

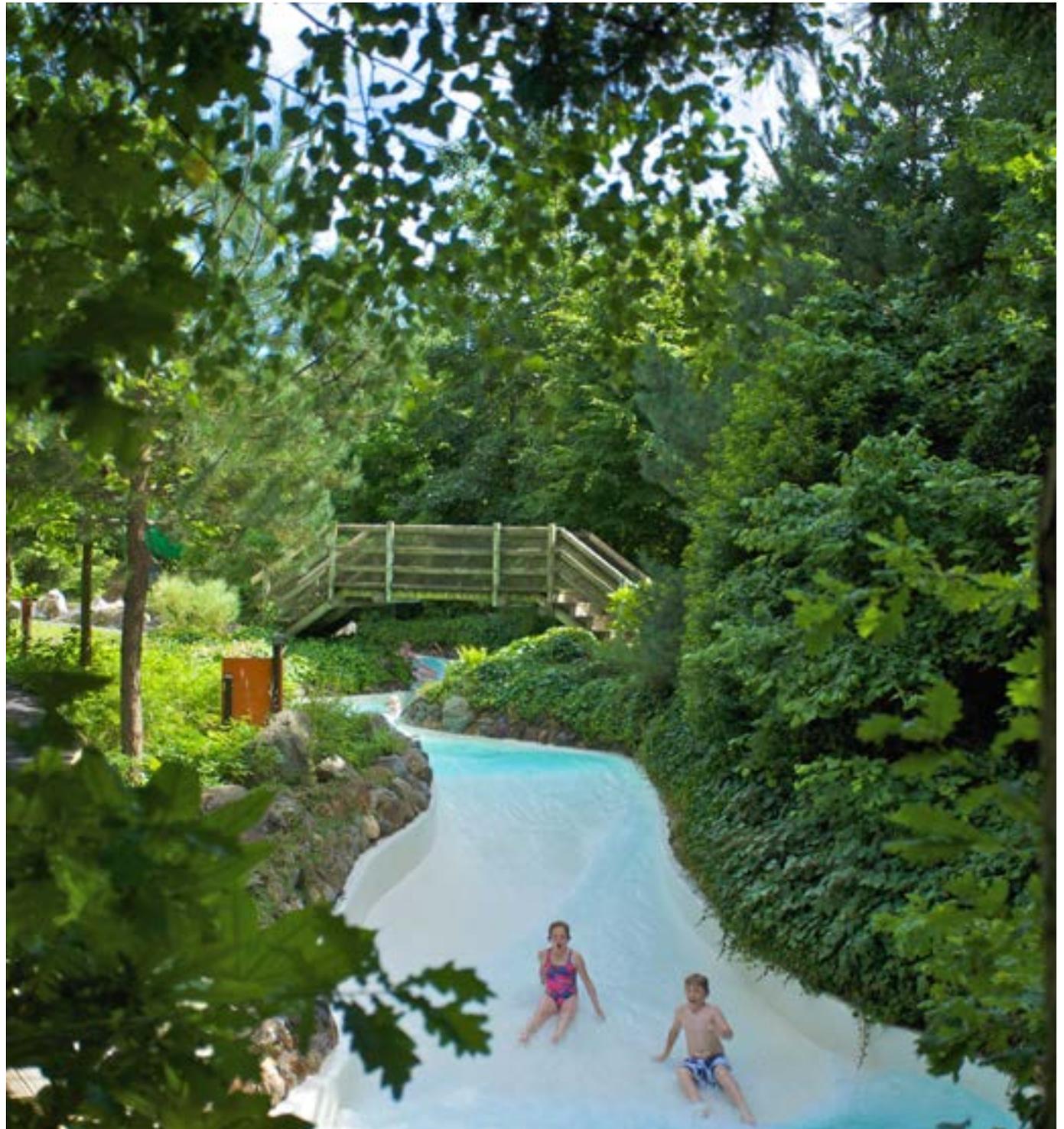


# Annual Review

2012/13

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# The Year in Numbers

	2012/13	2011/12
Occupancy (%)	97.2	97.1
Sleeper nights (m)	6.0	5.9
Number of guests (m)	1.7	1.6
Capital investment (£m)	39.9	41.4
Revenue (£m)	303.5	291.7
Adjusted EBITDA (£m)	140.0	133.6
Profit before tax and exceptional items (£m)	18.6	31.9
Average daily rate (£) (net of VAT)	148.36	140.73
RevPAL (£) (net of VAT)	144.22	136.62
Accommodation bookings via web (% of total)	79	79
Guest satisfaction (% of guests ranking their break as excellent or good)	96	95
Prompted brand awareness (%)	99	99
Employee turnover (%)	23	20

All figures relate to the existing four Villages and exclude the Woburn site which is currently under construction.



Group  
Overview  
and Key  
Performance  
Indicators



96% of respondents rank  
their break at Center Parcs  
as excellent or good.

# Group Overview and Key Performance Indicators



The Center Parcs business operates four holiday Villages in the UK:

- Sherwood Forest in Nottinghamshire.
- Elveden Forest in Suffolk.
- Longleat Forest in Wiltshire.
- Whinfell Forest in Cumbria.

A fifth holiday Village, Woburn Forest in Bedfordshire, is scheduled to open in Spring 2014.

The existing four Villages are owned and operated by the group headed by Center Parcs (Holdings 1) Limited. The Woburn Forest site is owned and is being developed by CP Woburn (Operating Company) Limited, a separate legal entity.

The Villages are set in forest surroundings – typically 400 acres in size and provide high quality accommodation in fully equipped Lodges and Apartments. Each Village offers an extensive range of sports and leisure activities plus numerous restaurants, bars and retail outlets and a superb Aqua Sana Spa facility. Woodland, water and a natural, healthy traffic-free environment are the essential characteristics of the Center Parcs environment.

Center Parcs operates in the short break holiday market, which consists of three segments: (i) traditional holiday centres; (ii) holiday parks based on caravan or lodge accommodation; (iii) forest villages.

The Board of Directors and the Operating Board receive a range of management information on a periodic basis. The principal measures used to monitor the progress and performance of the business are as follows:

## Occupancy

Occupancy is the average number of units of accommodation occupied as a percentage of the total number available. Occupancy for the period was 97.2% (2011/12: 97.1%). The average number of units of accommodation was 3,416 during the period (2011/12: 3,403).

## ADR (Average Daily Rate)

ADR is the average daily rent (excluding VAT) achieved based on total accommodation income divided by the total number of units of accommodation nights sold. ADR for the period was £148.36 (2011/12: £140.73). The year-on-year increase in the ADR is a strong performance, particularly given the challenging market and economic conditions.

## RevPAL (Rent per available Lodge night)

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

RevPAL for the period was £144.22 (2011/12: £136.62).

## Forward bookings

Forward occupancy at April 2013 was 40% (2011/12: 40%). This gives good forward visibility of future occupancy levels.

## Prompted brand awareness

Prompted brand awareness was 99% (2011/12: 99%).

## Guest satisfaction

We track guest satisfaction using questionnaires completed by guests online. 96% (2011/12: 95%) of respondents rank their break at Center Parcs as excellent or good.

## Employee Turnover

The average labour turnover for the business during the period was 23% (2011/12: 20%).

## Chief Executive's Review



"Whilst the challenging economic environment persisted during the year, our results for the financial year to 25 April 2013 demonstrated the resilience of our business and we built upon the strong results achieved in the prior year.

Our average occupancy reached 97.2% and this equated to approximately 1.7 million guests enjoying the Center Parcs experience during the year.

Our strong financial performance allowed us to continue the investment in our Villages and thereby create the perfect platform for continued growth in the future. During the year, we made good progress with the construction of our fifth Village at Woburn Forest. Over the course of the year, we invested £39.9 million in our existing four Villages and £48.5 million in the construction of the fifth Village".

Martin Dalby  
Chief Executive Officer

# Chief Executive's Review

## Progress Against Strategic Objectives

Our business strategy is to be the leading provider of short break holidays in the UK. To achieve this, we focussed on four key elements and during the year we made good progress in each area:

### Maintain a market leading position in the UK

Delivering excellent service to our guests is at the heart of what we do and is integral to the success of Center Parcs. During the year, we improved on our guest satisfaction and mystery shopper scores. There is no room for complacency however and we are determined and focussed on maintaining the high standards we have set ourselves.

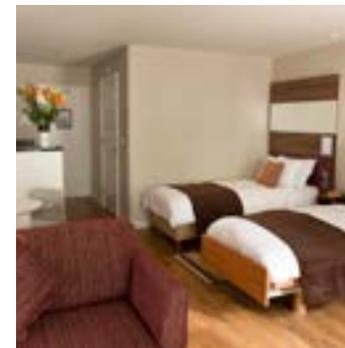
We maintained our investment in technology and innovation. We launched two new dedicated 'mobile friendly' websites. In June 2012 we launched the mobile accommodation booking website and in November 2012 we launched the mobile leisure activities booking website. These two new websites have made it even easier for our guests to book on line and, as a result, have increased the number of bookings made online.

The introduction of new activities allows us to maintain a fresh and exciting offering, in particular for our repeat guests. For example, we introduced a new caving activity at Whinfell Forest, Segway\*\* experiences at Sherwood and Elveden Forest; extended the Pottery Studios at Longleat and Whinfell Forests and extended the Aerial Adventure at Longleat Forest.

## Continue to grow organically through upgrades of central facilities and accommodation

In November 2012, we opened our iconic water ride, 'Tropical Cyclone', at Elveden Forest. Tropical Cyclone, costing over £4 million, has proved extremely popular with our guests who have been thrilled by the world first combination of two separate rides. Tropical Cyclone spans 200m in length and guests reach speeds of up to 30mph.

We continued our upgrade programme across our accommodation, with a further 283 lodges being upgraded to a new style during the year. These upgrades mean that 68% of our accommodation has been upgraded since 2008.



\* Segway is the registered trademark of Segway Inc. in the United States and/or other countries.

# Chief Executive's Review

## continued

We rolled out two new restaurant concepts across all four Villages. 'Dexters Kitchen' is an all day dining restaurant and take-away offering hand made burgers, salads and milkshakes. 'The Canopy Café & Bar' is located within the Subtropical Swimming Paradise and offers an extensive range of drinks and snacks in a pool side setting. Both restaurants have proved very popular with our guests.

In April 2013, we re-branded the cafés within our Aqua Sana Spa facility as 'Vitalé Café Bar'. Vitalé Café Bar is exclusively for our Spa guests and allows them to enjoy Mediterranean cuisine in a tranquil setting.

### Generate growth in profit before tax and enhance value

During the year, we saw average occupancy of 97.2% and approximately 1.7 million guests enjoyed a Center Parcs break. Higher occupancy and guest numbers helped us increase revenue by £11.8 million or 4% against the prior year.

The average daily rate increased by 5.4% against the prior year, reflecting inflationary price increases and increased yield from upgraded accommodation.

Tight cost controls meant that operating margin increased slightly by 0.3% over the year.

The above factors combined to increase our adjusted EBITDA by £6.4 million or 4.8% against the prior year. This was a strong performance given the wider economic conditions.

### Expand offering with the building of the fifth Village at Woburn Forest

The construction of Woburn Forest is progressing in accordance with schedule, to budget and to specification.

The infrastructure works on site are now almost complete. The central facilities (the Subtropical Swimming Paradise, the sports hall, the shops and restaurants, the hotel and Aqua Sana Spa) are all progressing well.

The senior management team and high level key appointments have been made. The main recruitment drive is underway and we have had an encouraging response to the vacancies that we have advertised. Some 6,700 individuals have registered their interest in applying for available roles.

We have also continued our programme of local community engagement events in Bedfordshire where we have been meeting with local residents and keeping them up to date with progress, meeting with potential employees and keeping them informed of what opportunities will be available and meeting with local businesses who are interested in supplying Woburn Forest.

We started to take bookings for Woburn Forest on 18 June 2013 for breaks between September 2014 and December 2014.

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During the year, we saw average occupancy of 97.2%



# Chief Executive's Review

## continued

### Objectives for the Coming Year

Whilst the economic environment shows some encouraging signs of recovery, there does remain a degree of fragility and uncertainty. Our forward bookings data suggests that demand for our short break holidays in the UK remains strong. With this in mind, Center Parcs has three essential objectives for the forthcoming year:

#### Open the fifth Village at Woburn Forest

We are focussed on completing the construction of Woburn Forest on schedule, within budget and to the high specification that is synonymous with the Center Parcs brand.

Our Human Resources team will work to recruit the 1,500 colleagues that we need in readiness to open Woburn Forest in Spring 2014.

During the year, we will launch our marketing campaign to increase the awareness of Woburn Forest amongst our target audience and we will widen the booking window as we near completion.

### Maintain focus on our existing four Villages

Whilst the construction of Woburn Forest is clearly history in the making and a very exciting project for all involved at Center Parcs, we must maintain our focus on the existing four Villages and ensure that we continue to invest in these Villages and continue to deliver the excellent service our guests rightly expect and demand of us.

We will complete the £2.5 million investment in the new children's play area at Elveden Forest called 'Venture Cove'.

We plan to commence work on the upgrade of the dome roof at Longleat Forest over a 2 year period.

The accommodation upgrade programme will continue with a further 286 units of accommodation planned to be upgraded to the new style.

We will continue to innovate and introduce new ideas and activities. For example, we will trial cash-less technology at Whinfell Forest which will allow guests to make payments using a wrist band, initially within in the Subtropical Swimming Paradise area and then potentially expanding in to other areas of the Village.

### Our People

Our people are the key to delivering what is important to us and our guests.

We plan to introduce a new recruitment system which will help us to identify and recruit the very best people for our business.

Recognising the importance of helping our people to save for the future, we will implement the Auto-Enrolment Pension Scheme and also offer eligible employees an enhanced work place savings scheme.

### Conclusion

Whilst the wider economic environment remained challenging, we delivered a strong performance against the prior year. The forthcoming year will no doubt be as least as challenging given, amongst other things, the opening of the fifth Village at Woburn. However, I am confident that the business is in great shape to meet these challenges head on.



Martin Dalby  
Chief Executive Officer



# Group Financial Review



## Financial highlights

- Net revenue up 4.0% to £303.5 million.
- EBITDA (before exceptional items and owners' costs) up 4.8% to £140.0 million.
- Capital investment of £39.9 million in the existing four Villages.
- Profit before tax of £18.6 million.

## Financial review

During the prior year, Center Parcs restructured its debt facilities in order to commence the construction of the fifth Village in Woburn, Bedfordshire. Under a new corporate structure, the four existing holiday Villages are owned and operated by the Center Parcs (Holdings 1) Limited group of companies (the 'Group'), and the Woburn site is owned and is being developed by CP Woburn (Operating Company) Limited, a separate legal entity.

During the year under review, capital investment of £48.5 million was incurred by CP Woburn (Operating Company) Limited in respect of the construction of the fifth Village.

This year has seen the Group produce another good trading performance, despite the ongoing challenging economic conditions. This success reflects the level of service delivered and the attractiveness of Center Parcs as a short break destination in the UK.

Profit before tax and exceptional items reduced from £31.9 million to £18.6 million during the year, principally as a result of higher interest charges. Profit before exceptional items decreased from £39.1 million to £19.2 million, reflecting both the higher interest charges and taxation costs (largely resulting from deferred tax movements relating to property).

The results have been prepared on a going concern basis consistent with the view, formed after reviewing the Group's cash flow forecasts and trading budgets and making appropriate enquiries, that the Group is operationally and financially robust and will generate sufficient cash to meet its debt service requirements for the next 12 months.

# Group Financial Review

continued



The following income statement is extracted from the audited consolidated financial statements of Center Parcs (Holdings 1) Limited:

	Year to 25 April 2013 £m	Year to 26 April 2012	
		Before exceptional items £m	After exceptional items £m
<b>Revenue</b>	<b>303.5</b>	<b>291.7</b>	<b>291.7</b>
Cost of sales	(31.4)	(34.1)	(34.1)
<b>Gross profit</b>	<b>272.1</b>	<b>257.6</b>	<b>257.6</b>
Administrative expenses	(132.1)	(124.0)	(133.7)
<b>Adjusted EBITDA</b>	<b>140.0</b>	<b>133.6</b>	<b>123.9</b>
Owners' costs	(1.7)	(1.6)	(1.6)
<b>EBITDA</b>	<b>138.3</b>	<b>132.0</b>	<b>122.3</b>
Depreciation	(25.4)	(22.7)	(22.7)
Amortisation	(1.8)	(1.9)	(1.9)
<b>Operating profit</b>	<b>111.1</b>	<b>107.4</b>	<b>97.7</b>
Movement in fair value of derivatives	–	–	(66.0)
Finance income	0.3	2.6	2.6
Finance expense	(92.8)	(78.1)	(82.2)
<b>Profit/(loss) before taxation</b>	<b>18.6</b>	<b>31.9</b>	<b>(47.9)</b>
Taxation	0.6	7.2	26.4
<b>Profit/(loss) for the period</b>	<b>19.2</b>	<b>39.1</b>	<b>(21.5)</b>

No exceptional items were incurred in the year to 25 April 2013.

# Group Financial Review

continued



## Revenue

Revenue increased by £11.8 million or 4.0% during the year. This increase was driven by an improvement in ADR, combined with an increase in underlying on-Village spend. This was off-set to some extent by the transfer of a number of smaller retail and food and beverage outlets to our concession partners during the prior year. The impact on revenue of these transfers, which only affected the first half of the year, was around £2.7 million. The impact on EBITDA of these transfers to our concession partners was broadly neutral.

## Cost of sales

Cost of sales decreased to £31.4 million in the year from £34.1 million in the prior year. This represents a combination of good cost management and the transfer of certain retail and food and beverage units to our concession partners during the prior year.

## Finance expense

Underlying finance costs, excluding exceptional items of £4.1 million in the prior year, increased by £14.7 million or 18.8%. This was principally due to the refinancing of the Group that concluded in February 2012, which resulted in higher interest rates being applicable to the Group's debt.

The £4.1 million of exceptional costs in the prior year represented fees payable on the early settlement of the Group's previous borrowings.

## Taxation

The Group's underlying effective UK tax rate (before exceptional items, deferred tax movements relating to property, and adjustments in respect of prior periods) is 22.0% (2011/12: 15.4%).

## Cash inflow

The Group continues to be highly cash generative, with a net cash inflow from operating activities during the year of £140.9 million. The net inflow in the prior year was £120.4 million (excluding the positive impact of a share issue that was settled via assignment of related party balances).

This year has seen £39.9 million spent on capital projects and £80.2 million on interest payments. Cash balances increased by £17.0 million to £28.7 million during the year.

## Borrowings

At 25 April 2013 the borrowings of the Group totalled £1,022 million, being £1,020 million of secured financing raised during the prior year and a mortgage of £2 million on the Group's head office.

The secured borrowings were issued in three tranches with differing interest rates and expected maturity dates. The earliest expected maturity date relates to the Tranche A1 borrowings of £300 million, which have an expected maturity date of 28 February 2017. The Tranche A2 borrowings of £440 million have an expected maturity date of 28 February 2024 and the Tranche B borrowings of £280 million have an expected maturity date of 28 February 2018.

The secured financing agreement includes a number of covenants that Center Parcs is required to comply with, including the maintenance of certain minimum ratios of free cash flow to debt service, which it does with a comfortable amount of headroom. The borrowings are secured on the assets of the Group.

The £250 million construction cost of the fifth Village at Woburn Forest is being funded by a capital injection of £110 million from the business owners, the Blackstone Group and £140 million of loans from a syndicate of UK banks.

# Corporate Responsibility



# Corporate Responsibility

Our Villages are built deep within the forest, enabling our guests to enjoy acres of unspoilt woodland where they can interact directly with nature.

This close link with the natural environment means we have always been committed to the protection of our surroundings.

However, our responsibilities go far beyond this. We seek to minimise our environmental impact in many ways, such as encouraging water and energy conservation as well as reducing waste. We are also committed to our social responsibilities – to our customers, our employees and the communities in which we operate.

## Sustainability

The Center Parcs experience is built around enabling our guests to enjoy the natural environment. It is therefore vital that we protect it. Through the rigorous adherence to our Environmental Management System, (which is independently audited under ISO14001), we continue to make progress in our efforts to reduce the impact of our business on the environment.

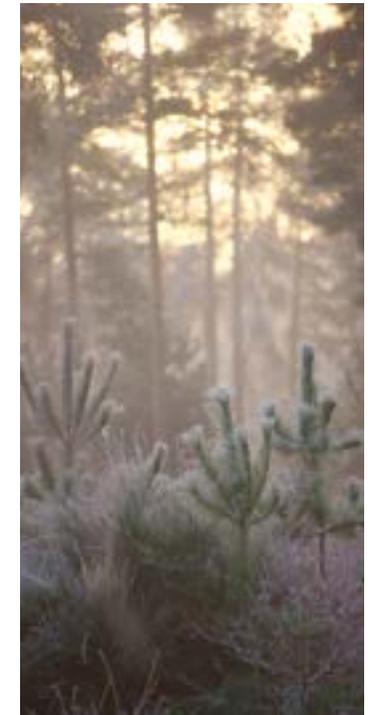
Due to the unusually long and colder winter months, the past year has been a challenging one in terms of making progress towards these targets.

- Electricity usage reduced by 5% during the period, whilst gas usage increased by 14%; (when adjusted for the weather we were less than 1% above the previous year)
- Water consumption remained level with the previous year;
- Waste recycling increased by 34% (672 tonnes); and
- Overall Center Parcs' carbon emissions increased by 4% (driven by the increase in gas consumption).

Center Parcs was again recertified to the Carbon Trust Standard during the year and has also been placed amongst the top 10% on the Performance League Table of all organisations taking part in the UK Government's CRC Energy Efficiency Scheme.

Carbon reduction targets continue to be an important part of our staff bonus schemes, and during the year we launched Home Energy Savers, a scheme designed to help our employees reduce the carbon footprint in their own homes. This pilot scheme is one of the first of its kind in the UK and rewards employees by matching any savings they make on their gas, electricity and water usage over 12 months. The employee who reduces their energy consumption the most will be awarded a cash lump sum to spend on home improvements related to sustainability.

Our fifth Village at Woburn Forest which is due to open to guests in spring 2014 will aim to set a new benchmark with carbon emissions 25% below the average for the four existing Villages.



# Corporate Responsibility

## continued

### Nature and Biodiversity

Center Parcs was again awarded The Wildlife Trust's Biodiversity Benchmark for all its sites this year. Following a rigorous audit at Whinfell Forest the Biodiversity Benchmark was presented to Center Parcs in recognition for its continual efforts to protect and enhance the natural environment at its Villages across the UK. In addition, we were also reaccruited Forest Stewardship Council (FSC) certification for the management of our woodlands following an audit at Longleat Forest.

We have always been committed to the protection and enhancement of our forests and Woburn Forest will be no exception. The site used to be commercial woodland and was of poor ecological value, however steps were taken to protect the plants and animals that were on site. Historic trees were clearly marked to prevent any damage during construction, including a special root protection system underneath roadways and the area around two badger sets in the forest has been cordoned off to protect them.

These sets will be monitored throughout the build and beyond. We also relocated more than 450 common lizards into a nearby field so they were protected during construction.

The flora and fauna at Woburn Forest will be carefully monitored during the construction and beyond and the woodland will be carefully managed in the future so that existing species thrive and new ones are attracted.

### Community

Our Villages are surrounded by small, close communities and we have good community involvement with people who live locally to the Villages and even further afield. We have recognised the importance of local community engagement throughout the planning process for our fifth UK Village at Woburn Forest in Bedfordshire. Since construction commenced in May 2012 we have held several public and private meetings with key stakeholder groups, including a public exhibition which was attended by over 3000 local people. We will continue to engage with the local community throughout the remainder of the construction of the Village and when the Village opens in 2014.

### Our People

Our people are the most important asset and we have continued to deliver initiatives that support and develop our employees, whatever position they hold in the business. Our commitment to the training and development of our employees has again been recognised by Investors in People, and we currently deliver over 450 courses across the business. We currently have over 165 individuals currently working towards work based apprenticeships through our own Training Academy.

Our ASPIRE Leadership Development Programme supports managers and potential managers by developing each individual to his or her full potential. The ASPIRE programme is the main route to developing individuals to the next level of management and contributes to attracting and retaining talented individuals who want to progress in the business. During the period to April 2013, 159 individuals across the business completed one of the three levels of this programme.



INVESTOR IN PEOPLE

# Corporate Responsibility

## continued

In addition we currently have 10 employees working towards a BA (Hons) Degree in Business Management through Vision West Notts College.

This year the level of labour turnover was 23% which highlights the commitment of our employees to Center Parcs and we are pleased to have awarded a pay increase and bonus payment to all eligible employees.

### Charity

We continue to pursue our policy of supporting charities close to the heart of Center Parcs. The focus of our support is on children's and environmental charities. Last year saw the end of Center Parcs' three year partnership with Great Ormond Street Hospital Children's Charity. By the end of the second year of the partnership, Center Parcs had raised just over £300,000 for the charity and at the beginning of the financial year we set ourselves the very ambitious target of taking that total to £500,000. Through a mixture of opt-in donations at the point of booking, which Center Parcs match funded, as well as on site guest and staff fundraising, we were able to surpass the total by the end of the year.

The money raised by Center Parcs has made a real difference for patients at Great Ormond Street Hospital, helping to keep families together by providing accommodation for parents whilst their children are being treated at the hospital.

In addition we have long standing arrangements with several charities supporting children and families going through difficult times. During the period we donated approximately 100 short breaks to these charities, providing much needed holidays for seriously ill children and their families. Outside of our corporate charitable giving, local donations are made via our four 'Village Councils' and 'Head Office Council' which totalled over £11,000 during the year.

Over the next two years Center Parcs will be working with two new charities to support both families and the natural environment. During this time we will be supporting ChildLine and The Wildlife Trusts. Guests will be able to make a donation when booking a break at Center Parcs and we will match the donations made. The donations will be split equally between the two charities.



Center Parcs *Charity Partners 2013/14*



# Ownership and Management Structure



# Ownership and Management Structure



## Our History

- The first Center Parcs Village opened in the Netherlands in 1968. The first UK Village was opened in 1987 in Sherwood Forest, Nottinghamshire. Further Villages were opened at Elveden Forest, Suffolk in 1989 and Longleat Forest, Wiltshire in 1994. Whinell Forest, Cumbria was acquired in 2001.
- In 2001 the Center Parcs Europe and UK businesses were split and the UK business was sold to Deutsche Bank Capital Partners.
- In 2003 the UK business was floated on the London Alternative Investment Market and moved to a main stock market listing in 2005.
- In 2006 funds advised by the Blackstone Group acquired Center Parcs UK.

## Our Ownership

The Center Parcs business is ultimately owned by investment funds advised by the Blackstone Group. The ownership split is as shown in the table below:

Funds advised by the Blackstone Group	92.4%
Funds advised by Lexington Partners UK Limited	5.9%
Management	1.7%

## Our Management

The Center Parcs business is managed in the UK by the Board of Directors which comprises representatives of its principal shareholder, the Blackstone Group, together with three executive members. Day to day operational management is the responsibility of the Operating Board which is made up of two executive members and five members of senior management.

# Ownership and Management Structure

continued



## The Board of Directors

Members of the board are as follows:

### **Martin Dalby** Chief Executive Officer

Martin joined Scottish and Newcastle in 1978 where he held various accounting positions before joining Center Parcs UK in January 1995 as Financial Controller. In 1997 he became Finance Director of Center Parcs UK and in July 2000 he was appointed Chief Executive Officer. He has led the UK business through the change of company ownership from Scottish and Newcastle to Deutsche Bank Capital Partners (subsequently MidOcean Partners) as well as the acquisition and integration of Oasis Whinell Forest. He then led the float of the business onto AIM in December 2003, the transition to the London Stock Exchange's main list on 1 March 2005 and the subsequent purchase by the Blackstone Group.

### **Paul Inglett** Finance Director

Paul joined Marston's PLC (formerly The Wolverhampton & Dudley Breweries, PLC) in 1992. He was appointed to the board as Group Finance Director in 2002, having previously held a number of senior financial roles within the group. During his time at Marston's he had responsibility for the finance, IT, purchasing and estates teams across the group. He was Finance Director during a period of significant change for the group and was closely involved in a number of major acquisitions and disposals, which resulted in a number of significant refinancings of the group, including two securitisations. In January 2010 he joined Center Parcs as Finance Director and is CIMA qualified.

### **Martin Robinson** Chairman

Martin was a management consultant at McKinsey & Co in both Chicago and London before joining S&N Retail in 1994 as Commercial Director. Prior to this he worked for Reckitt & Coleman and Sara Lee Corporation. He joined Center Parcs as Managing Director of its European business in October 1997 and was appointed as Chairman of the Board of Management of the Center Parcs Group in November 1999. He led the management buy-out of Center Parcs by Deutsche Bank Capital Partners in 2001 and, following the split of the European and UK businesses, was appointed Chairman of both. He left Center Parcs Europe in July 2004 and is currently Chairman of Center Parcs UK. He is also a non-executive director of EuroDisney SCA.

# Ownership and Management Structure

continued



## Andrea Valeri

Andrea Valeri is a Managing Director in the Blackstone Private Equity Group and is based in London. Since joining Blackstone in 2005, he has been involved in Blackstone's investments in Kabel BW, Gardaland, and Jack Wolfskin. Before joining Blackstone, he was a Vice President at Goldman Sachs, where he spent several years in the Merger & Acquisition and Consumer and Retail groups. Prior to that, he worked at Bain & Co. as a management consultant. He serves as a director of Tragus and Jack Wolfskin.

## Peter Stoll

Peter Stoll is a Senior Managing Director and Chief Operating Officer of the Blackstone European Real Estate Group based in London. Since joining Blackstone in 2002, he has been responsible for acquisitions, asset management and disposition activities across Europe, including the Skanska Office portfolios and other assets in Sweden, the pan-European Deutsche Bank portfolio, the WCM Residential portfolio in Germany and the French healthcare platform. Before joining Blackstone, he was an Associate Director at The Carlyle Group and a Senior Associate in the acquisitions group of the Morgan Stanley Real Estate Fund in London.

## Farhad Karim

Farhad Karim is a Managing Director in the Blackstone Real Estate Group based in London. Before joining Blackstone in 2011, he was a partner at Simpson Thacher & Bartlett LLP, where he worked on the acquisition, financing, and disposition of complex real estate investments including in the hospitality, logistics, office, residential, and retail sectors in Asia, Europe, and the United States.

## Michael Pegler

Michael Pegler is a Managing Director in the Blackstone Real Estate Group based in London. He is involved in portfolio and asset management activities across the Blackstone business. Before joining Blackstone in 2005 he worked as a Senior Manager in the Investment Management team at Deloitte and specialised in services to private equity and real estate funds.

## Tania Daguere-Lindbäck

Tania is a Principal in the Blackstone Private Equity Group and is based in London. Since joining Blackstone in 2004, she has been involved in Blackstone's investments in Sulo, ICS and Pulse. Before joining Blackstone, she worked at Goldman Sachs in the Mergers & Acquisitions division in London and Paris.

# Ownership and Management Structure

continued



## The Operating Board

Martin Dalby, Chief Executive Officer and Paul Inglett, Finance Director are members of the Operating Board along with the following members of senior management:

### **Paul Kent Operations and Development Director**

Paul started his career in retail management with Safeway plc and joined Center Parcs in 1987, when the first holiday Village was established in the UK. During his career with Center Parcs UK he has held a variety of roles with responsibility for Retail, Leisure and Food & Beverage before moving to the position of General Manager of Sherwood Forest and then taking up the UK Operations Manager role in 2002. In January 2004 he was appointed to the position of Commercial Director and in May 2012 took over responsibility for both Operations and Development.

### **Judi Leavor HR Director**

Judi joined Center Parcs at its inception in the UK in November 1985 and was promoted through a number of personnel roles before being appointed to her current position of Human Resources Director in March 2002.

### **Colin Whaley Sales and Marketing Director**

Colin joined British Airways in 1987, gaining broad experience in a number of departments before being appointed as Head of Sales and Marketing with BA Holidays in June 1998. Following the acquisition of BA Holidays by Thomas Cook Holidays he headed up Sales and Marketing for the newly merged company for a year and then rejoined British Airways in June 2002 to take up the position of Marketing Director at Travelbag Limited. After this business was acquired by ebookers, Colin was promoted to Marketing Director of ebookers (UK). He joined Center Parcs in November 2004 as Sales and Marketing Director.

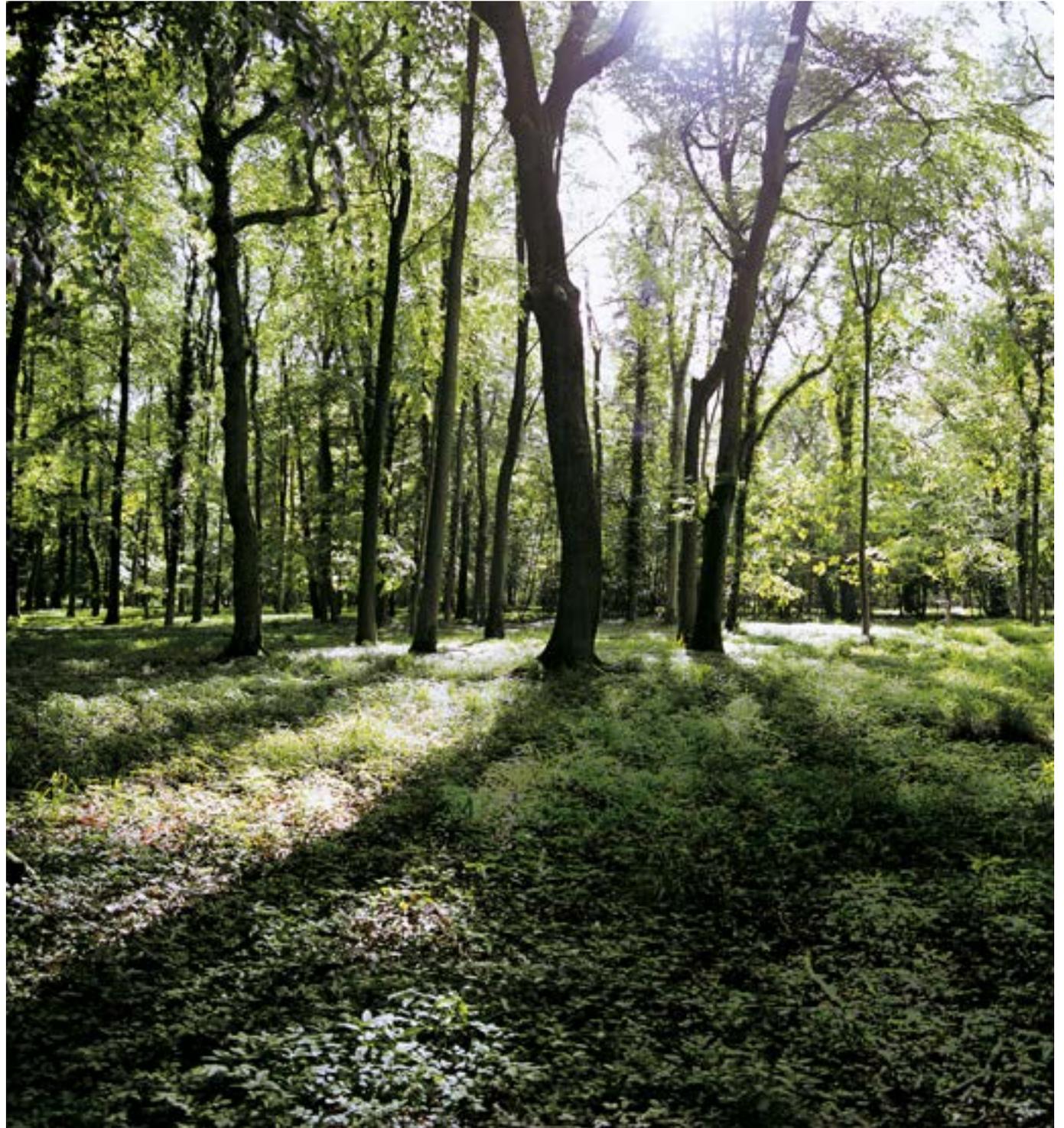
### **Don Camilleri Woburn Construction Director**

Don graduated as a civil engineer and held a number of senior engineering positions in the UK and overseas. While at Ove Arup and Partners he was the senior engineer on the building of Center Parcs Sherwood Forest. In 1986, Don was appointed as Director of Development and Engineering for Center Parcs UK and has since been responsible for all development projects. He is a Chartered Engineer and member of the Institution of Structural Engineers as well as a member of the European Federation of National Engineering Association. In May 2012 he was appointed Woburn Construction Director.

### **Graham White Woburn Implementation Director**

Graham joined Center Parcs in 1989 as Food & Beverage Manager at Elveden Forest having previously been a General Manager of Sodexo and the proprietor of The Malbank Hotel in Cheshire. He was promoted to Deputy General Manager for Elveden Forest followed by General Manager for Sherwood Forest and UK Operations Manager, before becoming UK Operations Director in September 2000. In May 2012 he was appointed Woburn Implementation Director.

Principal  
Risks and  
Uncertainties



# Principal Risks and Uncertainties

Center Parcs adopts a proactive approach to the management of potential risks and uncertainties which could have a material impact on the performance of the business and execution of its growth strategy.

The Operating Board are actively involved in the Center Parcs' Risk Committee. In addition to ongoing monitoring, the Risk Committee meets quarterly to oversee risk management arrangements and ensure appropriate processes are put in place to mitigate potential risks and uncertainties. The Fire, Health and Safety Steering Committee also meets bi-monthly to oversee operational risks.

There are a number of potential risks and uncertainties which could have a material impact on Center Parcs' performance and execution of its growth strategy. These risks include, but are not limited to:

## Operational Risk Factors

### Health and Safety

The health, safety and welfare of Center Parcs' guests and employees are central to Center Parcs' operations. Center Parcs is committed to maintaining industry leading standards in health and safety including fire and food safety and adopts a proactive approach to its safety management. All incidents are recorded and reviewed to monitor trends and capture learning points that are then integrated into the business. The Fire, Health and Safety Steering Committee reviews major incidents and is focused on continuous improvement to mitigate this risk.

### Business continuity

Center Parcs operates four holiday Villages in the UK and a significant interruption of any one would have a material impact on the business. As a result, the Risk Committee supervises comprehensive risk management arrangements, including business continuity plans, which are regularly tested with the support of external specialists. These arrangements are supported by a broad insurance programme.

### Supply chain

Center Parcs has a large number of suppliers and prides itself on the quality of its product. The business could be adversely affected by a fall in the standard of goods or services supplied by third parties or by a failure of a key partner. Quality risks are mitigated via a robust supplier registration system with food and safety further supported by independent advisors. In addition, the Risk Committee considers supply chain contingency arrangements and takes appropriate measures to mitigate this risk.

### Contractual arrangements

Center Parcs has contracts with third parties for the supply of goods and services. Contracts are negotiated at arm's length and Center Parcs does not enter into contracts that are outside the ordinary course of business or those that contain onerous terms. Center Parcs adopts a compliance programme to ensure that it is compliant with its material contractual commitments. There is no single contractual counterparty that is critical to the running of the business. The failure of any critical contractual counterparty is managed through supply chain contingency arrangements (see Supply chain).

### Employees

Center Parcs' performance largely depends on its managers and staff, both on the Villages and at head office. The resignation of key individuals or the inability to recruit staff with the right experience and skills could adversely impact the business's results. To mitigate these issues the business has invested in training programmes for its staff and has a number of bonus schemes linked to the business's results and achievement against key performance indicators linked to guest satisfaction that are designed to reward and retain key individuals.



# Principal Risks and Uncertainties continued

## Input price increases

The business's margin can be adversely affected by an increase in the price of key costs to the business including, but not limited to, wages, overheads and utilities. The business takes pro-active steps to manage any such increases including cost control, forward buying and budgeting for any increase.

## Brand

The Center Parcs brand could be adversely affected by a serious incident, accident or similar occurrence or just a slow decline in the brand's appeal to consumers. The business mitigates the risk of a serious incident, accident or similar occurrence by maintaining industry-leading health and safety systems and standards of training. The risk of a slow decline in the brand's appeal is managed through continuous product innovation, marketing campaigns and brand development.

## Fraud

Center Parcs operates four sites across the UK. Risk of fraud exists in misappropriation of assets, including banking, theft of stock and theft of cash takings. The business mitigates this risk through the management structure and regular financial review with, and extensive use of, business systems. Regular external audits are also carried out on the business.

## Market Risk Factors

### 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.

### 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. This risk is mitigated by the strength of the Center Parcs brand and the continual investment in the accommodation, central facilities (including retail and restaurants) coupled with the innovation amongst the leisure activities and our 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.



# Principal Risks and Uncertainties continued

## Financial Risks

The Board of Directors and the Operating Board regularly review the financial requirements of the business 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. The business does not hold financial instruments for trading purposes. The business 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 the business's funding utilising the underlying asset value of the business.

## Interest rate risk

Principal sources of borrowings are fixed interest rate loan notes (Center Parcs (Holdings 1) Limited) and related party and bank loans (CP Woburn (Operating Company) Limited). CP Woburn (Operating Company) Limited holds both fixed and floating rate loans. In order to limit exposure to interest rate fluctuations the Company has entered into interest rate swaps and caps. The overall policy in respect of interest rates is to eliminate exposure to interest rate fluctuations.

## Liquidity risk

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

## Currency risk

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

## Credit risk

Center Parcs borrows from well-established institutions with high credit ratings. Cash balances are held on deposit with a number of UK banking institutions.

