs checks, transportation costs, taxes and duties, has resulted in increased costs for Center Parcs.

Center Parcs has been, and may continue to be, impacted by political instability in the UK and its corresponding effects on the UK economy. Since 2022, the UK government has experienced a high turnover of cabinet ministers, including three prime ministers. Public perception of political instability in the UK and the corresponding uncertainty in monetary and fiscal policy as a result of such rapid transitions in government leadership has had negative impacts on the UK economy. Further instability in UK politics and other similar events that lead to the weakening of economic conditions in the UK may have a material adverse effect on Center Parcs' business and results of operations.

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

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 operates five holiday villages in England. Any significant business interruption at any of its villages, such as the closure of the holiday villages for extended periods in financial years 2020 and 2021 as a result of the COVID-19 pandemic, may have a material adverse effect on Center Parcs' financial condition and results of operations. In addition, unexpected closures with short notice to Center Parcs' guests, like the one-day closure of on-site activities and certain guest facilities at all five holiday villages on 19 September 2022 for the funeral of Queen Elizabeth II, may negatively affect customer expectations and result in further cancellations which 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 (as occurred during Storm Eunice in February 2022, resulting in closures at Longleat, Woburn, Elveden and Sherwood), accidents, loss of utilities or other interruptions, such as the COVID-19 or similar pandemic. 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 a 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 or fatalities, 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.

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. For example, Center Parcs was adversely impacted by governmental efforts to contain the COVID-19 pandemic, including stay-at-home measures and social distancing requirements. 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 has applied to employees aged 25 and over starting in April 2016, and includes further phased increases in April of every year. Since introduction, Center Parcs has always paid above the national living wage to all employees, including employees under the age of 25. As of 1 April 2024, the national living wage increased from £10.42 per hour to £11.44 per hour. 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 or policies to provide services 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.

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 all Center Parcs villages. Center Parcs villages feature activities 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 or death. Furthermore, injuries, including fatal injuries, can and have occurred amongst guests and staff while on-site. If a fatal or other serious personal injury or an outbreak of a notifiable illness, food poisoning or drinking water contamination 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.

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.

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 actively manages pricing across its villages to maintain its high level of occupancy and to optimise yields during periods of high demand. With the increasing prevalence of flexible pricing in other industries such as retail, food, live events and transportation, there has been greater public scrutiny of demand-based pricing, which could potentially adversley impact the reputation of companies that use forms of flexible pricing and may even result in regulatory intervention on pricing practices.

Center Parcs targets affluent family-focused guests with historically approximately 80% of Center Parcs' guests 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. Longford Forest in the Republic of Ireland opened in 2019. Although Longford Forest is outside of the Obligor Group, any incidents at Longford Forest such as those described above or consistent poor reviews could have a negative impact on the perception of Center Parcs in general and therefore on its results of operations. In addition, Center Parcs shares its brand with Center Parcs Holding B.V. and Center Parcs Europe N.V., who run holiday parks in continental Europe, and any adverse perceptions of these holiday parks could affect Center Parcs' brand and reputation.

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 holiday businesses 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 region, 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. Any event or circumstance that has an adverse impact on guest perceptions of the Center Parcs brand and holiday business in continental Europe could have a material adverse effect on the reputation of the Center Parcs brand in the UK.

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, 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, any appreciation of the pound relative to other currencies, particularly the euro, or inclement weather in the UK. This may result in a material and adverse effect on

Center Parcs' business, financial condition and results of operations. In addition, if macroeconomic conditions are strong and/or inflation in the UK declines, there may be greater consumer preference for holidays abroad. Further, Longford Forest in the Republic of Ireland, which is outside of the Obligor Group, may attract guests away from Center Parcs' UK 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. Evolving standards of accommodation and amenities and changing guest expectations, such as with regards to social distancing and personal protective equipment, 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 results 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. However, 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, heatwaves 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. Due to such conditions or for other weather-related or environmental reasons, Center Parcs' facilities and activities may close from time to time. For example, as a result of red and amber weather warnings for high winds caused by storms across England and Wales, indicating that there was danger to life and localised conditions, Center Parcs took the decision to close four villages on 17 February 2022. While Sherwood Forest was reopened the next day, the Elveden Forest, Longleat Forest & Woburn Forest villages were closed for a week due to storm damage. Affected guests were refunded. While insurance covered the cost of damage to the villages, trading losses, including the cost of refunds, were not covered and resulted in additional costs to Center Parcs.

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. For example, the Center Parcs' villages were closed as a result of the COVID-19 pandemic during certain breaks which have historically been very profitable for Center Parcs, including the Easter holidays, May half-term, Christmas and New Year's Eve. Any 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. For example, in late 2023, the Welsh government held a consulation regarding a shortening of the summer school holiday. Such changes in Wales or elsewhere in the UK would have an impact on Center Parcs' guest base. 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 UK, there has been an increasing trend of the government seeking to ban or deter term-time holidays for school children. In 2017, the Supreme Court of the UK upheld fines, and local authorities continue to use fines, penalising parents taking their children out of school during term-time in the absence of exceptional circumstances. 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.

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, increases in inflation, increased minimum wage or employee benefit costs, changes in labour laws or otherwise, could adversely impact Center Parcs' operating expenses.

Instances of injuries, illness, epidemics or pandemics such as COVID-19, as well as negative publicity relating thereto, could result in reduced guest attendance and materially and adversely impact Center Parcs' business.

In December 2019, the emergence of COVID-19 was reported in Wuhan, Hubei Province, China and rapidly spread across the world early in 2020. The outbreak resulted in government authorities and businesses throughout the world implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, self-isolation, shelter-in-place and lockdown orders, business restrictions, shutdowns, and other limitations. As a result of such measures, Center Parcs' villages were closed for prolonged periods in financial years 2020 and 2021. Despite the reopening of the villages by 12 April 2021, Center Parcs' villages operated under self-imposed restrictions and capacity limitations to reduce the risk of localised outbreaks for much of financial year 2022. The effect of the global COVID-19 pandemic or other pandemics or epidemics on Center Parcs' business and the wider hospitality industry will ultimately depend on a number of factors, including, but not limited to, the effectiveness of vaccines in continuing to prevent outbreaks and decreasing hospitalisation and death rates, the prevalence of further variants which may be more virulent, more infectious or less responsive to vaccines, and the length of time it takes for normal economic and operating conditions to resume.

The outbreak of any prolonged pandemic or epidemic disease, whether a further outbreak of COVID-19 or any other 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.

Instances of fatalities, illness or injury, particularly an accident or an injury involving the safety of guests and employees, 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. Such incidents have occurred in the past and may occur in the future. 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.

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 the Big Table Group Limited (formerly known as the Casual Dining Group) ("**The Big Table Group**"), whose offering includes Café Rouge, Las Iguanas and Bella Italia, World Duty Free Group Limited (part of Avolta) ("**World Duty Free Group**"), Center Parcs' retail partner, and Joules, which runs retail shops in all five UK villages. 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, ESP, which provides the booking system Elite for on-parc activities and restaurants 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. For example, some of our third-party suppliers have reported increased lead times as a result of Russia's war in Ukraine, the attacks on shipping in the Red Sea and the resulting disruptions to global supply chains and shipping channels, which may impact their ability to deliver or provide their services when needed by Center Parcs. Center Parcs closely monitors its suppliers' ongoing operations but cannot assure that its suppliers will be able to fulfil their obligations in the future. 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 results of operations, financial performance and prospects. From time to time, Center Parcs may terminate (by agreement or otherwise) the concessionaire agreements in relation to all or some of the units operated by its concessionaire partners. For example, upon agreement with Avolta, Center Parcs closed a number of its shops at Center Parcs' villages,such as Time of Shade, Spirit and Sportique, in 2020. Where such agreements are terminated, Center Parcs will seek to re-utilise this space for the provision of alternative goods and services to be provided either by Center Parcs or other third parties. There can be no certainty that any alternative use can be found or that any alternative will generate commercial returns as favourable as those previously enjoyed.

Furthermore, third party suppliers may seek to increase prices for their services, including as a result of ongoing high inflation. 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.

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.

In particular, the lost revenue and increased operating costs resulting from closure of Center Parcs' villages due to the COVID-19 pandemic and ensuing health and safety regulations were not covered by Center Parcs' insurance policies. Any future losses resulting from additional closures or reductions in Center Parcs' operations pursuant to government regulations or further outbreaks of the COVID-19 pandemic or other pandemics or epidemics are not expected to be covered by Center Parcs' insurance policies. Further, as a result of the macroeconomic environment, it is possible that Center Parcs' insurance premiums may increase and that the scope of coverage of Center Parcs' insurance policies may decrease.

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.

The Obligors have granted security to the Borrower Security Trustee under the terms of the Borrower Deed of Charge and the Woburn Deed of Charge for amounts which are or may become payable under all of its insurance policies relating to material damage or destruction and resulting business interruption taken out by the relevant Obligor in respect of the relevant village.

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 epidemics and pandemics, including COVID-19, 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 Center Parcs' 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.

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 financial years 2022 and 2023 was approximately £26.4 million and £43.0 million, respectively. Center Parcs' maintenance capital expenditure for the 36-week period ended 28 December 2023 was approximately £27.7 million.

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 financial years 2022 and 2023 was approximately £21.6 million and £27.1 million, respectively, following materially lower total investment capital expenditure during the 2021 financial year of £12.1 million as Center Parcs curtailed non-essential investment due to COVID-19. Center Parcs' investment capital expenditure for the 36-week periods ended 29 December 2022 and 30 December 2023 was approximately £15.5 million and £21.8 million, respectively. While Center Parcs expects to continue its investment capital expenditures over the next several years, the development and construction of such projects not currently under construction is subject to additional risks, including construction delays as a result of business activity restrictions and supply chain interruptions. As a result, Center Parcs' current development plans may not be completed as planned, which may impact future growth.

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 making updates to existing systems and introducing new IT systems and technologies aimed at improving pricing for bookings, targeting new and repeat customers, 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. Center Parcs is considering the further use of technological advances including machine learning, large language models and other forms of artificial intelligence across its business but there can be no assurance it will be able to successfully adopt these in a timely or cost-efficient manner, or at all. In addition, the new technological advances may be subject to greater regulatory scrutiny. 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' 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.

Higher turnover rates of employees, as seen during the economic downturn subsquent to the COVID-19 pandemic, require Center Parcs to engage in greater levels of recruitment activity which may increase recruitment and training costs. An increase in turnover rates and the resultant increase in recruitment activity may also lead to a greater proportion of employees undergoing training and, therefore, not being productive. Staff shortfalls at Center Parcs' villages due to increased employee turnover rates and increased absences caused by illness or otherwise, may have a material adverse impact on Center Parcs' ability to operate the villages and adequately provide services to its guests if Center Parcs is unable to attract, motivate and retain qualified employees.

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 facilities and amenities. 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 facilities and amenities 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.

From time to time, Center Parcs plans to build additional 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 that currently apply, 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. See "*Business – Legal Proceedings*".

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 systems provided by ATCORE and Elite. Its ability to effectively manage its business depends significantly on the reliability and capacity of these systems. The website providing information and booking services for Center Parcs' spas and Center Parcs' website 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 (as online bookings can be made exclusively through its website).

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 computer 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. In financial year 2022, Center Parcs installed a new security incident and event management system (SIEM) to identify and prevent cyberattacks. Failure to properly manage the system may expose Center Parcs to security breaches which could impact its results of operation.

Center Parcs is subject to privacy and data protection laws and any data breach or change in legislation could adversely affect Center Parcs' ability to market its products effectively.

In the ordinary course of business, Center Parcs collects, transmits and stores guest and employee data, including highly sensitive personally identifiable information, in information systems that it maintains. Center Parcs has a large guest database made up of prospective, current and former guests. This data could be a target for cyber-attack. While the protection of such guest and employee data is critical to Center Parcs and Center Parcs takes steps to protect such data, any such attack could have a material adverse effect on its business, financial condition and results of operations.

Furthermore, Center Parcs' use of this information is subject to numerous laws, regulations and standards designed to protect sensitive or confidential client and employee data. The General Data Protection Regulation ("**GDPR**") began to apply from 25 May 2018 and introduced significant changes to data protection law. In particular, the GDPR contains much higher penalties for breaches, new obligations for data processors, increased accountability, expanded rights for data subjects and an extended territorial scope. Center Parcs seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third-party service providers. However, further changes may be required in respect of the way Center Parcs collects, stores and otherwise processes personal data as the market adjusts to the developing interpretation and application of relevant data protection legislation. Any future changes to data protection regulations may be significant or costly and may have a material adverse effect on Center Parcs' business, prospects, financial condition and results of operations.

Despite its efforts to ensure that its employees and any third party service providers apply with any relevant data protection regulations, including the GDPR, Center Parcs is exposed to the risk that employee or guest data could be wrongfully appropriated, lost, disclosed, stolen or processed in breach of data protection regulations. For example, Center Parcs recently experienced a breach of employee personal data. The breach was detected promptly and notified to the regulator, which did not undertake enforcement action, and related legal claims by employees were covered by insurance. If Center Parcs, or any of the third-party service providers on which it relies, fail to store or transmit guest or employee information and online payment details in a secure manner, or if any loss of personal customer data were otherwise to occur, Center Parcs could face liability under data protection laws and be subject to legal claims by affected individuals.

Center Parcs' holiday villages rely on its guest database 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 guest numbers 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 Forest 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 Forest expire in 2073, the headleases for Whinfell Forest expire in 2120 and the headlease for Woburn Forest expires in 2109. There is a risk that the landlord of the relevant property may terminate the headlease (and in the case of Longleat Forest, 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 Forest is currently £936,637 in aggregate subject to upwards-only review every five years by reference to the historic increase in revenue at Longleat Forest. The most recent rent review for Longleat Forest was settled in January 2020 and the next review is scheduled for 2025. The rent payable under the Woburn Forest lease is currently £840,635 per annum payable since 31 March 2023 and subject to upwards only review every five years 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 Forest. The next rent review at Woburn Forest is scheduled for March 2028. 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 Forest and Longleat Forest do not contain mortgagee protection provisions in the event of forfeiture. The Woburn Forest 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 Borrower Security Trustee would have a right to apply to the English courts to seek relief from forfeiture. The headleases for Elveden Forest and Sherwood Forest 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 UK 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, such as the initiation of the compulsory purchase order for the acquisition of a portion of Center Parcs' property at Whinfell Forest in March 2022, 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.

Center Parcs is exposed to risks in connection with the funding of its pension commitments under the Center Parcs Senior Pension Scheme.

Center Parcs currently operates the Center Parcs Senior Pension Scheme, an occupational final salary (defined benefit) pension scheme ("FS Scheme"). Center Parcs' current pension funding commitments in respect of the FS Scheme are not considered material in the context of its revenue and assets. However, defined benefit pension scheme liabilities vary over time and the regulatory regime for pension schemes in the UK is undergoing change.

Valuations of all UK defined benefit plans are required to be conducted on at least a triennial basis in accordance with legislative requirements, and the trustees and employers of the applicable plan will be required to agree a recovery plan which seeks to pay off any funding deficit disclosed in the context of such valuations over an agreed period of time. Accordingly, Center Parcs is exposed to the risk that its pension funding commitments may increase over time in the context of subsequent valuations of the FS Scheme. The valuation in July 2020 revealed a deficit of £4.4 million on an on-going basis, following which a recovery plan was agreed which was intended to eliminate this deficit by 1 August 2025. As at 31 July, 2023, the deficit in relation to the FS Scheme was £0.6 million.

The Trustees of the FS Scheme are currently in the process of completing a buy in transaction, with the view to complete a buy out transaction within a few months thereof.

The buy in transaction involves the Trustees purchasing a bulk annuity policy using the FS Scheme assets to effectively insure payments paid to members by the FS Scheme. The policy is an investment held within the FS Scheme and is currently being arranged with Legal & General Assurance Society Limited (LGAS). After the buy in transaction has been completed the Trustees will continue to run and manage the FS Scheme, however the LGAS will make payments to the Trustees for any benefit payments. The Trustees are working to have the buy in completed by the end of May 2024, with LGAS making the first payment to the FS Scheme in July.

After the buy in the Trustees will have a period in which to cleanse the FS Scheme data and finalise the benefit specification (the document which details all benefits paid by the FS Scheme and which are insured). At the successful completion of the data cleanse period a true-up premium may need to be paid. Once the final premium has been paid and the buy out has been completed, the bulk purchase annuity will be changed into individual policies for members of the FS Scheme. LGAS will then be responsible for making benefit payments directly to the members.

Following the buy out transaction there will be no members left in the FS Scheme. However, the Trustees and the FS Scheme will remain subject to regulation and pension scheme requirements until the scheme is formally wound up. This will involve the Trustees completing a deed of termination with Center Parcs. The Trustee is working to covert the buy in into a buy out in Q3 2024, with a view to wind up the FS Scheme in Q4 2024

Under the Pensions Act 2004 (the "Pensions Act"), if certain statutory requirements are met, the Pensions Regulator has "moral hazard" powers to impose liabilities relating to defined benefit pension schemes on the employing companies of the schemes and on persons who are, or have been, connected or associated with such employers (which in relation to the FS Scheme may extend beyond Centre Parcs group companies to include group directors, significant shareholders and non-UK group companies). The Pensions Regulator can require such persons: (i) to make contributions to the schemes (by imposing a contribution notice ("CN")) where there has been an act or omission, one of the main purposes of which is to avoid any "employer debt" becoming due or to compromise or otherwise reduce the amount of that debt or which otherwise has a materially detrimental impact on the likelihood of accrued scheme benefits being received), or (ii) to put in place arrangements for the financial support of the schemes (by imposing a financial support direction ("FSD"), in certain circumstances and where (for either (i) or (ii) above) the Pensions Regulator considers it reasonable to do so. The target must have been an employing company of the scheme or connected or associated with the employer within the previous six years in the case of CNs, and two years in the case of FSDs. Where a CN or FSD is issued against a target after a liquidation or administration in the UK has commenced in respect of that target, the relevant debt claim will be treated as a provable debt in the insolvency proceedings. On 1 October 2021, certain amendments to the Pensions Act came into force which are relevant to Center Parcs, group directors and third parties:

- The circumstances in which the Pensions Regulator can issue a CN have been significantly widened by allowing the Pensions Regulator to issue a CN where an act or failure to act: (i) materially reduced the debt likely to be recovered from the employer in the event of an immediate insolvency (the "employer insolvency" test) or (ii) reduced the resources of the employer in a manner that was material when compared to the buyout deficit of the pension scheme (the "employer resources" test). In both of the two new tests, the Pensions Regulator must consider it reasonable to issue a CN.

- There are two new criminal offences of "risking accrued scheme benefits" (where a person engages in an act that they knew or ought to have known would have a materially detrimental impact on a defined benefit pension scheme) and "avoidance of employer debt" (where a person acts in a way that prevents the recovery of any employer debt which is due to a defined benefit pension scheme or otherwise compromises or settles such a debt and the person intended the act to have such an effect). Each offence carries a maximum penalty of unlimited fines and seven years in prison. Both of these offences are very broad in their scope. In addition, the way that the offences have been framed in the Pensions Act means that these offences target a wider range of parties than just those connected to the pension scheme's sponsoring employer, such as directors, as they are drafted to apply to any person. Acts of third parties, including banks, investors, and commercial counterparties, as well as acts of pension scheme trustees and professional advisers, could all fall within the scope of these new criminal offences. Unless a person has "reasonable excuse", criminal liability could be imposed. The Act includes no further details on how the "reasonable excuse" proviso would operate although the Pensions Regulator has published its policy on setting out its approach to the investigation and prosecution of these new criminal offences**.**

- The Pensions Act also introduces two new civil penalties known as the "financial penalty for avoiding employer debt" (where there has been a deliberate act or omission, one of the main purposes of which was to avoid any "employer debt" becoming due or to compromise or otherwise reduce the amount of that debt) and the "financial penalty for conduct risking accrued scheme benefits" (where there has been a deliberate act or failure to act which detrimentally affected in a material way the likelihood of accrued scheme benefits being received and the person knew or ought to have known it would have that effect). Any person may be issued with a fine under the new civil penalties as they do not apply only to employers in respect of occupational pension schemes and persons who are connected with or an associate of an employer. In both of the two new tests, it must not have been reasonable for the person to act or fail to act as they did. The maximum fine that the Pensions Regulator may impose is £1 million.

As a result, Center Parcs may incur additional expenditure and face other commercial and financial impacts to comply with existing as well as new or revised pensions legislation and regulations, new interpretations of existing laws and regulations or more rigorous enforcement of such laws and regulations, which could have a material adverse impact on Center Parcs' business, financial condition and results of operations.

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

In July 2019, an indirect parent of Center Parcs (Holding 1) Limited opened a sixth village, Longford Forest, in County Longford, Republic of Ireland. Longford Forest is outside of the Obligor Group. Subject to the terms of the Class A Issuer/Borrower Loan Agreement, Center Parcs' management is permitted to devote up to 25% of its time toward any additional villages located outside the UK, including to provide a number of services to help develop and operate Longford Forest. These services 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 into 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 UK, 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, Longford Forest or any other additional villages outside the UK. Noteholders will not have recourse to any such village outside the UK, its assets, revenues or cash flow. In addition, the development of additional villages outside the UK could divert management's time from the five existing villages or from any additional villages in the UK 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 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. In July 2021, Center Parcs secured an option agreement for a potential sixth site in the UK at Oldhouse Warren, West Sussex. However, following environmental and ecological surveys, the site was not found to be suitable. Center Parcs plans to continue searching for a suitable location for a sixth site in the UK. Finding an appropriate site for an additional village in the UK may be difficult and any expenses or costs incurred in assessing the suitability of a site may not be recouped if the site is ultimately found to be unsuitable.

Holders of the Class A Notes will have recourse to any additional villages that Center Parcs constructs or acquires in the UK, including the potential sixth site, only if and when certain conditions under the Class A Issuer/Borrower Loan Agreement are satisfied following completion of the development of such additional villages, at which point any such additional villages will be transferred into the Obligor Group. Any new village development would be subject to planning permission and other relevant consents and there can be no assurance that such consents will be received. See "*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 facilities and amenities. 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 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 social distancing guidelines, reduced customer demand, 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 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 UK, including Longford Forest in the Republic of Ireland, which is outside the Obligor Group, and does not require any additional Center Parcs villages that may be developed outside the UK (including Longford Forest) to accede to the Obligor Group.

Additionally, if Center Parcs wishes to use the Center Parcs brand for a village located outside of the UK, 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.

RISKS RELATING TO TAXATION

The application of UK tax law could affect the Borrowers' ability to obtain tax deductions for all their finance expenses which could have an adverse effect on their financial position and their ability to meet their payment obligations under the Issuer/Borrower Loan Agreements.

With effect from 1 April 2017, Part 10 of the Taxation (International and Other Provisions) Act (***TIOPA***) contains the "corporate interest restriction" (***CIR***) rules, which, where applicable, provide for the disallowance for corporation tax purposes of some or all of the financing expenses, including interest expenses, of UK resident companies. Under the CIR rules, financing expenses of UK group companies can be non-deductible for corporation tax purposes by reference to the net-tax interest expense of the "worldwide group" of which they are a member. The composition of the worldwide group is largely determined by accounting consolidation.

The application of the CIR rules to the Borrowers, and therefore whether any "allocated disallowance" will arise to them, depends in part on the composition of the "worldwide group" of which they are members. The composition of the "worldwide group" depends on the accounting group of which the Borrowers form part. Currently, the Group takes the view that it is not part of the wider Brookfield group for CIR purposes and forms its own worldwide group. On that basis, the Group expects to use the "group ratio" rather than the "fixed ratio" method for the purposes of calculating the financing expenses allowance on the basis that the fixed ratio would result in a greater disallowance for corporation tax purposes of some or all of the financing expenses of UK group companies within the Group. There can be no assurance that, should the Borrowers' accounting group change (for example, because of a divestment of the Center Parcs Group by Brookfield), the rules which prescribe how to determine the relevant accounting group are the subject of change, or other facts or circumstances arise which affect the application of the "group ratio" or the "fixed ratio" to the Group, allocated disallowances would not arise to the Borrowers that would require them to leave out of account tax-interest expense amounts, which broadly means that some or all of their financing expenses, including interest, may not be deductible for corporation tax purposes. Similarly, UK tax law and practice can be subject to differing interpretations and the Borrowers' interpretation of the CIR rules may be challenged by HMRC.

Part 6A TIOPA contains rules (the ***Anti-Hybrid Rules***) which can disallow financing expenses of UK resident companies in certain circumstances, in particular where as a result of the application of non-UK tax rules there is a deductible payment made by a hybrid entity which is also treated as deductible in calculating the net income of another person. Members of the Group have made elections for US tax purposes which mean that they are treated as transparent for US tax purposes, and are therefore "hybrid entities" for these purposes. The application of the Anti-Hybrid Rules to the Group is therefore dependent on the presence of US investors in the Group and the US tax treatment of income of members of the Group. Based on current facts the Group does not consider that any disallowance under the Anti-Hybrid Rules is required. However, there can be no assurance that, should the investors in the Group change or the investment structure change, some of the Group's financing expenses, including interest, would not be disallowed for corporation tax purposes.

Other UK tax rules can apply to deny corporation tax deductions in respect of interest and financing expenses which, on a just and reasonable apportionment, are attributable to a purpose which is not amongst the business or other commercial purposes of the company. The application of these rules, including the manner in which just and reasonable apportionment should apply where a single loan has more than one purpose, is the subject of ongoing case law which is subject to appeal. Based on current facts and the current status of the case law, the Group does not consider that any disallowance of its financing expenses under these rules is required. However, UK tax law and practice can be subject to differing interpretations and the Borrowers' interpretation of these rules may be challenged by HMRC.

Any of the above scenarios could result in any profits of the Borrowers from their activities in the UK being assessed to additional tax by reason of a disallowance of corporation tax deductions in respect of financing expenses which may adversely affect the Borrowers' post tax cash flows. In the event of a material deterioration in Center Parcs' financial condition and result of operations, it is possible that such impact on post tax cash flows may contribute to an adverse impact on the ability of the Borrowers to repay amounts of principal and interest under the Issuer/Borrower Loan Agreements.

RISKS RELATING TO SECURITY, ENFORCEMENT AND INSOLVENCY

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.

Centre of Main Interests

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

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 centre of main interests (as defined in the Insolvency (England and Wales) Rules 2016) ("**COMI**") is in England as opposed to Jersey and any insolvency proceedings in respect of the Issuer could be commenced in England and conducted in accordance with the requirements of English insolvency laws. If this is the case at the time the relevant insolvency proceedings are opened, the Issuer and the Jersey Obligor may be subject to English administration, company voluntary arrangement, or certain liquidation proceedings. This is because under the Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) (as amended) the location of a debtor's COMI in England and Wales remains one of the bases upon which the English courts can decide to open insolvency 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.

If insolvency proceedings were to be opened in a place other than England and Wales, such proceedings could be in parallel to proceedings opened in England. Such proceedings would not benefit from automatic recognition in England—although the officeholder could apply under the UNCITRAL Implementing Regulations (as defined below) which provide that foreign (i.e. non-English) insolvency proceedings may be recognised where a company has its COMI or an "establishment" (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services) in such foreign jurisdiction.

The UNCITRAL Model Law on Cross-Border Insolvency was implemented, subject to certain modifications, in Great Britain and Northern Ireland on 4 April 2006 by The Cross-Border Insolvency Regulations 2006, SI 2006/1030 (the "**UNCITRAL Implementing Regulations**"). The UNCITRAL Implementing Regulations apply where: (i) assistance is sought in Great Britain by a foreign court or a foreign representative in connection with a foreign proceeding, or (ii) assistance is sought in a foreign state in connection with a proceeding under British insolvency law, or (iii) a foreign proceeding and a proceeding under British insolvency law in respect of the same company are taking place concurrently or (iv) creditors or other interested parties in a foreign state have an interest in requesting the commencement of, or participating in, a proceeding under British insolvency law.

Under the UNCITRAL Implementing Regulations, if foreign insolvency proceedings (defined to be collective judicial or administrative proceedings in a foreign state, including an interim proceeding pursuant to a law relating to insolvency in which proceeding the assets and affairs of the company are subject to control or supervision by a foreign court, for the purpose of reorganisation or liquidation) 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", an automatic mandatory stay on certain types of creditor action (including the commencement or continuation of certain legal proceedings) will apply in England and Wales and the right of the company to transfer, encumber or otherwise dispose by the company of its assets will be suspended. 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.

Cayman Insolvency Law

Pursuant to section 145 of the Companies Act (as amended) of the Cayman Islands (the "**Companies Act**"), any security or charge made, incurred, taken or suffered by a debtor company in favour of a creditor at a time when the debtor company was unable to pay its debts (within the meaning of section 93 of the Companies Act) and with a view to giving such creditor a preference over the other creditors shall be voidable upon the application of the debtor company's liquidator if made, incurred, taken or suffered within 6 months immediately preceding the commencement of liquidation. A charge granted in favour of a related party within six months of the debtor company's winding up will be deemed to have been made with a view to giving such creditor a preference - this is not rebuttable. A creditor shall be treated as a 'related party' if it has the ability to control the debtor company or exercise significant influence over the company in making financial and operating decisions.

Pursuant to section 147 of the Companies Act, if in the course of the winding up of a company it appears that any business of the company has been carried on with intent to defraud creditors of the company or creditors of any other person or for any fraudulent purpose, the liquidator may apply to the Court for a declaration that any persons who were knowingly parties to the carrying on of such business are liable to make such contributions to the company's assets as the Court thinks proper.

If an antecedent transaction (for example pursuant to section 145 or 147 of the Companies Act) has occurred, a liquidator may commence a proceeding against the directors of Topco or CP Cayman Limited for breach of fiduciary duty to act in the best interests of Topco or CP Cayman Limited (as the case may be) in approving the grant of the relevant security by Topco or CP Cayman Limited. If the recipient of any assets under such security receives the same with actual or constructive knowledge of such breach by the directors of Topco or CP Cayman Limited, such recipient may be held to be a constructive trustee of such payment or assets and liable to return the same.

A Cayman Islands court may treat a purported fixed charge over assets as a floating charge if the company has sufficient authority to deal with its assets in the course of its business and/or if the holder of security does not exercise sufficient control over the relevant assets. Any charge in the nature of a floating charge will rank behind any subsequent fixed mortgage or charge or lien which is created prior to the crystallisation of the floating charge. However, advice has been taken from Cayman Islands counsel that subject to standard reservations and assumptions, the Topco Share Security Agreement will create a valid security interest over the property intended to be secured by such agreement in favour of the Borrower Security Trustee and the courts in the Cayman Islands will recognise such security interests.

In the case of a winding up of a Cayman Islands company in a jurisdiction other than the Cayman Islands, the priority of any security granted by or over the assets of that Cayman Islands company may be affected by any provision of the laws of that jurisdiction as to the priority of claims in a winding-up. To the extent that the security is held in the Cayman Islands, failure to comply with any restrictions or provisions applicable to the granting of security over any such assets or the transfer thereof, whether arising under Cayman Islands law generally or pursuant to specific documentation relating to such security, may, among other things, affect the validity, priority or enforceability of such security interest.

Cayman Islands securities law and law regarding the fiduciary responsibilities of Topco or CP Cayman Limited's directors are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions.

Each of Topco and CP Cayman Limited is an exempted company incorporated with limited liability under the laws of the Cayman Islands. The corporate affairs of each of Topco and CP Cayman Limited will be governed by its memorandum and articles of association and the Companies Act of the Cayman Islands and other laws of the Cayman Islands. The rights of the Borrower Security Trustee to take action against the directors of Topco or CP Cayman Limited and the fiduciary responsibilities of the directors of Topco and CP Cayman Limited to Topco and CP Cayman Limited respectively under Cayman Islands law are, to a large extent, governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from judicial precedent in the Cayman Islands as well as from English common law, the decisions of English courts being of persuasive authority, but not binding on a court in the Cayman Islands. The fiduciary responsibilities of the directors of Topco and CP Cayman Limited under Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions such as the United States. Furthermore, the Cayman Islands has a less developed body of securities laws thus providing significantly less protection to investors as compared to other jurisdictions such as the United States, which has more fully developed and judicially interpreted bodies of securities law.

It is expected that CP Cayman Midco 1 Limited, CP Cayman Midco 2 Limited and CP Cayman Limited will be migrated to Bermuda by way of a continuation under the provisions of the Companies Act 1981 of Bermuda (the "**Bermuda Companies Act**"). The Bermuda Companies Act provides that, upon continuance of a foreign corporation as a Bermuda company under the Bermuda Companies Act, (a) the property of the foreign corporation continues to be the property of the Bermuda company; (b) the Bermuda company continues to be liable for the obligations of the foreign corporation; (c) any existing cause of action, claim or liability to prosecution in respect of the foreign corporation is unaffected; (d) any civil, criminal or administrative action or proceeding pending by or against the foreign corporation may be continued by or against the Bermuda company; and (e) any conviction against, or any ruling, order or judgment in favour of or against the foreign corporation may be enforced by or against the Bermuda company.

Following such migration, the corporate affairs of each of CP Cayman Midco 1 Limited, CP Cayman Midco 2 Limited and CP Cayman Limited will be governed by its memorandum of continuance and by-laws and the Bermuda Companies Act and other laws of Bermuda. The rights of the Borrower Security Trustee to take action against the directors of CP Cayman Midco 1 Limited, CP Cayman Midco 2 Limited or CP Cayman Limited and the fiduciary responsibilities of the directors of CP Cayman Midco 1 Limited, CP Cayman Midco 2 Limited and CP Cayman Limited to CP Cayman Midco 1 Limited, CP Cayman Midco 2 Limited and CP Cayman Limited respectively under Bermuda law are governed by the Bermuda Companies Act and the common law of Bermuda. The common law of Bermuda is derived in part from judicial precedent in Bermuda as well as from English common law, the decisions of English courts being of persuasive authority, but not binding on a court in Bermuda. The fiduciary responsibilities of the directors of CP Cayman Midco 1 Limited, CP Cayman Midco 2 Limited and CP Cayman Limited under Bermuda law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions such as the United States. Furthermore, Bermuda has a less developed body of securities laws thus providing significantly less protection to investors as compared to other jurisdictions such as the United States, which has more fully developed and judicially interpreted bodies of securities law.

Fixed security interests may be recharacterised as floating security interests due to the degree of control exercised over certain underlying assets, including over bank accounts.

There is a possibility that a court could find that the fixed security interests expressed to be created by the security documents governed by English law could take effect as floating charges as the description given to them as fixed charges is not determinative.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the Borrower Security Trustee or, as the case may be, the Issuer Security Trustee has the requisite degree of control over the relevant assets and exercises that control in practice.

Each Borrower has established a number of bank accounts into which, among other things, rental income and disposal proceeds in respect of the relevant villages must be paid. Each Borrower has, pursuant to the terms of the Borrower Deed of Charge and the Woburn Deed of Charge, granted security over all of its interests in its relevant accounts, which is, other than in the case of certain operating accounts, expressed to be a first fixed charge. Furthermore, under the Issuer Deed of Charge, the Issuer has granted security over all of its bank accounts, which security is also expressed to be fixed security.

Although the various bank accounts are stated to be subject to various degrees of control, there is a risk that, if the Issuer Security Trustee or the Borrower Security Trustee (as applicable) does not exercise the requisite degree of control over the relevant accounts in practice, a court could determine that the security interests granted in respect of those accounts take effect as floating security interests only and that the security interests granted over the assets from which the monies paid into the accounts are derived also take effect as floating security interests only, notwithstanding that the security interests are expressed to be fixed. In such circumstances, monies paid into accounts or derived from those assets could be diverted to pay preferential creditors, the costs of the insolvency process, and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held. Where the charging company is free to deal with the secured assets or their proceeds in the course of its business without the consent of the charge holder, a court is likely to hold that the security interest in question constitutes a floating charge, whatever its other characteristics, notwithstanding that in the security document the security interest may be expressed in words that indicate an intention to create a fixed security interest.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors of the relevant Obligor incorporated in England and Wales (or otherwise subject to insolvency proceedings in England and Wales) or, as the case may be, the Issuer in respect of that part of the relevant Obligor's net property which is ring-fenced as a result of the Enterprise Act 2002 (ii) certain statutorily defined preferential creditors of the relevant Obligor, and (iii) in circumstances where a restructuring moratorium has been entered into by the relevant Obligor under Part A1 of the Insolvency Act 1986 and administration or liquidation commences within 12 weeks of the end of that moratorium, moratorium debts and priority pre-moratorium debts, may have priority over the rights of the Borrower Security Trustee or the Issuer Security Trustee, as the case may be, to the proceeds of enforcement of such security in accordance with s176A and 174A of the Insolvency Act 1986. To the extent that the assets of the Issuer or any Obligor are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge or the Borrower Deed of Charge or the Woburn Deed of Charge may be first used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors (up to an amount equal to £800,000 in respect of each relevant Obligor) or creditors who otherwise take priority over floating charge recoveries. As a result, the full amount of the proceeds of enforcement of the security may not be available to repay the Notes.

Further, the costs and expenses of a liquidation or administration (including corporation tax on capital gains) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. Upon the enforcement of the floating charge security granted by an Obligor subject to an English liquidation or administration, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge and/or the Borrower Deed of Charge and/or the Woburn Deed of Charge will be reduced by at least a significant proportion of any liquidation or administration expenses. If an Obligor was eligible to, and did, enter into a restructuring moratorium and subsequently entered into administration or liquidation within 12 weeks from the end of the moratorium, the moratorium debts and certain "priority pre-moratorium debts" would have super priority and rank ahead of expenses of an administration or liquidation and preferential debts. However, as there are broad exclusions for companies which are party to a capital markets arrangement, the moratorium is not available to an Obligor.

Floating charges given by the English Obligors may be deemed invalid for lack of consideration which would hinder the appointment of an administrative receiver.

Section 245 of the Insolvency Act 1986 provides that, in certain circumstances, a floating charge granted by a company may be invalid in whole or in part. If a floating charge is held to be wholly invalid then it will not be possible to appoint an administrator or administrative receiver of such company and, therefore, it will not be possible to prevent the appointment of an administrator of such company by another party. The risk is, if a liquidator or administrator is appointed to the Issuer or the relevant Obligor within a period of one year (or two years if the transaction is with a connected person) (the "relevant time") commencing upon the date on which the Issuer or that Obligor, as the case may be, grants a floating charge, the floating charge granted by the Issuer or that Obligor, as the case may be, will be invalid pursuant to section 245 of the Insolvency Act 1986 except to the extent of the consideration received by the relevant chargor at the time of or after the creation of the floating charge. The Issuer received consideration (namely, the Issuer issued the Original Class A Notes and the Original Class B Notes on the Closing Date, the Second Class A Notes on the Second Issue Date, the Class B2 Notes on the Third Closing Date, the Further Class A4 Notes and the Class B4 Notes on the Fourth Closing Date, the Class B5 Notes on the Sixth Closing Date, the Class B6 Notes on the Seventh Closing Date and the Class A6 Notes and the Class A7 Notes on the Eighth Closing Date and has received the subscription monies therefor) and each of the Obligors will have received such consideration (namely, the Borrowers made drawings under the Issuer/Borrower Loan Agreements on the Closing Date, under the Class A Issuer/Borrower Loan Agreement on the Second Closing Date, under the Class B Issuer/Borrower Loan Agreement on the Third Closing Date, under the Issuer/Borrower Loan Agreements on the Fourth Closing Date under the Class B Issuer/Borrower Loan Agreement on the Sixth Closing Date, under the Class B Issuer/Borrower Loan Agreement on the Seventh Closing Date and under the Class A Issuer/Borrower Loan Agreement on the Eighth Closing Date). As such, during the relevant time the floating charge granted by the Issuer will be valid to the extent of the amount of Notes issued by the Issuer, the floating charges granted by the Borrowers will be valid to the extent of the amount drawn by the Borrowers under the Issuer/Borrower Loan Agreements and the floating charge granted by each of the other Obligors will be valid to the extent of the fee paid to the other Obligors but not valid for the full amount of the property charged. However, such limitation on the validity of the floating charges will not necessarily affect the ability of the Borrower Security Trustee to appoint an administrative receiver provided that the floating charge still extends and is valid in relation to substantially all of the respective Obligor's property in respect of the English Obligors — however, this will be a factual question to be determined at the time of a potential appointment and the availability of this remedy is discussed in further detail below. After the relevant time it will not be possible for the floating charges granted by each of the Issuer, the Borrowers or the English Obligors to be invalidated under section 245 of the Insolvency Act 1986.

It should be noted that, since the Jersey Obligor and the Issuer are incorporated in jurisdictions other than England and Wales, it will not be possible to appoint an administrative receiver in respect of these entities in England (so as to prevent the appointment of an English administrator) using the capital markets provisions referred to below. Accordingly, if the Issuer's and the Jersey Obligor's COMI were found to be in England, they could be placed into administration. However, it should be noted that the Issuer is structured to be "bankruptcy remote" so therefore it should not be subject to any insolvency proceedings. The main asset-owning Obligors (namely CP Opco, CP Woburn Opco and the Propcos) and their immediate parent companies are all English companies so therefore administrative receivership is possible for these companies.

The ability of the Borrower Secured Creditors to appoint an administrative receiver may be hindered by the application of the Enterprise Act 2002 in respect of floating charges.

The provisions of the Enterprise Act 2002 (the "**Enterprise Act**") restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration).

The Insolvency Act 1986 contains provisions that continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act 1986) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50,000,000 and the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act 1986, but generally a rated, listed or traded debt instrument). This exception should be applicable to floating charges created by the English Obligors and assigned by way of security to the Borrower Security Trustee. However, as this issue is partly a question of fact, were it not possible to appoint an administrative receiver in respect of one or more of the English Obligors, they would be subject to administration if they were to become insolvent.

It should be noted that, since the Foreign Obligors and the Issuer are incorporated in jurisdictions other than England and Wales, it is unlikely that it will be possible to appoint an administrative receiver in respect of these entities in England (so as to prevent the appointment of an English administrator) using the capital markets provisions. Accordingly, if the Issuer's and the Foreign Obligors' COMI were found to be in England, they could be placed into administration. However, it should be noted that the Issuer is structured to be "bankruptcy remote" so therefore it should not be subject to any insolvency proceedings. The main asset-owning Obligors (namely CP Opco, CP Woburn Opco and the Propcos) and their immediate parent companies are all English companies so therefore administrative receivership is possible for these companies.

The UK Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this Offering Memorandum, will not be detrimental to the interests of the Class B Noteholders.

The ability of certain members of the Obligor Group to seek a moratorium which could restrict creditors' ability to enforce security.

Pursuant to the Corporate Insolvency and Governance Act 2020, which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020, a free-standing moratorium is available to protect certain companies, both UK and overseas if there is a sufficient connection with England, from creditor action for a specified period, granting a 'payment holiday' for 'pre-moratorium debts'. Pre-moratorium debts are debts due prior to the moratorium coming into force or debts which become due during the moratorium if they relate to obligations incurred before the moratorium comes into force. The moratorium is similar in scope to that which applies in administration, preventing security enforcement and legal proceedings amongst other things. In order to be eligible for the moratorium a member of the Obligor Group must be or likely to be unable to pay its debts and the moratorium must be likely to result in the rescue of the company as a going concern. However, there are broad exclusions including for companies which are party to a capital markets arrangement. As a result, the moratorium is not available to members of the Obligor Group.

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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, (i) the audited consolidated financial statements and notes thereto of Center Parcs (Holdings 1) Limited as at and for each of the 52-week periods ended 20 April 2023, 21 April 2022 and 22 April 2021, in each case included elsewhere in this Supplemental Bondholder Report, and (ii) the Interim Financial Information incorporated by reference into this Supplemental Bondholder Report. The audit reports, included elsewhere in this Supplemental Bondholder Report, express an unqualified opinion for each of the respective audited periods. See also "Presentation of Financial Information".

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 2.1 million guests in the financial year ended 20 April 2023. Center Parcs operates five specially constructed holiday villages in the UK: Sherwood Forest in Nottinghamshire, Longleat Forest in Wiltshire, Elveden Forest in Suffolk, Whinfell Forest in Cumbria (the "Original Villages") and Woburn Forest in Bedfordshire. Each village is set in a forest environment amongst approximately 400 acres of forest around a lake and is typically open 365 days per year.

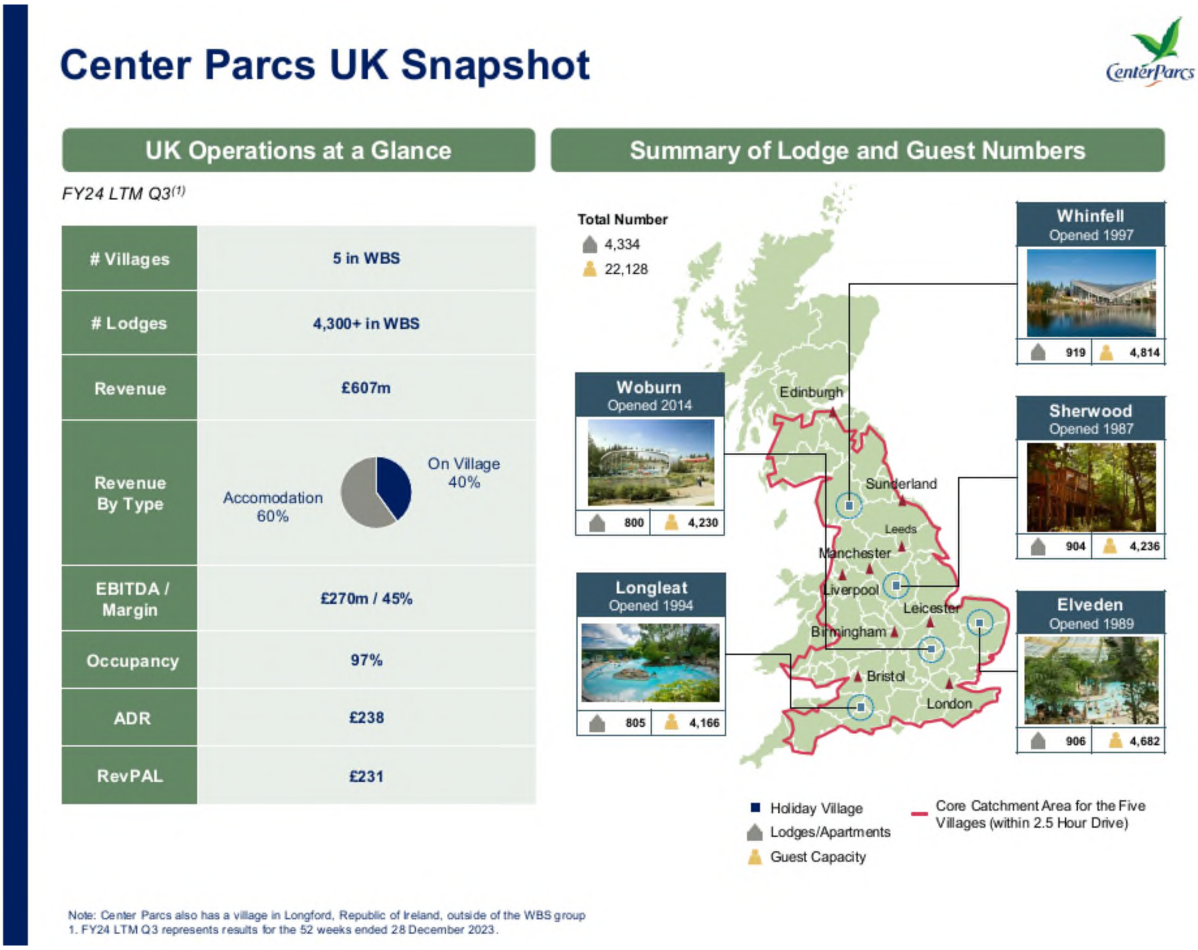
Woodland, water and a natural environment make up the essential elements of a Center Parcs break. Within this comfortable, quiet, car-free and family-friendly setting, each of the Center Parcs villages provides guests with high-quality accommodation and more than 150 leisure and spa activities. In total, as of 28 December 2023, there were 4,334 units of accommodation across its five villages, which could accommodate approximately 22,946 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 38.3% of total revenue in the financial year ended 20 April 2023 and 39.4% in the 36-week period ended 28 December 2023.

Center Parcs has a well-established brand in the UK, renowned for providing high-quality experiences and facilities, targeting a primary guest base of affluent families. Center Parcs benefits from strong guest loyalty with approximately 31.7% of guests returning within a 14-month period of their initial visit and approximately 54.1% of guests returning within a five-year period as of financial year 2023. Furthermore, in the financial year ended 20 April 2023, 95% of guests indicated an intention to return in the future. 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 while Center Parcs is well positioned to continue to grow its business.

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 short break holiday option. Occupancy levels at Center Parcs' villages have recovered to their pre-COVID-19 levels. As a result of village closures and occupancy restrictions in response to the COVID-19 pandemic, occupancy levels fell to 22.4% in financial year 2021. Occupancy levels rose to 80.5% in financial year 2022, with self-imposed capacity restrictions in place, and further to 97.1% in the financial year 2023, broadly in line with pre-COVID-19 occupancy rates. In the 36-week period ended 28 December 2023 occupancy levels were 97.1% (97.3% for the 36-week period ended 29 December 2022). Occupancy levels have averaged approximately 97.0% in the last 15 years and approximately 97.4% in the last eight years, in each case excluding financial years 2020, 2021 and 2022 (which were impacted by COVID-19 closures and self-imposed capacity restrictions).

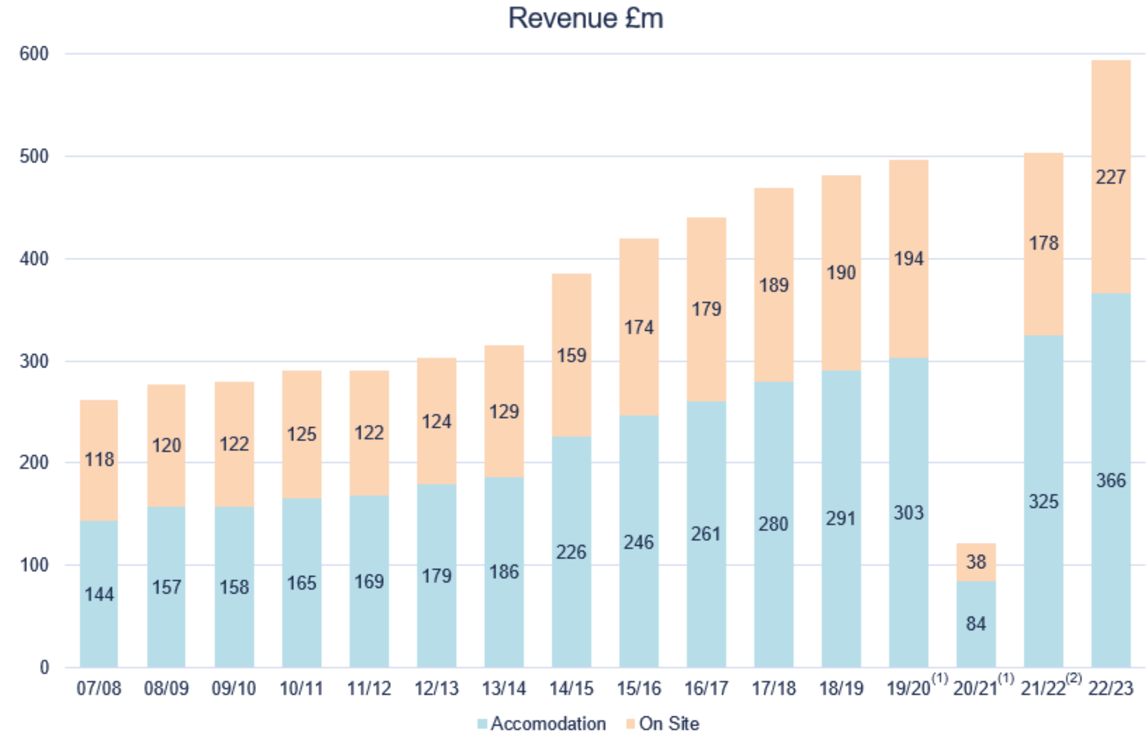
In each of the financial years 2021, 2022 and 2023, respectively, revenue and EBITDA have been broadly evenly split amongst Center Parcs' villages, reflecting both the individual strength of each village and the diversity of Center Parcs' asset base.

The map below shows the location of each of Center Parcs' villages in the UK as of 18 April 2024.



With the exception of the financial years impacted by the COVID-19 pandemic, revenue and EBITDA have consistently grown over the past fifteen years. Total revenue and EBITDA were £593.8 million and £275.0 million, respectively, for financial year 2023, which marks an increase compared to £503.4 million and £245.6 million, respectively, in financial year 2022. For the 36-week period ended 28 December 2023, Center Parcs had revenue of £439.3 million and EBITDA of £208.7 million, representing an EBITDA margin of 47.5%.

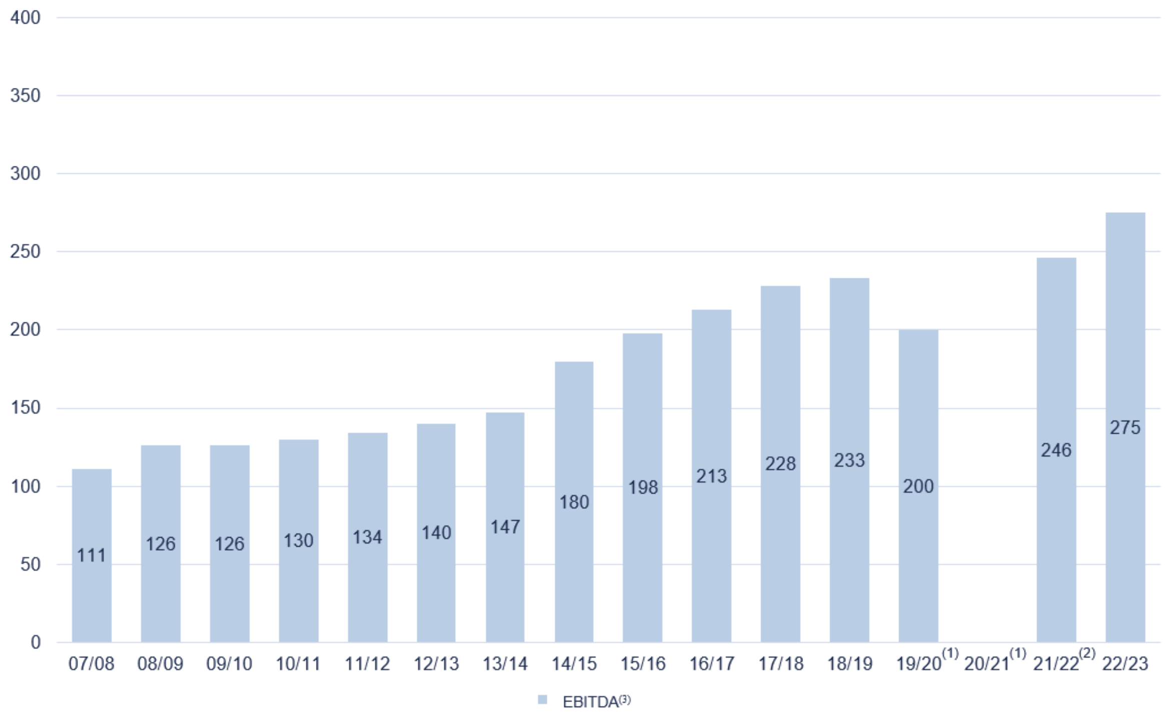
The following graph shows revenue for financial years 2008 to 2023.



(1) Revenue for financial years 2020 and 2021 were heavily impacted by the closure of all five UK holiday villages from 20 March 2020 to 13 July 2020, 5 November 2020 to 4 December 2020 and 21 December 2020 to 12 April 2021, during which Center Parcs recorded no revenues, as well as localised closures as a result of the tier restrictions in later periods.

(2) Primarily due to self-imposed restrictions, Center Parcs' villages operated at 80.5% capacity during financial year 2022 which affected revenues from accommodation and on-site sales.

The following graph shows EBITDA (or Adjusted EBITDA where applicable) for financial years 2008 to 2023.



(1) EBITDA for financial years 2020 and 2021 were heavily impacted by the closure of all five UK holiday villages from 20 March 2020 to 13 July 2020, 5 November 2020 to 4 December 2020 and 21 December 2020 to 12 April 2021, during which Center Parcs recorded no revenues, as well as localised closures as a result of the tier restrictions in later periods. EBITDA for financial year 2021 was a loss of £11.9 million.

(2) Due to self-imposed restrictions, Center Parcs' villages operated at 80.5% capacity during financial year 2022 which affected revenues from accommodation and on-site sales.

(3) Adjusted EBITDA (i.e., EBITDA adjusted to remove the effects of certain exceptional and non-underlying items that Center Parcs believes were not indicative of its underlying operating performance in the relevant period) is presented for certain historical periods, where applicable.

KEY FACTORS AFFECTING RESULTS OF OPERATIONS

Economic conditions in the United Kingdom

Although economic uncertainty has impacted the UK holiday market in the periods under review, Center Parcs has historically performed resiliently during both economic downturns (including the 2007-2008 global financial crisis) and recoveries, with occupancy levels averaging approximately 97.0% in the last 15 years and approximately 97.4% in the last eight years, in each case excluding financial years 2020, 2021 and 2022 (which were impacted by COVID-19 closures and self-imposed capacity restrictions). Demand for Center Parcs' products and services is sensitive to disposable income levels preferences regarding and holiday length and destination, which are linked to general economic conditions in the UK. Higher energy prices and supply disruptions, including as a result of Russia's war in Ukraine, have resulted in high inflation, including in the UK. While the annual CPIH inflation rate in the UK decreased from 9.2% for the twelve months ended December 2022, to 4.2% for the twelve months ended December 2023, it remains above recent historical levels. In response to the high inflation rates, central banks in major economies, including the Bank of England, increased interest rates in 2022 and 2023. Even if inflation rates were to fall gradually in 2024, there would still be a possibility of further interest rate increases in 2024 and beyond or that interest rates remain higher than recent historical rates. The higher energy costs as well as higher personnel costs, driven by general inflationary pressures as well as increase in the national living wage, have resulted in higher operating costs for Center Parcs.

Weak economic conditions, whether as a result of the current cost of living crisis, high energy prices or otherwise, may result in a decline in the number of guests and a decrease in on-site spending. However, such 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.

The COVID-19 pandemic

The COVID-19 pandemic, and related government measures, had a significant impact on the travel and hospitality industry in the United Kingdom, including Center Parcs. As a result of the COVID-19 pandemic, Center Parcs closed all of its villages to guests from 20 March 2020 to 13 July 2020, 5 November 2020 to 4 December 2020 and 21 December 2020 to 11 April 2021. The closure of the villages resulted in no revenue being recorded from holidays that would have taken place during that period, which in financial year 2021 included periods such as May half-term, the Christmas/New Year periods and the Easter holidays, each of which have historically been very profitable. In the periods of 2020 and 2021 during which the villages were open to guests, they operated with limited capacity and were also subject to localised closures as a result of the tier restrictions, such as the closure of Sherwood Village from 30 October 2020 and the closure of Woburn Village from 18 December 2020, in both cases until the 12 April 2021 reopening. Despite the reopening of the villages by 12 April 2021, Center Parcs' villages operated under self-imposed restrictions and capacity limitations to reduce the risk of localised outbreaks for much of financial year 2022.

During the closure of Center Parcs' villages, Center Parcs ensured stringent cost controls and implemented strict cash management procedures to conserve liquidity, including the rephasing of capital investment projects and cessation of non-essential operating activities. Center Parcs estimates that approximately 37.5% of its total capital expenditure originally planned for financial year 2021 was allocated to later periods. In addition, Center Parcs also participated in a number of UK government support measures for businesses to reduce the impact of the closures on its liquidity. Center Parcs deferred VAT payments and furloughed up to 90% of its employees during the Closure Periods in accordance with the UK government's CJRS scheme. Center Parcs also utilised the 12-month business rates holiday available to retail, hospitality and leisure businesses. Together, these actions reduced operating expenses by approximately £14 million on average per four-week period, or approximately 70%, to approximately £6 to £7 million on average per four-week period from 24 April 2020 to 18 June 2020 and 21 December 2020 to 25 February 2021, representing a closed period, as compared to approximately £20 million on average per four-week period from 26 April 2019 to 27 February 2020, representing a typical operating period. Operating expenses gradually increased in the lead up to the re-opening of the villages on 12 April 2021.

The aftermath of COVID-19 has increased demand for travel in the UK. As reported by Mintel, plans to book a domestic holiday in the UK reached an all-time high in January 2024. This increased demand for holidays in the UK positively affects occupancy and ADR and drives profitability.

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. For financial year 2021, given the closure of Center Parcs' villages at its traditional peak marketing period, expenditure on marketing campaigns was deferred.

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 on a straight-line basis over the period of the holiday, and on-site revenue is recognised at the point the guest undertakes the relevant activity or receives the relevant service.

Revenue for financial years 2021, 2022 and 2023 was £122.2 million, £503.4 million and £593.8 million, respectively. Revenue for the 36-week period ended 28 December 2023 was £439.3 million as compared to £426.6 million for the 36-week period ended 29 December 2022. The proportional contribution of individual villages to revenue for the 36-week period ended 28 December 2023 remained broadly the same as the corresponding contribution in the 36-week period ended 29 December 2022.

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 22.4%, 80.5% and 97.1% in the financial years 2021, 2022 and 2023, respectively. The lower occupancy level for financial year 2021 reflects the impact of government-imposed COVID-19 restrictions while the occupancy for financial year 2022 reflects largely self-imposed capacity restrictions in place. For the 36-week period ended 28 December 2023, Center Parcs had an occupancy rate of 97.1%, reflecting a strong recovery from COVID-19 closures and subsequent capacity restrictions.

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 36-week period ended 28 December 2023 was £251.01, compared with £252.14 for the 36-week period ended 29 December 2022. ADR for the financial year 2023 was £239.28, compared with £256.09 and £238.70 for financial years 2022 and 2021, 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 2020, ADR grew at a CAGR of 4.3%, in part due to refurbishments and a slightly higher proportion of premium executive accommodation, as well as the opening of Woburn Forest in 2014. ADR for the 36-week periods ended 29 December 2022 and 28 December 2023 was broadly stable. The higher ADR for financial year 2022 reflects certain lower-yielding accommodation units being taken off sale as part of the Group's ongoing management of restricted capacity.

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 36-week period ended 28 December 2023 was £243.83, compared with £245.41 for the 36-week period ended 29 December 2022. RevPAL for the financial year 2023 was £232.39, compared with £206.23. and £53.45 for financial years 2022 and 2021, 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.

EBITDA

EBITDA for the 36-week period ended 28 December 2023 was £208.7 million, compared with £213.6 million for the 36-week period ended 29 December 2022. EBITDA for financial years 2021, 2022 and 2023 was £(11.9) million, £245.6 million and £275.0 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 helped Center Parcs achieve consistently high occupancy rates.

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. On-site prices are also reviewed regularly and increased to reflect inflation.

Advance bookings

Center Parcs places a strong emphasis on advance bookings, which results in significant revenue and cash flow visibility. Advance bookings measure the percentage of accommodation available during a financial year that have been booked at the beginning of that financial year. Prior to the Closure Periods due to COVID-19, the average of booking-to-arrival time in financial years 2018 to 2020 was 19 weeks. After the Closure Periods due to COVID-19, the average of booking-to-arrival time in financial year 2023 was 22 weeks.

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.

For the financial year 2023, approximately 49% of the available accommodation nights had been booked by the beginning of that financial year. In financial year 2023, more than 60% of on-site Leisure 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, as demonstrated by its ability to manage its operating expenses during the COVID-19 Closure Periods. For the purposes of its audited consolidated financial statements, village overheads and central overheads are treated as 'administrative expenses'. The following table sets forth total cost of sales and overheads for the periods indicated:

	52 weeks ended 22 April 2021	52 weeks ended 21 April 2022	52 weeks ended 20 April 2023	36 weeks ended 29 December 2022	36 weeks ended 28 December 2023
			£m		
Costs of sales	(48.9)	(128.5)	(161.4)	(109.9)	(123.3)
Village overheads	(63.6)	(100.9)	(125.2)	(83.9)	(87.5)
Central overheads	(21.7)	(28.5)	(32.2)	(19.1)	(19.9)
Total cost of sales and overheads	**(134.1)**	**(257.9)**	**(318.8)**	**(212.9)**	**(230.6)**

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 22 April 2021	52 weeks ended 21 April 2022	52 weeks ended 20 April 2023	36 weeks ended 29 December 2022	36 weeks ended 28 December 2023
			£m		
Village overheads					
Personnel costs	(26.9)	(35.6)	(38.7)	(26.2)	(30.9)
Maintenance costs	(10.0)	(11.2)	(12.7)	(8.7)	(9.7)

Energy costs	(10.4)	(16.2)	(25.1)	(15.4)	(13.5)
Insurance/rent/rates	(2.9)	(21.3)	(28.3)	(20.1)	(18.4)
Other costs	(13.2)	(16.6)	(20.4)	(13.5)	(14.9)
Total	**(63.6)**	**(100.9)**	**(125.2)**	**(83.9)**	**(87.5)**

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, The UK government introduced a national living wage in the 2015 budget, which has applied to employees aged 25 and over starting in April 2016, and includes further phased increases in April of every year. Center Parcs extended a similar wage increase to employees under the age of 25 as well. On 1 April 2021, the national living wage was applied to employees aged 23 and over and, on 1 April 2024, the national living wage was applied to employees aged 21 and over. As of 1 April 2024, the national living wage increased from £10.42 per hour to £11.44 per hour. Personnel costs increased in the 36-week period ended 28 December 2023 as compared to the 36-week period ended 29 December 2022, primarily as a result of the increase in the national living wage. The continued increases in energy costs from financial year 2021 to financial year 2023 were primarily a result of worldwide energy prices increasing following the Russian invasion of Ukraine.

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 22 April 2021	**52 weeks ended 21 April 2022**	**52 weeks ended 20 April 2023**	**36 weeks ended 29 December 2022**	**36 weeks ended 28 December 2023**
			£m		
Central overheads					
Personnel costs	(11.2)	(15.8)	(17.4)	(11.4)	(12.5
Marketing costs	(5.1)	(8.3)	(12.6)	(5.4)	(5.5
Other costs	(5.4)	(4.4)	(2.2)	(2.3)	(1.9
Total	(21.7)	(28.5)	(32.2)	(19.1)	(19.9

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. During the closure of Center Parcs’ villages due to the COVID-19 pandemic, Center Parcs significantly reduced its marketing expenditure. Center Parcs has since re-commenced its marketing activities. Personnel costs within Central Overheads relates to Head Office employees as opposed to those employed at the villages.

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 and amortisation for the 36-week period ended 28 December 2023 was £45.8 million compared with £45.5 million for the 36-week period ended 29 December 2022. Depreciation and amortisation for financial year 2023 was £64.0 million, compared with £62.4 million and £62.5 million for financial years 2022 and 2021, 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 and the head office mortgage, together with the amortisation over the life of the secured bonds of deferred costs incurred in the raising of finance.

RESULTS OF OPERATIONS

The following table sets out the results of operations for the 36-week periods ended 28 December 2023 and 29 December 2022 and the financial years 2021, 2022 and 2023, derived from Center Parcs' financial statements and related notes included elsewhere in this Supplemental Bondholder Report and the Interim Financial Information incorporated by reference into this Supplemental Bondholder Report:

	52 weeks ended 22 April 2021	**52 weeks ended 21 April 2022**	**52 weeks ended 20 April 2023**	**36 weeks ended 29 December 2022**	**36 weeks ended 28 December 2023**
			£m		
Revenue......................	**122.2**	**503.4**	**593.8**	**426.6**	**439.3**
Cost of sales................	(48.9)	(128.4)	(161.4)	(109.9)	(123.3)
Gross profit................	**73.3**	**375.0**	**432.4**	**316.7**	**316.0**
Administrative expenses......................	(85.2)	(129.4)	(157.4)	(103.1)	(107.3)
Depreciation and amortisation	(62.5)	(62.4)	(64.0)	(45.5)	(45.8)
Total Operating Expenses	(147.7)	(191.8)	(221.4)	(148.6)	(153.1)
Operating profit/(loss)................	**(74.4)**	**183.2**	**211.0**	**168.1**	**(162.9)**
Movement in fair value of financial derivatives	25.2	(12.1)	(11.3)	–	–
Finance income...........	0.1	0.2	1.6	0.9	2.3
Finance expense..........	(108.0)	(105.1)	(114.2)	(70.5)	(76.3)
Profit/(loss) before taxation	**(157.1)**	**66.2**	**87.1**	**98.5**	**88.9**
Taxation......................	29.3	(43.9)	(14.7)	—	—
Profit for the period attributable to equity shareholders	**(127.8)**	**22.3**	**72.4**	**98.5**	**88.9**

Segmental Reporting

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

	Sherwood Forest	**Elveden Forest**	**Longleat Forest**	**Whinfell Forest**	**Woburn Forest**	**Central Overheads**	**Group**
				£ million, except percentages			
36 weeks ended 28 December 2023							
Revenue	90.8	88.8	88.1	86.4	85.2	-	439.3
EBITDA.......................................	47.9	44.8	48.8	43.2	43.9	(19.9)	208.7
Occupancy (%)	96.7%	98.4%	99.2%	95.9%	95.5%	-	97.1%
36 weeks ended 29 December 2022							
Revenue	90.1	88.0	84.0	82.6	81.8	-	426.6
EBITDA.......................................	50.7	47.6	47.7	43.1	43.7	(19.1)	213.6
Occupancy (%)	98.2%	98.2%	99.0%	95.3%	96.0%	-	97.3%
52 weeks ended 20 April 2023							
Revenue	126.4	120.2	116.7	115.2	115.3	-	593.8
EBITDA.......................................	68.1	61.1	63.1	56.0	58.9	(32.2)	275.0
Occupancy (%)	98.3%	97.1%	97.9%	96.1%	96.2%	-	97.1%
52 weeks ended 21 April 2022							
Revenue	108.0	103.4	96.4	99.1	96.5	-	503.4

EBITDA.......................................	61.2	55.3	53.7	52.5	51.4	(28.5)	245.6
Occupancy (%)	81.9%	80.6%	80.5%	79.6%	80.1%	-	80.5%
52 weeks ended 22 April 2021							
Revenue	21.8	27.1	25.2	24.2	24.0	-	122.2
EBITDA.......................................	0.4	3.6	3.5	0.0	2.3	(21.7)	(11.9)
Occupancy (%)	19.5%	24.0%	23.7%	21.6%	23.4%	-	22.4%

36-week period ended 28 December 2023 compared with 36-week period ended 29 December 2022

Revenue

Revenue increased by £12.7 million, or 3.0%, during the 36-week period ended 28 December 2023 to £439.3 million, compared to £426.6 million in the 36-week period ended 29 December 2022. This increase was primarily a result of the impact of annual price increases.

The number of units of accommodation as at 28 December 2023 was 4,334 and as at 29 December 2022 was 4,333.

Occupancy decreased slightly from 97.3% in the 36-week period ended 29 December 2022 to 97.1% during the 36-week period ended 28 December 2023. This is comparable to levels seen prior to the COVID-19 pandemic.

ADR decreased slightly by 0.4% to £251.01 in the 36-week period ended 28 December 2023 compared to the 36-week period ended 29 December 2022, primarily due to changes in booking trends seen post COVID-19 as a result of disruptions and closures. This decrease in ADR together with the slightly lower occupancy resulted in RevPAL of £243.83 (36-week period ended 29 December 2022: £245.41) in the 36-week period ended 28 December 2023.

Cost of Sales

Cost of sales increased to £123.3 million in the 36-week period ended 28 December 2023 from £109.9 million in the 36-week period ended 29 December 2022, reflecting ongoing inflationary cost increases. As a percentage of revenue, cost of sales increased to 28.0% in the 36-week period ended 28 December 2023 from 25.8% in the 36-week period ended 29 December 2022.

Administrative expenses

Administrative expenses increased to £107.3 million in the 36-week period ended 28 December 2023 from £103.1 million in the 36-week period ended 29 December 2022, due to the increase in national living wage and inflation.

EBITDA

As a result of the factors described above, EBITDA decreased by £4.9 million, or 2.3%, in the 36-week period ended 28 December 2023 as compared to the 36-week period ended 29 December 2022. The slightly lower EBITDA is partly as a result of unusual bookings patterns in the 36 weeks ended 29 December 2022, following reopening after the COVID-19 pandemic. EBITDA for the 52-week period ended 21 March 2024 of £275.4 million.

Depreciation and amortisation

Depreciation and amortisation for the 36-week period ended 28 December 2023 was broadly stable at £45.8 million as compared to £45.5 million for the 36-week period ended 29 December 2022.

Finance costs and income

As at 28 December 2023, the annual interest payable on Center Parcs' secured debt was £105.0 million per annum with all tranches of secured debt having a fixed rate of interest.

Finance expense in the 36-week period ended 28 December 2023 increased to £76.3 million, from £70.5 million in the 36-week period ended 29 December 2022. The increase of £5.8 million in finance expense was due to the incurrence of additional Class A indebtedness in April 2023.

Finance income represents bank interest receivable and amounted to £2.3 million for the 36-week period ended 28 December 2023 as compared to £0.9 million for the 36-week period ended 29 December 2022.

Taxation

The Group's taxation assets and liabilities are calculated annually and hence no tax charge or credit is included in the income statement for the 36-week periods ended 28 December 2023 and 29 December 2022. A corporation tax of £3.0 million was paid in the 36-week period ended 28 December 2023 as compared with a payment of £4.2 million in the 36-week period ended 29 December 2022, with a further £1.3 million paid in respect of group relief.

Profit for the period attributable to equity shareholders

As a result of the factors described above, profit for the period attributable to equity shareholders decreased by £9.6 million in the 36-week period ended 28 December 2023 as compared to the 36-week period ended 29 December 2022.

Financial Year 2023 compared with Financial Year 2022

Revenue

Revenue increased by £90.4 million, or 18.0%, during the financial year ended 20 April 2023 to £593.8 million, compared to £503.4 million in the financial year ended 21 April 2022. This increase was primarily a result of increased occupancy following the lifting of COVID-19 capacity restrictions in the financial year ended 21 April 2022.

The number of units of accommodation as at 20 April 2023 was 4,333 as compared to 4,334 as at 21 April 2022.

Occupancy increased to 97.1% in the financial year ended 20 April 2023 from 80.5% during the financial year ended 21 April 2022, reaching levels comparable to those seen prior to the COVID-19 pandemic.

ADR decreased by 6.6% to £239.28 in the financial year ended 20 April 2023 compared to the financial year ended 21 April 2022, primarily due to one-off events such as capacity restrictions in the prior year when lower yielding accommodation was taken off sale. ADR remained strong in comparison to the years prior to COVID-19 restrictions. This decrease in ADR was offset by the higher occupancy resulting in RevPAL of £232.39 (2022: £206.23) in the financial year ended 20 April 2023.

Cost of Sales

Cost of sales increased to £161.4 million in the financial year ended 20 April 2023 from £128.4 million in the financial year ended 21 April 2022, primarily due to significantly higher occupancy as well as inflationary cost increases. As a percentage of revenue, cost of sales increased to 27.2% in the financial year ended 20 April 2023 from 25.5% in the financial year ended 21 April 2022.

Administrative expenses

Administrative expenses increased to £157.4 million in the financial year ended 20 April 2023 from £129.4 million in the financial year ended 21 April 2022, primarily due to increased occupancy rates, the increase in the national living wage and inflation.

EBITDA

As a result of the factors described above, EBITDA increased by £29.4 million, or 12.0%, in the financial year ended 20 April 2023 as compared to the financial year ended 21 April 2022.

Depreciation and amortisation

Depreciation and amortisation for the financial year ended 20 April 2023 was £64.0 million, an increase of £1.6 million compared to the financial year ended 21 April 2022. This increase was primarily due to ongoing capital expenditure.

Finance costs and income

Finance costs for the financial year ended 20 April 2023 was £114.2 million, an increase of £9.1 million compared to the financial year ended 21 April 2022. Finance income for the financial year ended 20 April 2023 was £1.6 million, an increase of £1.4 million compared to the financial year ended 21 April 2022.

Taxation

Taxation changed from a tax expense of £43.9 million in the financial year ended 21 April 2022 to a tax expense of £14.7 million in the financial year ended 20 April 2023. Corporation tax of £6.3 million was paid during the financial year ended 20 April 2023 compared with £4.9 million in the financial year ended 21 April 2022 and made payments for taxation group relief of £1.3 million in the financial year ended 20 April 2023 compared with £1.8 million in the financial year ended 21 April 2022.

Profit for the period attributable to equity shareholders

As a result of the factors described above, profit for the period attributable to equity shareholders increased by £50.1 million, or 224.7%, in the financial year ended 20 April 2023 as compared to the financial year ended 21 April 2022.

Financial Year 2022 compared with Financial Year 2021

Revenue

Center Parcs revenue for the financial year ended 21 April 2022 increased by £381.2 million to £503.4 million reflecting the lifting of restrictions and closures implemented as a result of the COVID-19 pandemic in the financial year 2021. Center Parcs experienced broadly consistent underlying revenue growth at all five villages.

Center Parcs' occupancy recovered to 80.5% in the financial year ended 21 April 2022 from 22.4% in the financial year ended 22 April 2021, while continuing to reflect self-imposed capacity restrictions. The number of units of accommodation was 4,334 as at 21 April 2022. ADR increased to £256.09 in the financial year ended 21 April 2022, an increase of 7.3% from £238.70 in the financial year ended 22 April 2021. The ADR growth and high occupancy levels drove an increase in RevPAL to £206.23 in financial year 2022 from £53.45 in the financial year ended 22 April 2021.

Cost of sales

Cost of sales increased to £128.4 million in the financial year ended 21 April 2022 from £48.9 million in the financial year ended 22 April 2021, reflecting the higher revenues and periods of occupancy.

Administrative expenses

Administrative expenses increased to £129.4 million in the financial year ended 21 April 2022 from £85.2 million in the financial year ended 22 April 2021, primarily due to increased occupancy following COVID-19 closures.

EBITDA

As a result of the factors described above, EBITDA for the financial year ended 21 April 2022 increased by £257.5 million in comparison to the prior year.

Depreciation and amortisation

Depreciation and amortisation for the financial year ended 21 April 2022 was £62.4 million, a decrease of £0.1 million compared to depreciation and amortisation for the financial year ended 22 April 2021.

Finance costs and income

Following the issue of £255.0 million of Class B6 Notes and the repayment of £250.0 million of Class B3 Notes in May 2021, annual interest payable on the Group's secured debt in the financial year ended at 21 April 2022 was £98.0 million.

Finance costs in the financial year ended 21 April 2022 were £105.1 million, compared to £108 million in the financial year ended 22 April 2021. Finance costs principally represent interest payable on the Group's secured debt and the amortisation of associated deferred issue costs.

Finance income in the financial year ended 21 April 2022 was £0.2 million, compared to £0.1 million in the financial year ended in 22 April 2021. Finance income represents bank interest receivable.

Taxation

Corporation tax paid and payments for group relief totalled £6.7 million during the financial year ended 21 April 2022 compared with £6.9 million in the financial year ended 22 April 2021.

Profit for the period attributable to equity shareholders

As a result of the factors described above, profit for the period attributable to equity shareholders increased by £150.1 million in the financial year ended 21 April 2022 as compared to the financial year ended 22 April 2021.

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 2023, Center Parcs had cash and cash equivalents of £59.0 million (£153.0 million as at 21 April 2022) and working capital of £6.8 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).

As occupancy rates have returned to pre-COVID-19 levels, operating expenses and capital expenditures have increased as well. These have been offset through increases in cash from operating activities and financing.

Center Parcs further augmented its liquidity position through an interest-free working capital facility of £70 million in the financial year ended 22 April 2021, which was fully repaid in the following financial year. Cash and cash equivalents as at 21 March 2024 was £45.9 million.

Center Parcs may, 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 2023 was as follows:

	Less than one year	Two to five years	Greater than five years	Premium and Deferred issue costs	Total
			£m		
Secured debt	440.0	1,419.0	703.5	(11.3)	2,551.2
Total	**440.0**	**1,419.0**	**703.5**	**(11.3)**	**2,551.2**

Cash flows

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

	52 weeks ended 22 April 2021	52 weeks ended 21 April 2022	52 weeks ended 20 April 2023	36 weeks ended 29 December 2022	36 weeks ended 28 December 2023
			£m		
Net cash from operating activities	33.9	276.6	273.4	160.2	150.9
Net cash used in investing activities	(39.0)	(46.1)	(63.5)	(42.3)	(54.7)
Net cash from/used in financing activities	62.7	(171.5)	151.9	(175.2)	(579.1)
Net increase/(decrease) in cash and cash equivalents[(1)]	**57.6**	**59.0**	**361.8**	**(57.3)**	**(482.9)**
Cash and cash equivalents at the beginning of the period[(1)]	36.4	94.0	153.0	153.0	514.8
Cash and cash equivalents at the end of the period[(1)]	**94.0**	**153.0**	**514.8**	**95.7**	**31.9**

(1) Including restricted cash

Net cash from operating activities was £150.9 million and £160.2 million in the 36-week period ended 28 December 2023 and the 36-week period ended 29 December 2022, respectively. The primary reason for the decrease of

£9.3 million, or 5.8%, in cash flows from operating activities for the 36-week period ended 28 December 2023 as compared with the 36-week period ended 29 December 2022 was primarily due to one-off payments in respect of prior years.

Net cash from operating activities was £33.9 million, £276.6 million and £273.4 million in financial years 2021, 2022 and 2023, respectively. The primary reason for the increase of £242.7 million in cash flows from operating activities for financial year 2022 as compared with financial year 2021 was the lifting of restrictions and the reopening of villages following the COVID-19 pandemic, which drove increased revenue. The primary reason for the decrease in net cash from operating activities of £3.2 million, or 1.2%, for financial year 2023 as compared with financial year 2022 was due to cash flows in financial year 2022 following the reopening of villages after COVID-19 and forward bookings being re-established.

Net cash used in investing activities was £54.7 million and £42.3 million in the 36-week period ended 28 December 2023 and the 36-week period ended 29 December 2022, respectively. Net cash used in investing activities was £39.0 million, £46.1 million and £63.5 million in financial year 2021, 2022 and 2023, respectively. Net cash used in investing activities in all financial years predominantly relates to the purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities was £579.1 million and £175.2 million in the 36-week period ended 28 December 2023 and the 36-week period ended 29 December 2022, respectively. Net cash used in financing activities in the 36-week period ended 28 December 2023 predominantly related to the payment of interest, dividends and loan note repayments. Net cash used in financing activities in the 36-week period ended 29 December 2022 predominantly related to the payment of interest and dividends.

Net cash from/(used) in financing activities was £62.7 million, £(171.5) million and £151.9 million in financial year 2021, 2022 and 2023, respectively. Net cash from/(used) in financing activities in financial year 2021 predominantly related to the payment of interest and dividends, off-set by the net proceeds of a refinancing of Center Parcs' secured debt and equity contributions. Net cash used in financing activities in financial year 2022 predominantly related to the payment of interest and dividends, partially off-set by the net proceeds of a refinancing of Center Parcs' secured debt. Net cash from financing activities in financial year 2023 predominantly related to the payment of interest and dividends, off-set by the refinancing of Center Parcs' secured debt.

Capital expenditure

The following table shows Center Parcs' capital expenditure breakdown for the financial years 2011 to 2023:

	2011	**2012**	**2013**	**2014**	**2015[(1)]**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
							£m						
Investment capital expenditure..............	28	28	22	18	19	40	70	59	39	28	12	26	27
Maintenance capital expenditure...........	17	18	18	21	24	23	25	26	27	28	26	22	43
Total	**45**	**46**	**40**	**39**	**43**	**63**	**95**	**85**	**66**	**56**	**38**	**48**	**70**

(1) Excluding any Woburn initial construction costs.

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 and an average of £6.0 million per annum over a four-year period on investment capital expenditure. During the 36-week period ended 28 December 2023, total capital expenditure was £49.5 million, of which £27.7 million was spent on maintenance capital expenditure and £21.8 million on investment capital expenditure, as compared to total capital expenditure of £38.9 million during the 36-week period ended 29 December 2022, of which £23.4 million was spent on maintenance capital expenditure and £21.8 million on investment capital expenditure. Total capital expenditure was £38.0 million, £56.4 million and £70.1 million for financial years 2021, 2022 and 2023, respectively. Center Parcs spent £43.0 million on maintenance capital expenditure and £27.1 million on investment capital expenditure in financial year 2023, of which investment capital expenditure of £12.8 million related to accommodation upgrades, £4.4 million related to pool complex upgrades and £9.9 million related to other investment projects such as food and beverage, retail and leisure activity offerings. Center Parcs spent £26.4 million on maintenance capital expenditure and £21.6 million on investment capital expenditure in financial year 2022, of which investment capital expenditure of £13.3 million related to accommodation upgrades, £3.4 million related to pool complex upgrades and £4.9 million related to other investment projects such as food and beverage, retail and leisure activity offerings. 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. Center Parcs continued its upgrade programme and 3,244 units of accommodation were upgraded as at 28 December 2023, driving continued growth in ADR.

Working capital

Center Parcs has historically had negative working capital requirements largely arising from the payment by guests for their short breaks in advance of arrival. The closures resulting from the COVID-19 pandemic saw a large proportion of these advance payments refunded to guests, causing a working capital outflow. Following the re-opening of Center Parcs' villages, working capital requirements returned to their pre-COVID-19 levels.

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, VAT and payroll taxes due and other current liabilities.

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. With the enforced closures of the villages and uncertainty arising from the COVID-19 pandemic, this key booking period was adversely affected in 2021. However, booking activity has since returned to normal levels.

Depending upon its rate of growth and profitability, including as a result of travel and operating restrictions, 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

As at 20 April 2023, Center Parcs had capital expenditure contracted for but not provided of £17.6 million. The related projects have since been completed or are currently ongoing. Center Parcs has no other material contractual commitments with the exception of the headleases on the Longleat and Woburn properties. The Group has no material contingent liabilities or assets at 20 April 2023.

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 expenditure. Center Parcs regularly reviews its product offering and engages with guests to ensure it provides value for money to meet guest needs.

Brexit

On 31 January 2020, the United Kingdom formally left the European Union and entered the Brexit Transition Period, which expired on 31 December 2020. On 31 December 2020, the UK implemented the EU—UK Trade and Cooperation Agreement on future relations between the EU and the UK, which entered into force provisionally on 1 January 2021. There remains significant uncertainty as to how the Brexit will affect relations between the UK and the EU, including the legal rights and obligations for businesses in certain services industries not covered by the EU—UK Trade and Cooperation Agreement. Thus far, the formal exit has not had a material impact on the business of Center Parcs. However, Center Parcs will continue to monitor political and economic developments and has plans in place for all eventualities.

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 central facilities (including retail and restaurants), coupled with the innovation amongst the leisure activities and the responsiveness to guest surveys.

Seasonality and weather

Demand for short breaks is influenced by the main holiday periods at Easter, the summer 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. This risk is minimal because guests tend not to book on impulse and the vast majority of breaks and activities are booked in advance. Additionally, Center Parcs maintains diversity between its indoor and outdoor activities to mitigate this risk.

Financial risks

The Directors and senior managers regularly review the financial requirements of Center Parcs 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

As at 20 April 2023 and 21 April 2022, the Group had fixed rate loan notes as its only external funding source.

Liquidity risk

As at 20 April 2023, the Group held sufficient levels of cash and committed funding to enable it to meet its medium-term working capital, lease liability and funding obligations. Rolling forecasts of the Group's liquidity requirements are prepared and monitored, and surplus cash is invested in interest bearing accounts.

Currency risk

The Group is exposed to limited currency risk through foreign currency transactions. The Group does not operate a hedging facility to manage currency risk as this risk is considered to be insignificant.

Credit risk

The Group borrows from well-established institutions with high credit ratings. The Group's cash balances are held on deposit with a number of UK banking institutions.

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.

Accounting policies

The following accounting policies are considered to be pertinent to this review of Center Parcs’ operating and financial results. See Note 1 to the 2023 Audited Financial Statements, included elsewhere in this Supplemental Bondholder Report.

Revenue recognition

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. The performance obligation for non-rental income, and hence the basis for revenue recognition, is 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 ‘deferred income’ within Trade and other payables until the holiday commences. As such no revenue was recognised during the period the villages were closed as a result of the COVID-19 pandemic.

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.

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 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. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Critical accounting policies

Discount rate used to determine the value of Center Parcs’ defined benefit pension scheme obligation

Center Parcs’ defined benefit pension scheme obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived.

Useful economic lives and residual values of property, plant and equipment and other intangible assets

Center Parcs reviews the estimated useful lives of property, plant and equipment and other intangible assets at the end of each reporting period. During the 52-week period ended 23 April 2020, management has concluded that no revision is required to either useful economic lives or residual values of these assets, and that residual values exceed carrying values.

Impairment test for goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires Center Parcs to estimate future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

INDUSTRY

The information presented below is based on management estimates and information and third-party sources. Center Parcs makes any representation or warranty as to the accuracy or completeness of the industry and market data set forth in this Supplemental Bondholder Report, and Center Parcs has independently verified this information and therefore cannot guarantee its accuracy. There can be no assurance any such forward-looking statements would not have been materially different if they had been made as of the date of this Supplemental Bondholder Report. See "Forward Looking Statements."

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 holiday 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.

As reported by Mintel, 39% of UK adults plan to take a holiday in the first three months of 2024, while in the same period last year only 29% of adults were planning to do so. In addition, holiday preferences have remained similar to previous years, with city breaks, family holiday and summer beach/countryside-based holidays, such as those offered by Center Parcs, prevailing among preferred holiday types.

Decreasing Inflationary Pressures

In the last twelve months, inflation has decreased from 9.6% in January 2023 to 3.8% as of March 2024. Despite interest rate hikes weighing on households due to mortgage and interest payments, as real incomes grow alongside falling inflation, this has led to a regained confidence of UK households, evidenced by an increase in the GfK Consumer Confidence Index from -45 in January 2023 to -24 in November 2023.

According to Mintel, booking levels in 2023 have increased in line with consumer confidence despite the inflationary pressures, which have recently been declining. Consumers have remained relatively inelastic to rising prices, hesitant to change or cancel holiday plans despite inflation. Pent-up demand for travel as a result of the COVID-19 pandemic, built-up lockdown savings and consumers' desire to take once in a lifetime holidays have contributed to positive booking figures, with 31% of people in the UK having booked a holiday in the period from October to December 2023.

According to Mintel, while the value, i.e. the total spending on holidays, of UK domestic holidays, is estimated to have fallen by 2% in 2023 as compared to 2022, it is still well above pre-COVID levels (17% higher than domestic holidays value in 2019). Similarly, the volume, i.e. the total number of booked holidays, of UK domestic holidays is estimated to have fallen by 5% in 2023 versus previous year, likely due to the higher inflation rates in the beginning of 2023. Indeed, following a fall in trips at the beginning of the year, volumes improved throughout 2023, highlighting a continued increase in domestic holidays as inflation falls.

According to VisitBritain's Domestic Sentiment Tracker, in March 2024, 76% of respondents intend to take an overnight domestic trip at least once over the next 12 months, while 57% intend to take an overseas trip. These levels are above those anticipated in January 2023 when these figures were 70% and 52% respectively. In addition, the number of respondents saying that they plan to cut the number of overnight trips, has remained stable compared to one year ago, decreasing by 1% to 28%.

Outlook and Impact of COVID-19

While COVID-19 had a significant impact on holiday figures, particularly for overseas trips, the figures are now recovering. According to Mintel estimates, the total volume of British domestic holidays for 2024 is expected to be 41.7 million trips, while overseas holidays is estimated to be 56.7 million trips for 2024. The recovery post COVID-19 is expected to continue, with Mintel forecasting domestic holiday volumes to be 45.9 million trips in 2028 (a 12% increase from 2023 estimates) and 2028 overseas holidays to be 62.9 million trips.

UK Holiday Centre Market Trends

The longer-term 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 ("**ABC1**") 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-skilled and unskilled manual workers
E	. . . . .	Unemployed

With high standards and expectations for their holidays, the ABC1 SEGs form the core target customer base for Center Parcs. According to the latest available data from Mintel, the ABC1 segment as a whole represented 55% of the UK population making it the largest segment of the UK population.

Adult Population by Socio-Economic Group

	As Percentage of population (%)
AB	26.0
C1	29.0
ABC1 subtotal	**55.0**
C2	21.0
DE	24.0
Total	**100.0**

Source: UK Holiday Review Market Report 2023 (January 2023)

Changes in Demographics

According to the ONS, growth in demand for holiday centres in the UK is expected to be positively affected by demographic changes, including the rise in the number of families with young children in particular. Based on data released in January 2024, the number of children aged 10-14 in the UK is forecast to remain relatively stable in the 2020-25 period, while the number of 15-19-year olds is forecast to increase by 7.9% over the same period.

Moreover, the ONS forecasts the number of adults aged 35-44 years to grow, increasing from 9.0 million in 2020 to 9.6 million in 2025 (an increase of approximately 6.6%). This growth is expected to benefit the UK holiday centre market as it increases the number of prime target guests, namely families with children, for holiday centres over the short to medium term.

Mintel believes the government's existing railcard discount scheme for 16 to 25-year-olds (offering a 33% discount on train fares) which was extended to those aged between 26 and 30 in the spring of 2018, should incentivise 26 to 30-year-olds to visit more UK destinations for breaks.

Trends in the Age Structure of the UK Population, 2020-2030

	2020		**2025(1)**		**2030(1)**		**% change 2020-25(1)**	**% change 2020-30(1)**
	'000	*%*	*'000*	*%*	*'000*	*%*		
0-4.............	3,782	5.6	3,374	5.0	3,229	4.8	(10.8)	(14.6)
5-9.............	4,147	6.2	3,679	5.5	3,372	5.0	(11.3)	(18.7)
10-14..........	4,045	6.0	3,979	5.9	3,678	5.5	(1.6)	(9.1)
15-19..........	3,684	5.5	3,976	5.9	3,977	5.9	7.9	8.0
20-24..........	4,133	6.2	3,803	5.7	3,972	5.9	(8.0)	(3.9)
25-34..........	8,999	13.4	8,553	12.7	7,881	11.8	(5.0)	(12.4)
35-44..........	8,496	12.7	9,056	13.5	9,040	13.5	6.6	6.4
45-54..........	8,920	13.3	8,406	12.5	8,453	12.6	(5.8)	(5.2)
55-64..........	8,367	12.5	8,945	13.3	8,660	12.9	6.9	3.5
65+	12,509	18.6	13,382	19.9	14,787	22.1	7.0	18.2
Total	**67,081**	**100.0**	**67,154**	**100.0**	**67,048**	**100.0**	**0.1**	**(0.0)**

Source: Office for National Statistics UK

(1) Projected. Based on 2021 National Population Projections, released in January 2024

Multiple Holiday Taking and Trend Towards Shorter Breaks

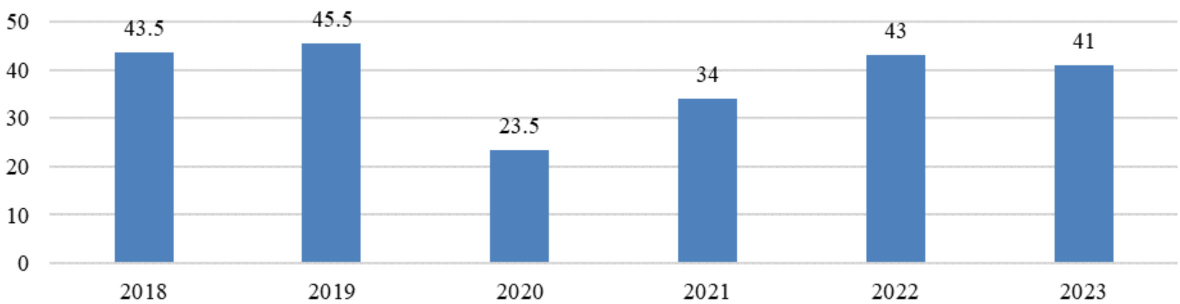
Prior to COVID-19, the trend towards shorter breaks remained steady with the UK short break market (1-3 nights) outperforming the UK domestic market as a whole. According to the Great Britain Tourism Survey ("**GBTS**"), short breaks comprising between one to three nights accounted for almost two-thirds of the total UK domestic tourism market over 2015 to 2018, and the volume of breaks of up to 7 days increased by 1.4% over the same period. In 2019, 67% of domestic breaks in Great Britain were for a period of 1-3 nights, an increase of 8.2% from 2018, with a further 29% being for 4-7 nights, as reported by the GBTS. In the third quarter of 2023, according to the GBTS, 33% of domestic trips were spent visiting friends and families and in 2023 (January to September), domestic breaks in Great Britain were for an average period of 3.0 nights.

Domestic Holiday Behaviour

According to Mintel, over half of domestic holiday makers say they are likely to choose staycations above holidays abroad for climate-related reasons. Traditional domestic products like the British seaside holiday could become more popular, as well as the possibility of new markets emerging. One in five UK holiday markets are "Deep Green Domestics", which prioritise environmentally-friendly factors when booking a holiday.

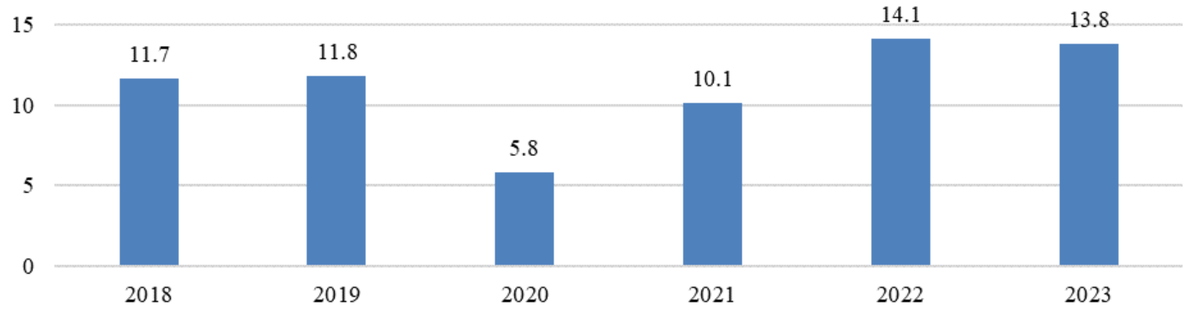
According to Mintel estimates, the volume of domestic holidays taken by British residents is expected to have rebounded by 74.5% to 41.0 million in 2023 from 23.5 million in 2020 and is approximately near pre-Covid levels.

UK: Volume of Domestic Holidays Taken By British Residents (in million), 2018-23



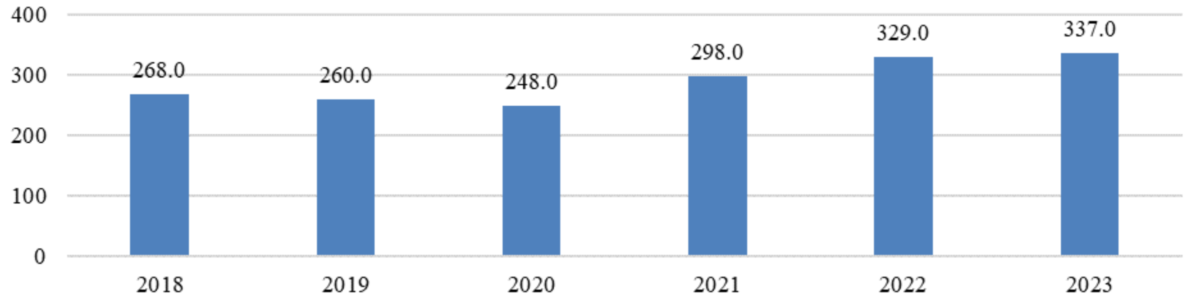
Over the same period, domestic holiday expenditure is expected to have rebounded by 136.8% over the same period to £13.8 billion. Mintel's research indicates that 65% of the UK adult population took a domestic holiday in the twelve months before October 2022, versus 37% who took a holiday overseas in the same period. Despite a significant increase in average cost of a domestic holiday, people remain keen to explore new parts of the UK, with many opting to stay in rental accommodation that has become more popular since the pandemic.

UK: Value of Domestic Holidays Taken By British Residents (in £ billion), 2018-23



Average spend per domestic holiday increased for the third year in a row during 2023, and was 30% higher in 2023 than in 2019. This is higher than the rate of CPI inflation over this period (22%). Pandemic restrictions on overseas travel, as well as rising energy costs contributing to price increases, helped to draw in more higher-spending affluent consumers to domestic tourism, during the period.

UK: Average spending on UK holidays (in £), 2018-23



Source: Mintel (from Holiday Review – UK – 2024)

According to Mintel a "digital detox" trend is accelerating, where city dwellers seek to escape their smartphones and computers. Thus, there is a growing need for holiday brands to encourage those in the 16 to 34-year-old age bracket to disconnect and de-stress. Increased screen time as a result of COVID-19 emphasised the value of breaking free of the virtual world, and therefore, Mintel suggests rural escapes that involve digital detox activities and breaks are likely to appeal to more consumers than prior to COVID-19. Despite the strong rebound since the pandemic, inflationary pressures and delayed rate cut expectations have elevated cost-of-living pressures and have resulted in contradictory impacts on domestic tourism, with many consumers reducing the frequency of travel and volume of holiday spend. Nonetheless, the UK domestic holiday market has a growing appeal to higher spending consumers, highlighting strong demand potential for premium holiday cottages, wellness and luxury breaks.

Market Segmentation and Product Offering

The 'COVID-19 staycation' trend from 2020-21 has helped to reinforce the attraction of the UK domestic market to younger families, many of whom are likely to have switched from overseas package holidays during this period. According to Mintel, 59% of domestic holidays markets with children under 12 have taken more staycations than trips abroad since COVID-19, while 53% of this family group has discovered a new UK destination as a result of the pandemic. Two thirds of this group also prefer destinations less than 3 hours distance from home. Reducing travel costs by holidaying nearer home is likely to continue to be popular as cost-of-living pressures remain in the UK.

Leading overseas holiday brands are investing heavily in their own bespoke family resort brands. In the domestic UK market, leading holiday centre brands such as Center Parcs, Butlins and Haven offer a similar experience. 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 Aqua Sana spa), underpins the attractiveness of the Center Parcs' concept for ABC1 guests.

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 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.

Leading Holiday Centre and Holiday Park Operators in the UK

Operator	Product Offering	Revenue (£m)	Overview
Traditional Holiday Centres			
Butlins	3 resorts	290.5	• Lower budget holidays (less affluent SEG) • Narrower range of leisure activities
Warner	16 hotels	180.1	• Coastal resorts (chalet accommodation) • Adult-only offering • Wide range of leisure activities
Holiday Parks			
Parkdean Resorts	66 holiday parks	534.4	• Family-oriented holiday parks in coastal, countryside and woodlands locations • Limited entertainment offering • Low budget holidays for families
Forest Villages			
Center Parcs	6 forest villages (5 in the UK and 1 in the Republic of Ireland)	593.8	• 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	13 locations	55.8	• 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, Companies House.
(1) Financials as of: Butlins (December 2022), Warner (December 2022), Parkdean Resorts (December 2022), Center Parcs (April 2023) and Forest Holidays (March 2022).

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 numbers 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 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 2.1 million guests in the financial year ended 20 April 2023. Center Parcs operates five specially constructed holiday villages in the UK: Sherwood Forest in Nottinghamshire, Longleat Forest in Wiltshire, Elveden Forest in Suffolk, Whinfell Forest in Cumbria (the “Original Villages”) and Woburn Forest in Bedfordshire. Each village is set in a forest environment amongst approximately 400 acres of forest around a lake and is typically open 365 days per year.

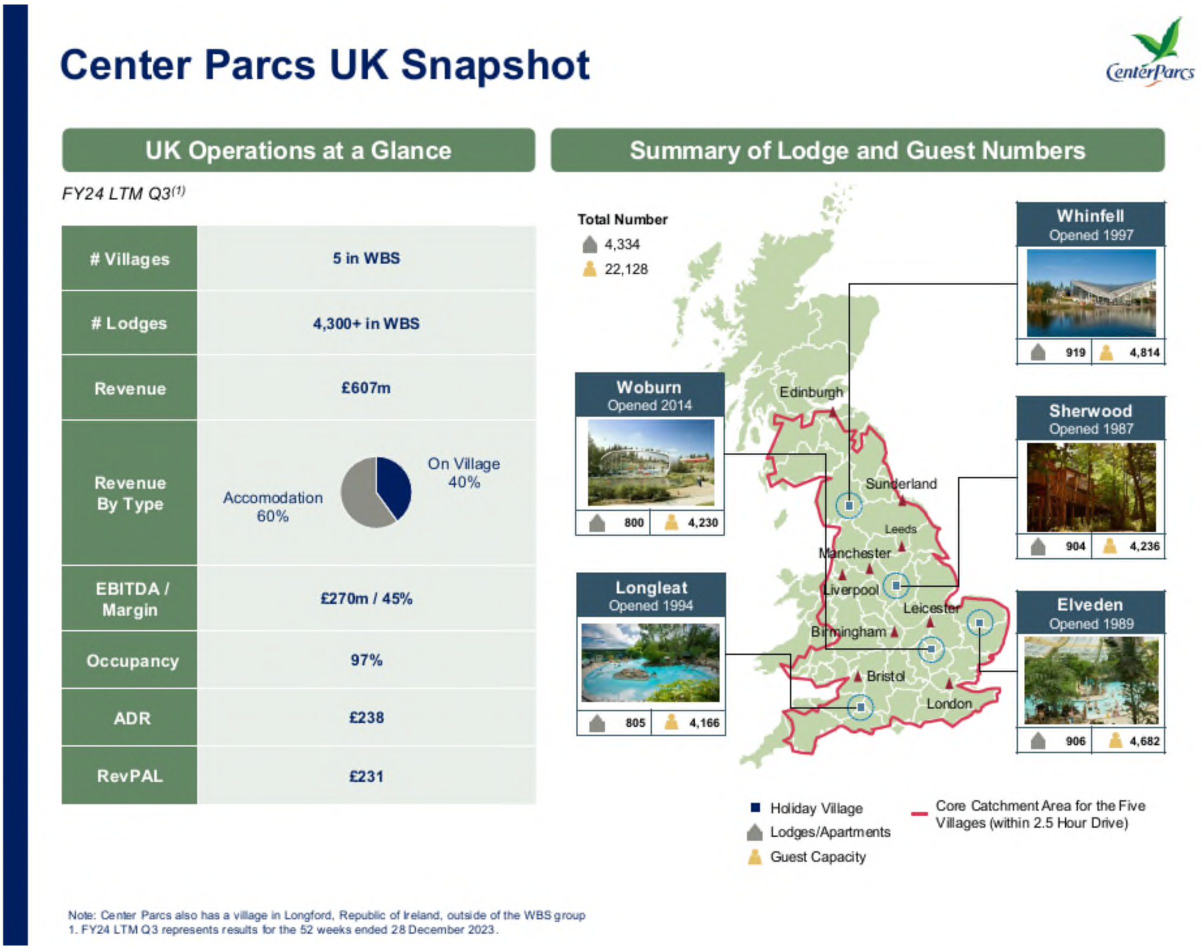
Woodland, water and a natural environment make up the essential elements of a Center Parcs break. Within this comfortable, quiet, car-free and family-friendly setting, each of the Center Parcs villages provides guests with high-quality accommodation and more than 150 leisure and spa activities. In total, as of 28 December 2023, there were 4,334 units of accommodation across its five villages, which could accommodate approximately 22,946 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 38.3% of total revenue in the financial year ended 20 April 2023 and 39.4% in the 36-week period ended 28 December 2023.

Center Parcs has a well-established brand in the UK, renowned for providing high-quality experiences and facilities, targeting a primary guest base of affluent families. Center Parcs benefits from strong guest loyalty with approximately 31.7% of guests returning within a 14-month period of their initial visit and approximately 54.1% of guests returning within a five-year period as of financial year 2023. Furthermore, in the financial year ended 20 April 2023, 95% of guests indicated an intention to return in the future. 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 while Center Parcs is well positioned to continue to grow its business.

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 short break holiday option. Occupancy levels at Center Parcs’ villages have recovered to their pre-COVID-19 levels. As a result of village closures and occupancy restrictions in response to the COVID-19 pandemic, occupancy levels fell to 22.4% in financial year 2021. Occupancy levels rose to 80.5% in financial year 2022, with self-imposed capacity restrictions in place, and further to 97.1% in the financial year 2023, broadly in line with pre-COVID-19 occupancy rates. In the 36-week period ended 28 December 2023 occupancy levels were 97.1% (97.3% for the 36-week period ended 29 December 2022). Occupancy levels have averaged approximately 97.0% in the last 15 years and approximately 97.4% in the last eight years, in each case excluding financial years 2020, 2021 and 2022 (which were impacted by COVID-19 closures and self-imposed capacity restrictions).

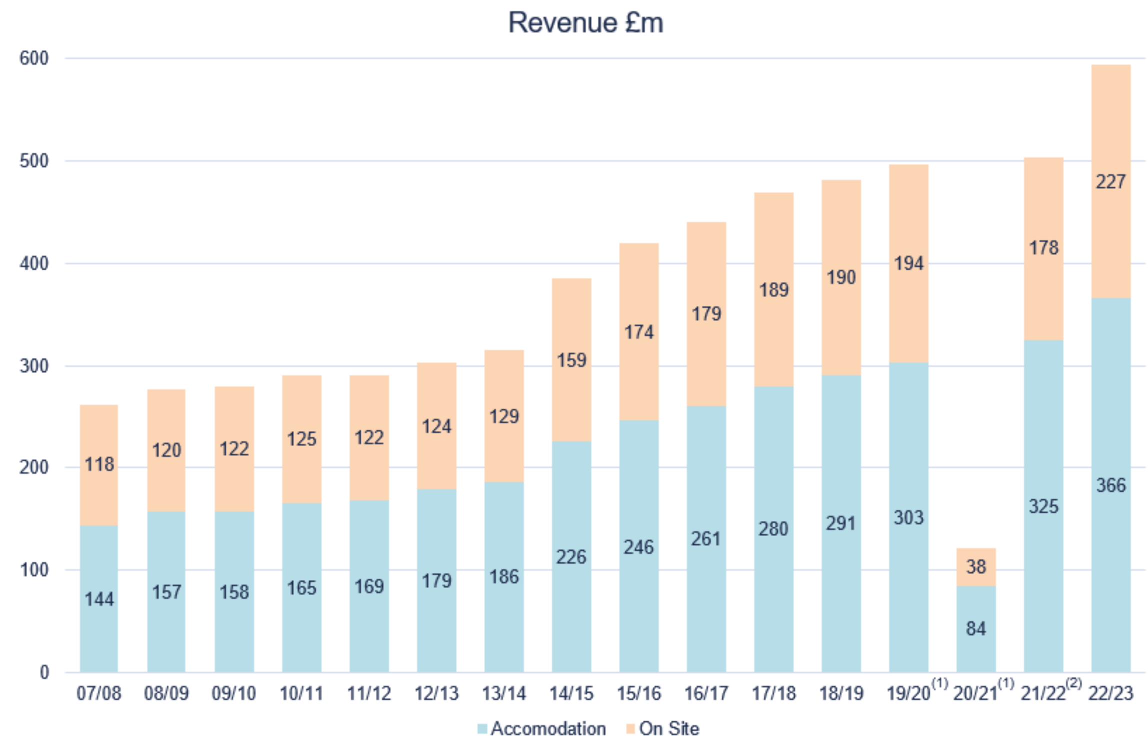
In each of the financial years 2021, 2022 and 2023, respectively, revenue and EBITDA have been broadly evenly split amongst Center Parcs’ villages, reflecting both the individual strength of each village and the diversity of Center Parcs’ asset base.

The map below shows the location of each of Center Parcs' villages in the UK as of 18 April 2024.



With the exception of the financial years impacted by the COVID-19 pandemic, revenue and EBITDA have consistently grown over the past fifteen years. Total revenue and EBITDA were £593.8 million and £275.0 million, respectively, for financial year 2023, which marks an increase compared to £503.4 million and £245.6 million, respectively, in financial year 2022. For the 36-week period ended 28 December 2023, Center Parcs had revenue of £439.3 million and EBITDA of £208.7 million, representing an EBITDA margin of 47.5%.

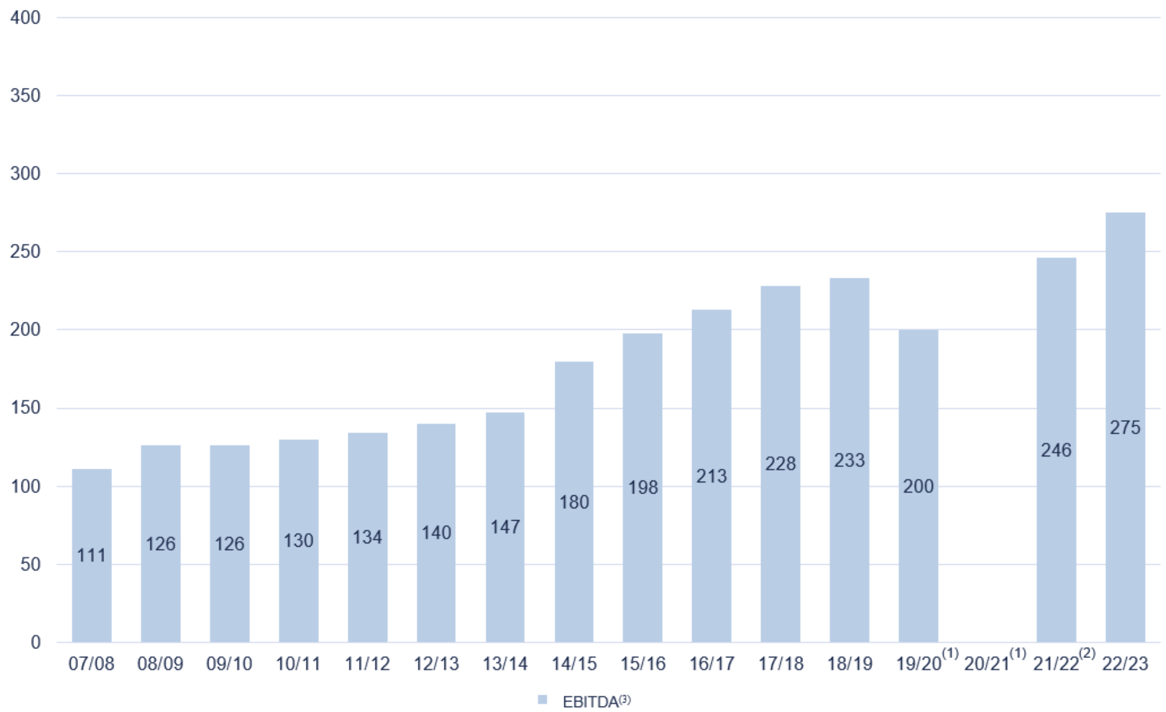
The following graph shows revenue for financial years 2008 to 2023.



(1) Revenue for financial years 2020 and 2021 were heavily impacted by the closure of all five UK holiday villages from 20 March 2020 to 13 July 2020, 5 November 2020 to 4 December 2020 and 21 December 2020 to 12 April 2021, during which Center Parcs recorded no revenues, as well as localised closures as a result of the tier restrictions in later periods.

(2) Primarily due to self-imposed restrictions, Center Parcs' villages operated at 80.5% capacity during financial year 2022 which affected revenues from accommodation and on-site sales.

The following graph shows EBITDA (or Adjusted EBITDA where applicable) for financial years 2008 to 2023.



(1) EBITDA for financial years 2020 and 2021 were heavily impacted by the closure of all five UK holiday villages from 20 March 2020 to 13 July 2020, 5 November 2020 to 4 December 2020 and 21 December 2020 to 12 April 2021, during which Center Parcs recorded no revenues, as well as localised closures as a result of the tier restrictions in later periods. EBITDA for financial year 2021 was a loss of £11.9 million.

(2) Due to self-imposed restrictions, Center Parcs' villages operated at 80.5% capacity during financial year 2022 which affected revenues from accommodation and on-site sales.

(3) Adjusted EBITDA (i.e., EBITDA adjusted to remove the effects of certain exceptional and non-underlying items that Center Parcs believes were not indicative of its underlying operating performance in the relevant period) is presented for certain historical periods, where applicable.

History of the Center Parcs Group

The concept of Center Parcs was developed by Piet Derksen in the late 1960s in the Netherlands which envisioned a new form of self-catering and high-comfort holiday village, complemented with heated bungalows, open fires, central heating, colour TVs and covered swimming pools. During the following two decades, Center Parcs commenced its operations in Belgium, France and Germany.

In 1987, the first Center Parcs village opened in the UK at Sherwood Forest and the second village followed at Elveden Forest in 1989. In 1994, Center Parcs further expanded in the UK by opening its third village, Longleat Forest, near Bath. In 2001, Center Parcs acquired the Oasis Holiday Village (now called Whinfell Forest) in the northwest of England from the Bourne Leisure Group, enhancing Center Parcs' geographic footprint in the UK. In 2001, Center Parcs' continental European operations were separated from the operations in the UK and, since then, they have operated under separate ownership. In 2014, Center Parcs opened its fifth village, Woburn Forest, in Bedfordshire.

Certain funds managed by affiliates of Blackstone, Inc. (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 Management Inc. (the "Brookfield Funds") acquired Center Parcs from the Blackstone Funds.

In July 2019, an indirect parent of Center Parcs (Holding 1) Limited opened a sixth village, Longford Forest, in County Longford, Republic of Ireland. Longford Forest is outside of the Obligor Group.

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 867 units of accommodation with capacity for approximately 4,589 guests Center Parcs believes that it is the only large-scale UK business offering this type of high-quality family-focused, year-round, all-weather, short-break package, in a forest environment. Center Parcs believes that it is well-positioned to benefit from demand for domestic travel, with its villages typically drawing on a regional population of guests who live within a relatively short driving distance. In a Mintel survey of approximately 1,000 people in November 2023, only 3% of respondents stated that they did not intend to take a domestic holiday or short break in the next twelve months.

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

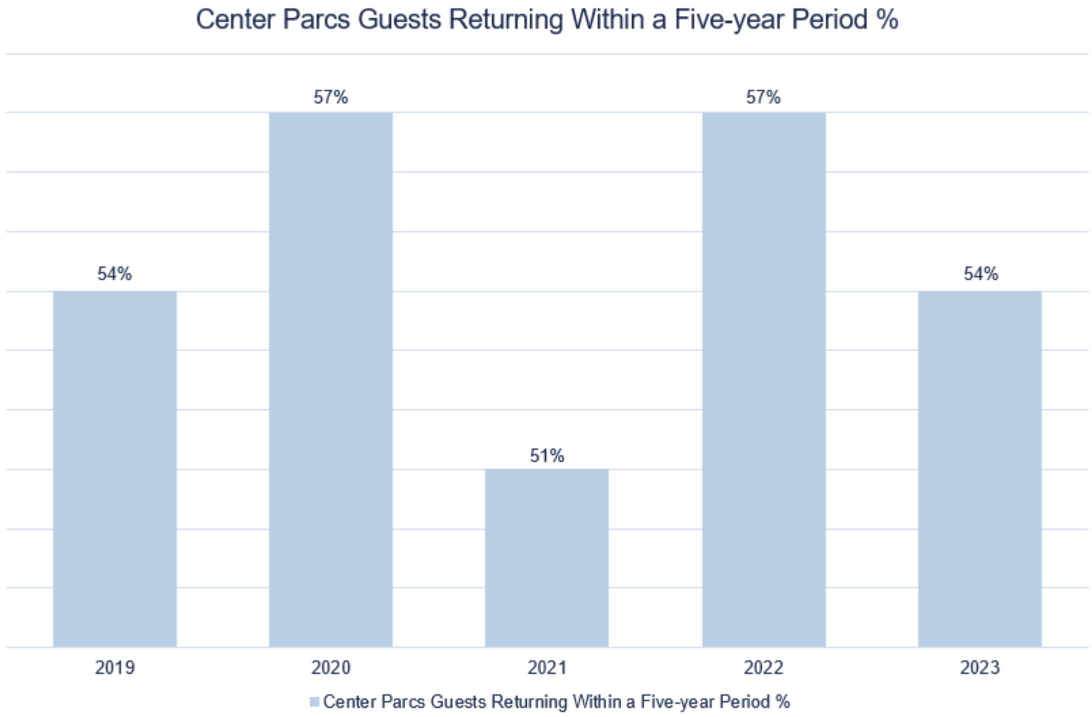
The Center Parcs villages are characterised by a number of qualities that Center Parcs believes make its business model difficult to replicate in the UK. These include:

- 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 a brand awareness of over 90% 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 2023. Approximately 31.7% of Center Parcs' guests return within a 14-month period of their initial visit and approximately 54.1% of guests return within a five-year period as of financial year 2023. Center Parcs maintains a guest database of approximately 323,000 active guests as of 9 April 2024 (i.e., those who had a Center Parcs break in the last 26 months or have an active booking and are contactable by email).

The following graph shows the percentage of Center Parcs guests returning within a five-year period for financial years 2019 to 2023:

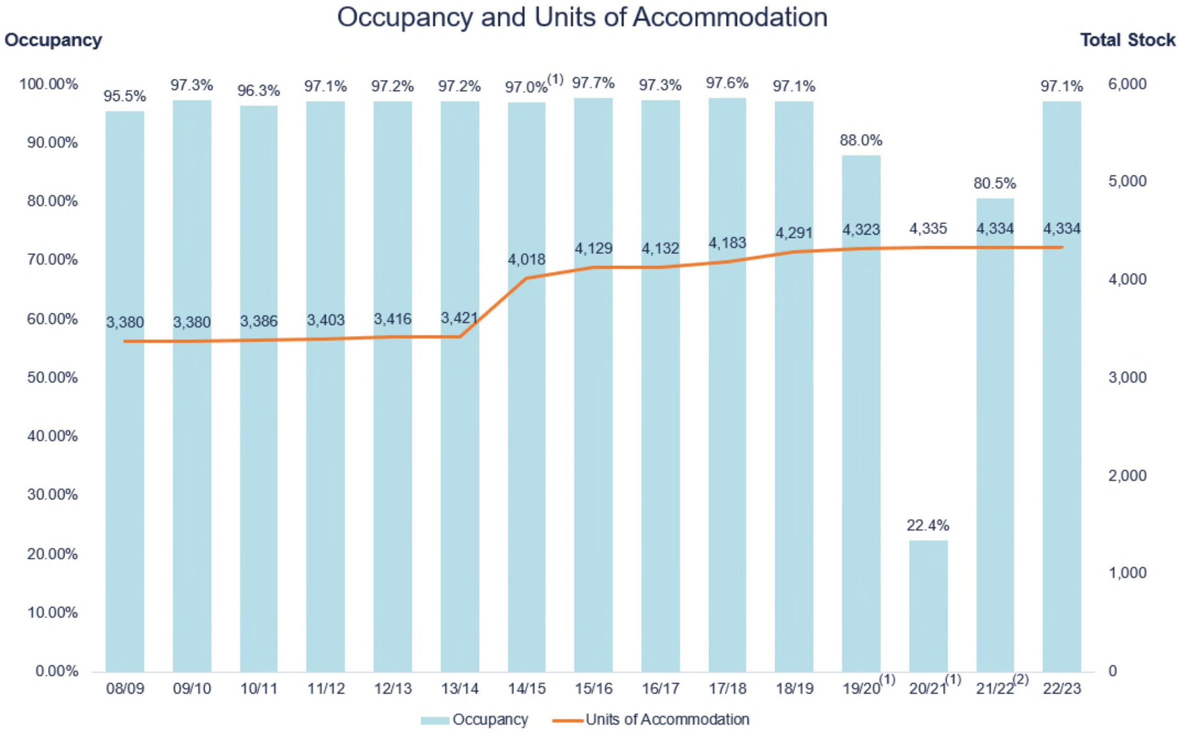


Center Parcs' guest profile has remained stable over time and consists of the highest earning categories of the UK population. According to management estimates, Center Parcs ranked significantly over index in a number of the Experian high end consumer classifications, with 58.9% of guests in financial year 2023 identified under the Experian Mosaic classification as "Domestic Success", "Prestige Positions" or "Aspiring Homemakers" 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 over 95.8% over the last 20 years, approximately 97.0% in the last 15 years and approximately 97.4% in the last eight years in each case excluding financial years 2020, 2021 and 2022 (which were impacted by COVID-19 closures and self-imposed capacity restrictions), with occupancy levels of 22.4%, 80.5%, and 97.1% in financial years 2021, 2022 and 2023, respectively. Occupancy at each of the villages has historically remained 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. Despite the impact of the COVID-19 pandemic on economic conditions as well as on guests' willingness to travel, demand for Center Parcs' villages remained resilient and exceeded expected operating capacity for some breaks.

The following graph shows Center Parcs' occupancy rates and average units of accommodation for financial years 2011 to 2023.



(1) Occupancy levels for financial year 2020 and 2021 were heavily impacted by the closure of all five holiday villages from 20 March 2020 to 13 July 2020, 5 November 2020 to 4 December 2020 and 21 December 2020 to 12 April 2021, during which Center Parcs was either receiving no guests or operating at significantly reduced capacity, as well as localised closures as a result of the tier restrictions in later periods. After the reopening of the villages on 21 April 2021, Center Parcs' villages operated with reduced capacity during financial years 2021 and 2022.

(2) Due to self-imposed restrictions, Center Parcs' villages operated at 80.5% capacity during financial year 2022 which affected revenues from accommodation and on-site sales.

High occupancy levels drive a significant proportion of revenue from guests' on-site spending, which represented 38.3% of Center Parcs' total revenue in the financial year ended 20 April 2023.

The growth of ADR and RevPAL, driven by yield management initiatives, demand and on-site investment, including in new types of accommodation and upgrades to existing accommodation, allows Center Parcs to remain profitable in an inflationary economic environment. ADR for the 36-week period ended 28 December 2023 was £251.01, compared with £252.14 for the 36-week period ended 29 December 2022. ADR for the financial year 2023 was £239.28, compared with £256.09 and £239.70 for financial years 2022 and 2021, respectively. RevPAL for the 36-week period ended 28 December 2023 was £243.83, compared with £245.41 for the 36-week period ended 29 December 2022. RevPAL for the financial year 2023 was £232.39, compared with £206.23. and £53.45 for financial years 2022 and 2021, respectively.

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

With the exception of the impact of the COVID-19 pandemic in financial years 2020 and 2021, Center Parcs experienced revenue growth each year over the previous ten years, with revenue growing at a CAGR of 6.9% from financial year 2013 to financial year 2023. In addition, Center Parcs' EBITDA (or Adjusted EBITDA, as applicable) has grown at a CAGR of 7.0% from financial year 2013 to financial year 2023. Center Parcs places a strong emphasis on advance prepaid bookings, which result in significant revenue visibility, with an average of 22 weeks' booking-to-arrival time in the 36-week period ended 28 December 2023. For financial year 2023, 46% of the available accommodation nights had been booked by the beginning of the financial year, 60% by the end of the first quarter, 73% halfway through the financial year, and 93% two months before the end of the financial year.

Under its standard terms and conditions, 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. As at 22 March 2024, bookings for financial year 2024 were 97% sold, in line with bookings for financial year 2023 as at the same point in March 2023. Bookings for financial year 2025 were 39% sold as at 22 March 2024, in-line with bookings for financial year 2024 as at the same point in March 2023. Historically, at the end of each financial year, approximately 40% of the bookings for Center Parcs' villages for the following financial year have been sold, excluding financial years 2020 and 2021, which were impacted by the COVID-19 pandemic.

Sustainable cash flow generation.

With the exception of the periods impacted by the COVID-19 pandemic, Center Parcs' EBITDA margins have been underpinned by high occupancy levels and consistent growth in ADR. 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 £26.7 million per financial year from financial year 2013 to financial year 2023, has enabled Center Parcs to be highly cash generative, with unlevered operating cash flow as a percentage of EBITDA of 73.9% in financial year 2023 (2019: 72.6%; 2020: 68.5%; 2022: 93.1%) (comparison to 2021 excluded as COVID-19 impacts led to negative EBITDA).

Well-invested, diversified and high-quality asset base.

Center Parcs owns all five of its UK villages on either freehold titles or long leasehold titles, and with remaining lease terms of between 50 years and 977 years, Center Parcs' asset base has a long life and is diversified and stable. In financial years 2021, 2022 and 2023, respectively, revenue and EBITDA have been 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 £635 million from financial year 2013 through financial year 2023. Of this investment, £283 million represents maintenance capital expenditures. The remainder represents investment capital expenditure, of which £154 million was invested to upgrade existing accommodation, £105 million was invested in on-site development, including new leisure activities, food and beverage offerings and facilities upgrades and £17 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.

In financial years 2022 and 2023, capital expenditure primarily related to a range of ongoing village refurbishments of accommodation, restaurants, retail outlets, spas and other offerings and facilities. Center Parcs has added 300 new units of accommodation since 2015 and, on average since 2018, refurbishes 300 to 400 units of accommodation per year.

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. 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. All bookings are made directly with Center Parcs, with approximately 92% of accommodation bookings made online in financial year 2023. Together with its strong emphasis on advance bookings (average 22 weeks' booking-to-arrival time period in financial year 2023), this provides Center Parcs with significant operational information, allowing it to respond quickly to customer trends in order to optimise its pricing. Center Parcs will continue to operate a flexible pricing model 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' guest database of approximately 323,000 active guests (i.e., those who had a Center Parcs break in the last 26 months or have an active booking and are contactable by email) 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 both existing customers and targeted acquisition of new affluent families.

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 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 cycle of refurbishment for such accommodation which is important to maintain quality and generate repeat business, with approximately 300 to 400 units of accommodation refurbished annually.

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 has planning permission to build a further 85 units of accommodation. The new units of accommodation are expected to include waterside lodges, apartments and other executive lodges.

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 approximately £46 million between 2012 and 2023 on implementing Project Atlantis. Improvements included the addition of a new raft ride, the Tropical Cyclone at Whinfell Forest, and a new play area featuring numerous slides and water features at Elveden Forest, Longleat Forest and Sherwood Forest. Center Parcs has also invested approximately £6.5 million in the refurbishment and expansion of the Aqua Sana spa facility at Longleat Forest and has recently finished a planned refurbishment of the Aqua Sana spa facility at Elveden Forest at an estimated investment of £8.6 million. The Aqua Sana spa at Elveden reopened in the second quarter of 2024.

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 zip wires, 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 unique offering helps to drive both accommodation and on-site revenue.

During the closure of Center Parcs' villages as a result of the COVID-19 pandemic, Center Parcs reduced capital expenditure by ceasing and rephasing non-essential capital projects as closures were announced. See "—*Strategy—Continue to increase profitability through controlling costs*".

Grow on-site spend.

As Center Parcs' guests typically remain on-site for the duration of their stay, Center Parcs believes that there are opportunities to further 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 seasons, days of the week and times of day to more accurately reflect guest demand.

Center Parcs has franchise, licensing and concession agreements with various providers. 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.

While on-site spend as a proportion of total revenue decreased to 35.4% in financial year 2022 due to COVID-19 restrictions in the beginning of the period, after the lifting of COVID-19 related restrictions in the UK in 2022, on-site spend recovered to 38.3% of Center Parcs' total revenue from on-site spend in the financial year 2023.

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 typically able to manage its cost base effectively to meet its business requirements. For example, in light of the current rising cost of living environment in the UK, Center Parcs believes it is equipped to reduce operating hours and optimise staff schedules across its food and beverage offerings and leisure activities to reduce variable costs when forward booking information indicates a reduced number of guests or decreases in on-site spending.

Center Parcs also hedges a large portion of its short-term energy requirements, reducing the effect of energy market volatility on its operational costs. 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.

During the closure of Center Parcs' villages, Center Parcs ensured stringent cost controls and implemented strict cash management procedures to reduce capital expenditure and conserve liquidity, including the rephasing of capital investment projects and cessation of non-essential operating activities as closures were announced. Center Parcs estimates that approximately 37.2% of its total capital expenditure for financial year 2021 was rephased. In addition, Center Parcs also participated in a number of UK government support measures for businesses to reduce the impact of the closures on its liquidity.

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 96% of holidays booked in financial year 2023, with the exception of spa breaks, spa suites and corporate bookings, were 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 69%, 65%, and 62% of its total revenue from accommodation in financial years 2021, 2022 and 2023, respectively. For the 36-week period ended 29 December 2022 and the 36-week period ended 28 December 2023, Center Parcs generated 63% and 61% of its revenue from accommodation, respectively. Excluding financial years 2020, 2021 and 2022, which were impacted by the COVID-19 pandemic beginning in March 2020, Center Parcs' occupancy rates have averaged approximately 96.7% in the last 15 years.

Each village offers more than 150 leisure and spa related activities, along with on average 15 bars and restaurants and 5 shops. Center Parcs generated 31.0%, 35.4% and 38.3% of its total revenue from on-site spend in financial years 2021, 2022 and 2023, respectively.

Accommodation

Accommodation is a critical part of the overall guest experience at Center Parcs and the key financial driver, representing 62% of total revenue, or £366.5 million, in financial year 2023 and 61% of total revenue, or £266.2 million, in the 36-week period ended 28 December 2023. As of 28 December 2023, Center Parcs offered 4,334 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 (with six-bedroom lodges at Sherwood Forest, Whinfell Forest and Woburn Forest), and luxury spa suits, 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 has a continual cycle of lodge refurbishment. 3,244 units of accommodation have been upgraded as at 28 December 2023 under the current refurbishment cycle.

The following table shows a breakdown of the different grades of accommodation across Center Parcs' villages as of 28 December 2023.

Accommodation Stock

	Sherwood	Elveden	Longleat	Whinfell	Woburn	Total
Standard						
Woodland lodges	89	0	135	42	226	492
New woodland lodges	433	532	317	489	159	1,930
Sub-total	522	532	452	531	385	2,422
Executive						
Executive lodges	19	0	20	12	122	173
New executive lodges	295	209	218	256	144	1,122
Exclusive lodges	54	55	52	29	63	253
Spa suites	0	4	0	0	8	12
Treehouses	3	4	3	4	3	17
Waterside lodges	0	3	0	0	0	3
Apartments and hotel rooms	11	99	60	87	75	332
Sub-total	382	374	353	388	415	1,912
Total	904	906	805	919	800	4,334

Apartments and Hotel Rooms

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

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 Style Woodland Lodges

New style 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 Style Executive Lodges

New style 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 range, 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. A separate annexe and games room are key features.

Spa Suites

Center Parcs introduced premium quality Spa Suites in November 2011 with the opening of four units at Elveden Forest. Subsequently, Center Parcs has added a further eight Spa Suites units at Woburn Forest, including two new Spa Suites since opening. 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.

Waterside Lodges

Center Parcs introduced waterside lodges in May 2018 with the opening of three units at Elveden Forest. These two storey, three-bedroom, luxury units feature a hot tub and balcony offering views of the lake.

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 11% of the total revenue and 29% of total on-site revenue, or £66.8 million, in financial year 2023 and comprised 12% of the total revenue and 30% of total on-site revenue, or £51.8 million, in the 36 weeks ended 29 December 2023.

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 Forest, Sherwood Forest and Woburn Forest. Across the five villages, the indoor water park averages over 5,500 square metres in size, with an average capacity of over 1,400 people in the pool and changing areas. Various additional activities are also available for a surcharge, including scuba diving and aqua jetting. Guests can also hire a private cabana with seating, a television and complimentary soft drinks.

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, including electric boats. All villages also provide access to a boathouse and beach, 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 Forest and Whinfell Forest 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 zip wires, mini tree trekking for younger children, woodland wheelers, off road explorers, a vertical drop challenge "The Drop", an inflatable "Aqua Parc" and a children's boating experience "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 Forest 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 Forest and Woburn Forest and one location at each other village.

New indoor activities more recently introduced include football pool and an "Indoor Climbing Adventure" which has been introduced across all villages and expanded.

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 fleet of cycles. 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 around 77% of total cycle bookings in financial year 2023, reducing queuing times and improving planning.

Aqua Sana — Spa and Treatments

The award-winning 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 14% of total on-site revenue, or £31.3 million, in financial year 2023 and 5% of total revenue and 13% of total on-site revenue, or £21.9 million, in the 36-week period ended 29 December 2023.

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 £3.6 million invested in the last three financial years. During financial years 2023 and 2024 the 'Aqua Sana' spa facilities and accompanying food and beverage facilities at Elveden were significantly upgraded. This required the closure of the spa to guests, with a scheduled re-opening taking place in the second quarter of financial year 2024. Retail shops offer a wide variety of beauty products from well-known brands, including Elemis and Voya. The Aqua Sana offer at all villages includes a "Vitalé Café Bar" food and beverage offer serving light meals and refreshments. In 2023, Aqua Sana Sherwood Forest won the team of the Year at the Professional Beauty Awards and in 2024 Aqua Sana won employer of the year at the Professional Beauty Awards.

Center Parcs also offers spa suites at certain of the villages that provide a package of an overnight stay combined with access to the Aqua Sana. Unlike other accommodations, these can be booked on a nightly basis. Woburn Forest opened with six spa suite units and a further two have been subsequently added.

Online booking is available for Aqua Sana through its website. 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 Forest and Woburn Forest offer purpose-built conference and meeting facilities. Woburn Forest 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 16% of total revenue and 43% of total on-site revenue, or £97.2 million, in financial year 2023 and comprising 17% of total revenue and 43% of total on-site revenue, or £74.7 million, in the 36-week period ended 28 December 2023.

Each village has an average of 14 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 2021 and 2022, Center Parcs carried out major refurbishments at “Vitale” at Sherwood Forest, “The Pancake House” at Elveden Forest, “Refresh” at Woburn Forest, and “Rajinda Pradesh” at Sherwood Forest and Longleat Forest

Concession partners operate certain outlets and account for approximately one third of on-site spend on food and beverage. Approximately one-sixth of the outlets are operated under a concession agreement with The Big Table Group. Under this concession agreement, the concession fees payable by The Big Table Group to Center Parcs is the greater of a set minimum fee (which was achieved in each of financial year 2022 and financial year 2023) or a specified percentage of their respective revenue. Revenue generated by The Big Table Group Concession partners bring industry operational expertise to Center Parcs and have brought high street brand names such as Café Rouge, Las Iguanas, Amalfi 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 13 units in operation as of the date of this Supplemental Bondholder Report;
- Café Rouge (all villages), Bella Italia (Elveden Forest, Whinfell Forest, Sherwood Forest and Longleat Forest), Amalfi (Woburn Forest only) and Las Iguanas (Sherwood Forest, Elveden Forest, Longleat Forest and Woburn Forest) are managed under a concession agreement by The Big Table Group;
- a gastro pub concept restaurant operates in Sherwood Forest, Elveden Forest and Longleat Forest - these units are operated by Center Parcs;
- 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 Asian fusion restaurant, Rajinda Pradesh, offers a premium dining experience in all villages;
- fast food restaurants in all villages are located inside and adjacent to the water park complex and adjacent to the pools;
- Leisure Bowl bars adjoin the bowling lanes in all villages;
- The 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 Forest; and
- the Venue, mainly used for corporate functions but also seasonal events, in Sherwood Forest and Woburn Forest.

On-site Retail

Center Parcs offers a range of both food and non-food retail at each of its villages, which comprised 5% of total revenue and 14% of total on-site revenue, or £31.9 million, in financial year 2023, and comprised 5% of total revenue and 14% of total on-site revenue, or £24.5 million, in the 36-week period ended 28 December 2023.

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 five main retail outlets and a number of satellite retail offers. Center Parcs also entered into an agreement with Joules for its retail shops at each of Center Parcs’ sites.

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.

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 World Duty Free Group (part of the Avolta Group) has been Center Parcs' strategic retail partner. The World Duty Free Group's management of these retail units has allowed Center Parcs to develop a partnership with an operator with a well-established retail network. The presence of the concession partners enables guests to benefit from high street brand offerings and Center Parcs to leverage industry expertise.

Center Parcs Villages

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	904	906	805	919	800
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, 7 months and 12 days from 27 March 1997	99 years from 24 December 2010
Annual rent (per annum)	£100	£100	First lease: £872,412 Second lease: £44,225 Third lease: £20,000	£1,000 (for both leases)	£840,635
Rent review	–	–	Every five years, upwards only (but limited by reference to revenue increase)	–	Every five years

Sherwood Forest

Sherwood Forest, opened in 1987, was the first of Center Parcs' villages in the UK. Sherwood Forest 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 financial year 2023, Sherwood Forest generated £126.4 million in revenue and £68.1 million EBITDA. For the 36-week period ended 28 December 2023, Sherwood Forest generated £90.8 million in revenue and £47.9 million EBITDA.

Location

The village is located approximately 20 miles from the M1 motorway, 17 miles from the city of Nottingham (population over 320,000) 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 Forest opened in 1989 as the second of Center Parcs' villages. Elveden Forest covers an area of approximately 413 acres. In financial year 2023, Elveden Forest generated £120.2 million in revenue and £61.1 million EBITDA. For the 36-week period ended 28 December 2023, Elveden Forest generated £88.8 million in revenue and £44.7 million EBITDA.

Location

Elveden Forest 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 Forest 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 Forest opened in 1994 as the third of Center Parcs' villages. In financial year 2023, Longleat Forest generated £116.7 million in revenue and £63.1 million EBITDA. For the 36-week period ended 28 December 2023, Longleat Forest generated £88.1 million in revenue and £48.8 million 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 Forest 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 Forest 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 £872,412 per annum (pursuant to a January 2020 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 £44,225 per annum (pursuant to a January 2020 rent review). Both underleases had a first rent review in July 2004, their second rent review (due in July 2009) was settled in 2010 and third rent review (due in 2014) was settled in July 2015. The most recent rent review was settled in January 2020. 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 Forest is held under a lease between The Most Honourable Alexander George Seventh Marquis of Bath, including his heirs and successors, 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 £20,000 per annum. This lease is subject to a rent review mechanism on similar terms as the above-mentioned two underleases.

Whinfell Forest

Whinfell Forest 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 Forest 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 financial year 2023, Whinfell Forest generated £115.2 million in revenue and £56.0 million EBITDA. For the 36-week period ended 28 December 2023, Whinfell Forest generated £86.4 million in revenue and £43.2 million 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 Forest 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 Forest 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.

In financial year 2023, Woburn Forest generated £115.3 million in revenue and £58.8 million EBITDA. For the 36-week period ended 28 December 2023, Woburn Forest generated £85.2 million in revenue and £43.9 million EBITDA.

Location

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

Transport Links

Woburn Forest 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 Forest is the only Center Parcs village within a 90-minute drive time of London households. Woburn Forest 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 £840,635 (payable from March 2023) 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 2028) 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 Forest.

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.

From time to time, Center Parcs evaluates suitable locations for new villages to develop or acquire. In July 2021, Center Parcs announced that it had secured an option agreement to acquire 553 acres of privately owned woodland at Oldhouse Warren off Balcombe Road, Worth, Crawley, West Sussex. After undertaking site surveys and pre-planning permission works on the site, Center Parcs concluded that the potential sixth site at Oldhouse Warren is not a suitable location for a Center Parcs village. As a result, Center Parcs announced on 8 February 2023 that it will not be progressing plans to develop a forest holiday village at Oldhouse Warren. Center Parcs also announced plans to continue searching for a suitable location for a potential sixth site in the UK.

There are significant costs associated with the development of a village. For example, the development cost for Woburn Phase 1 was approximately £250 million. 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 estimates that the current cost of developing a new village would be between £350 million and £450 million.

In July 2019, an indirect parent of Center Parcs (Holding 1) Limited opened a sixth village, Longford Forest, in County Longford in the Republic of Ireland. Longford Forest is outside of the Obligor Group. The 400-acre Longford Forest village includes 466 lodges and 30 apartments, which can 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 cost approximately €265 million. Center Parcs believes the development of Longford Forest resulted in the creation of approximately 750 jobs during the construction and approximately 1,000 permanent jobs after Longford Forest's opening. Permission has been secured for a €100 million extension to Longford Forest, including almost 200 new lodges.

Village Operations

Operational Management

Each of Center Parcs' villages is managed by a Village Director and a deputy Village Director, 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, village duty managers and food and beverage manager. As of 28 December 2023, Center Parcs had an average of approximately 1,652 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. 93% of guests rated their break as "excellent" or "good" in financial year 2023. 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 Village Director 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 procurement 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 2,100 suppliers centrally and purchased approximately £130 million of goods and services in financial year 2023. 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 2023, 81% of Center Parcs' guests were families, with families with pre-school children, families with school age children and families with mixed age children comprising 27%, 33% and 21% of all guests, respectively. However, Center Parcs' guest profile changes within the year depending on school holiday breaks. During the peak holiday seasons in financial year 2023, for example, 88% of Center Parcs' guests were families, with families with pre-school children, families with school age children and families with mixed age children comprising 20%, 43% and 25% of all guests, respectively, while families made up 78% of all of Center Parcs' guests during off-peak seasons, with families with pre-school children, families with school age children and families with mixed age children comprising 30%, 28% and 20% of all guests, respectively.

According to management estimates, Center Parcs ranked significantly over index in a number of the Experian high end consumer classifications, with 59% of guests in financial year 2023 identified under the Experian Mosaic classification as "Domestic Success", "Prestige Positions" or "Aspiring Homemakers" based on 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 92% of bookings made online in financial year 2023 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 dynamic 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 2023.

The dynamic demand-driven pricing model, overseen by its dedicated pricing team, 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 2023, more than 60% of on-site Leisure 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 323,000 active guests as of 9 April 2024 (i.e., those who had a Center Parcs break in the last 26 months or have an active booking and are contactable by email). Over 31% of guests return within 14 months, and approximately 54% of guests return within five years as of financial year 2023. 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. When making a booking all guests create a Center Parcs account, which allows them to store their information and party details and simplify their ongoing booking process with Center Parcs. This is also an opportunity for Center Parcs to track and analyse data for insight over time. 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. Constantly evolving communications methods in line with consumer behaviour, Center Parcs are moving to eradicate paper communications. Recently the Village Life magazine was moved to an online digital communication rather than paper, with content complementing the ongoing lifestyle blog, "Under The Treetops". A series of pre-arrival emails to guests encourages them to plan and book their itinerary of activities and restaurant bookings well in advance and, again, this has moved to be purely via digital channels. In addition, Center Parcs constantly monitors on-going guest feedback through its online guest service questionnaire, which has been completed by approximately 31% of guests in financial year 2023, 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. Guest questionnaires are also exclusively online delivering industry-leading response percentages and therefore rich guest feedback. Such research helps guide marketing communications, and has also been the basis of improvements in both guest service and product development (for example, accommodation refurbishment, pool upgrades, new leisure activities and software developments). Center Parcs also offers a “come back soon” price guarantee to guests when they leave thus incentivising guests to return and quickly rebook within a month of their visit.

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 and search, 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 “Delivering Excellent Service” 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

Center Parcs’ has a modern information technology platform utilising proprietary and third-party hardware and software, including market-standard booking and customer relationship management tools, firewalls and data protection mechanisms, off-site servers, and dedicated on-site IT staff. Center Parcs uses price variability between seasons and across villages in order to respond to changes in demand, local economic conditions, and guest spending profiles.

Center Parcs maintains a sophisticated customer database with fully integrated accommodation and on-site spend data, designed to improve customer analytics, full social media and customer relationship management and a robust online platform recognising individuals and profile segments. As a result, Center Parcs is building the future opportunity to (i) improve its ability to identify and target the most profitable guest profiles and customer lifetime value; (ii) develop and facilitate access to guest data for guest-facing service departments and provide more targeted guest services, such as differentiating between first-time guests and repeat guests and recognising differing family make ups, such as children’s ages; (iii) boost individual guest identification indicating individual preferences to enable Center Parcs to better tailor guest services; and (iv) allow for an improved user booking experience by providing a 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. Center Parcs significantly improved cost efficiency and efficiency of email and call handling through the consolidation of its call centre operations to its head office in 2010. Guests are able to book leisure activities in advance through these booking systems, which do not apply any booking fees. 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 2023, more than 84% of activities were pre-booked and pre-paid prior to arrival. All bookings are made directly with Center Parcs, with approximately 92% of accommodation bookings made online in financial year 2023. Guests can book either online (using Center Parcs’ website or mobile site) or on-site using purpose built on-site booking points.

Intellectual Property

CP Opco and Center Parcs Limited, together, owned 39 registered trademarks as of 3 April 2024. 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.

Center Parcs Europe NV operates 26 villages across the Netherlands, Belgium, Germany and France under the Center Parcs name, in addition to one village under the “Villages Nature” brand in 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 UK, 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, Belgium, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Monaco, the Netherlands, 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, trademark 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 UK 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 2023, 17% of employees have been with Center Parcs for over ten years. Center Parcs has no employees on zero hour contracts. As of 20 April 2023, Center Parcs employed a total of 9,322 colleagues (including fixed term or temporary colleagues) with a full-time equivalent of 5,640 employees. Of the full-time equivalent of 5,640 employees, 383 were based at the head office, and an average of 1,052 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.

	As of 23 April 2021(1)		As of 21 April 2022		As of 20 April 2023	
	Full-time equivalents	Total	Full-time equivalents	Total	Full-time equivalents	Total
Sherwood	932	1,635	1,052	1,875	1,112	2,016
Elveden	938	1,570	1,050	1,811	1,103	1,878
Longleat	863	1,459	893	1,513	934	1,605
Whinfell	938	1,323	954	1,393	1,051	1,591
Woburn	865	1,382	975	1,647	1,058	1,816
Head Office	319	350	348	378	383	416
Total	4,855	7,719	5,272	8,617	5,640	9,322

(1) As at 22 April 2021, 20.5% of employees were furloughed pursuant to the UK government's CJRS.

As of 20 April 2023, 40.3% of the Group's employees were housekeepers, 21% of employees were employed in leisure activities and 22% 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 Director of Operations and the senior management team of each village meet regularly. The Director of Operations and CEO undertake an annual inspection of standards and maintenance related issues and there is an annual asset review undertaken with the CEO, Development Director, Head of Assets, Director of Operations and Village Director.

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 as a whole have remained relatively stable over recent years, property insurance premiums have increased in recent years as a result of global natural disasters and extreme weather conditions. In addition, cybersecurity insurance premiums have also increased as a result of increasing rates of cybersecurity threats around the world. 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. Center Parcs may also be subject to investigations and prosecution for alleged violations of health and safety laws and regulations.

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 committed to operating in a sustainable and ethical way. In 2010, Center Parcs took the decision to drastically reduce its carbon footprint and positively contribute towards the global effort to tackle climate change. Center Parcs set a target of reducing its carbon emissions by 20% over 10 years (2010-2020). Center Parcs achieved this target two years ahead of its original goal. In total, Center Parcs reduced its carbon footprint by more than 13,000 tonnes over this period.

This reduction was achieved through a number of targeted capital investments and projects. At Sherwood Forest, Center Parcs works with a specialist energy supplier to provide the village with electricity and heat generated by anaerobic digestion. The anaerobic digestion plant supplies 27% of the village's heat and 80% of the required electricity. Woburn Forest was designed with an energy centre to supply heating and hot water to lodges and central buildings across the village, which helps deliver energy more efficiently.

Center Parcs has set a number of further sustainability targets for 2030. Center Parcs aims to reduce its carbon emissions by a further 30% by 2030 from a baseline year of 2020. As part of this commitment, by 2030, Center Parcs intends to source 50% of its energy from renewable sources, install biogas plants at two more of the villages, transition its fleet of vehicles to 100% electric or hybrid vehicles, reduce energy use by 5% and water use by 10% and reduce waste by 20% and increase recycling by 10%. Center Parcs is committed to achieving net zero by 2050 for its scope 1 and 2 greenhouse gas emissions, in line with the legally binding commitments made by the UK government and similar commitments in the EU. Over the coming years, Center Parcs will develop a Net Zero strategy outlining the route to achieving this. Center Parcs will also calculate its Scope 3 emissions and determine a potential carbon reduction trajectory for these.

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 October 2018.