



# Annual Review

2018/19

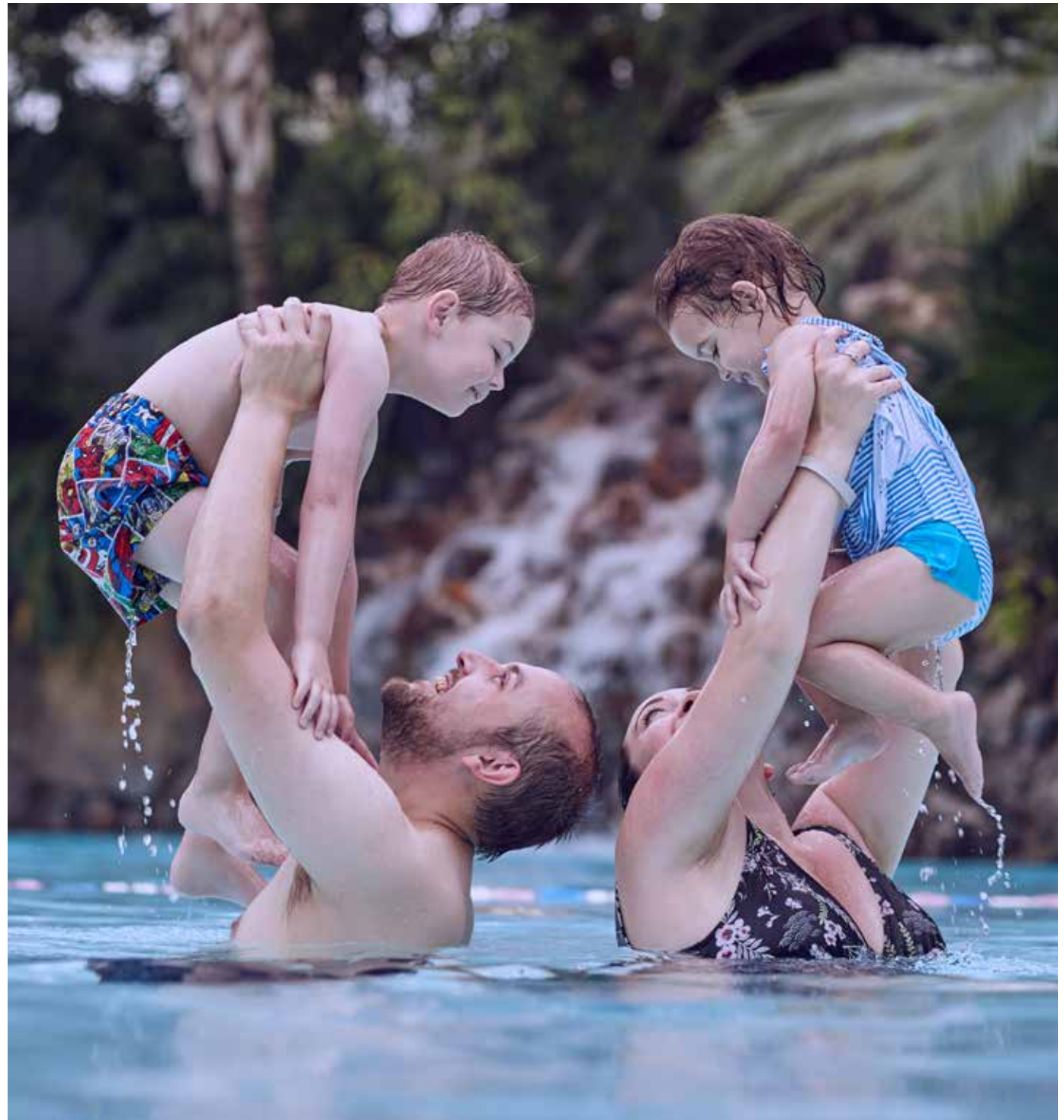


# Center Parcs is all about family time

Center Parcs targets the premium sector of the UK and Ireland family short break market, offering an escape from the stresses and strains of modern life and helping families come together. With recent trends showing an increase in family short breaks, the Center Parcs concept is more relevant today than at any point in our history.

We continually invest heavily to ensure we deliver high quality service, accommodation and facilities, combined with an unrivalled array of activities that cater for the most discerning of families, as well as the most changeable of weather. There's nothing prescriptive about a short break at Center Parcs, with each family free to choose to do as little or as much as they like.

Center Parcs remains a unique proposition for families and proves more popular every year with a long-standing run of growth in terms of number of guests, revenue and profits, as well as enviable guest feedback scores and consistently high levels of returning guests. Despite this popularity, we do not stand still and are always innovating and looking for ways to enhance the guest experience to maintain our market leading position.



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# Strategic Report



# Business Overview



Center Parcs is a leading short break holiday business. At the time of writing, we operate six specially constructed holiday villages in the United Kingdom and Ireland:

- Sherwood Forest in Nottinghamshire;
- Longleat Forest in Wiltshire;
- Elveden Forest in Suffolk;
- Whinfell Forest in Cumbria;
- Woburn Forest in Bedfordshire;
- Longford Forest in County Longford, Ireland, which opened in summer 2019.

Each village is set in a forest environment amongst approximately 400 acres of forest and lakes and is open 365 days a year. We have around 9,500 employees located across the six villages and a Head Office in Nottinghamshire.

Woodland, water and a natural environment are the essential elements of a Center Parcs break. Within this comfortable, quiet and family-friendly setting, the Center Parcs villages provide guests with high quality accommodation and more than 150 leisure and spa activities.

There are more than 4,800 lodges across the six villages and the focal point and key attraction of each village is an all-weather indoor Subtropical Swimming Paradise, featuring a selection of water activities including a wave pool, slides and rides, children's pools and hot tubs. Other experiences include outdoor activities such as cycling and quad biking, indoor activities such as ten-pin bowling, badminton and pottery painting and leisure amenities such as spas, dining and retail outlets.

We operate in the UK and Ireland short break holiday market, which consists of three segments:

- (i) traditional holiday centres,
- (ii) holiday parks based on caravan or lodge accommodation and
- (iii) forest villages.

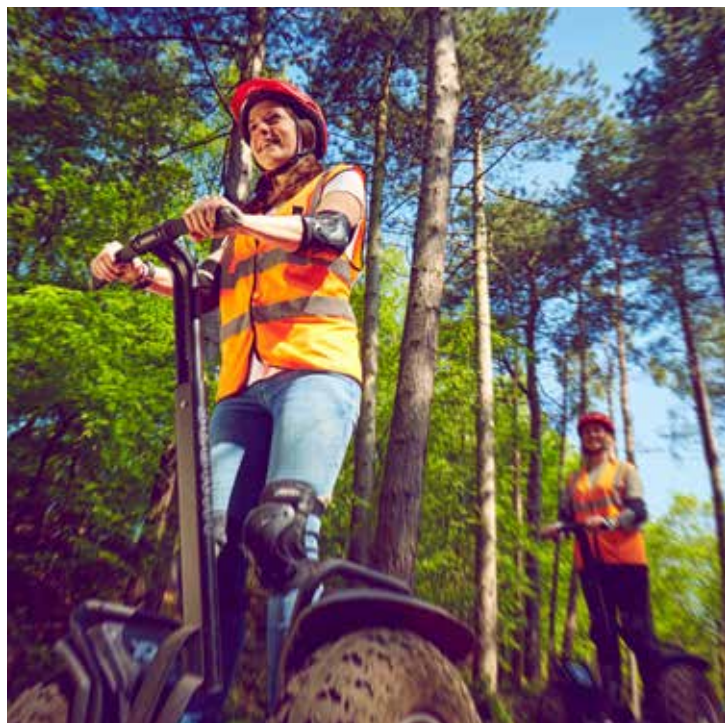
## Financial Highlights



## The Year In Numbers

	52 weeks ended 25 April 2019	53 weeks ended 26 April 2018
Occupancy (%)	97.1	97.6
Sleeper nights (m)	7.4	7.5
Number of guests (m)	2.2	2.2
Capital investment (£m)	66.2	84.5
Revenue (£m)	480.2	469.0
Adjusted EBITDA (£m)	232.6	228.4
Profit before tax (£m)	84.2	87.5
Average daily rate (£) (net of VAT)	191.74	184.95
RevPAL (£) (net of VAT)	186.08	180.46
Accommodation bookings via web (% of total)	86	86
Guest satisfaction (% of guests ranking their break as excellent or good)	96	95
Employee turnover (%)	29	29

## Key Performance Indicators



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 set out below. The key performance indicators compare the 52 weeks ended 25 April 2019 to the 53 weeks ended 26 April 2018.

### Revenue

Revenue for the period was £480.2 million (2017/18: £469.0 million).

### Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation and exceptional/non-underlying items. Adjusted EBITDA for the period was £232.6 million (2017/18: £228.4 million).

### Occupancy

Occupancy is the average number of units of accommodation occupied as a percentage of the total number available. Occupancy for the period was 97.1% (2017/18: 97.6%) and the number of units of accommodation at 25 April 2019 was 4,317 compared to 4,227 at 26 April 2018.

### ADR (Average Daily Rate)

ADR is the average daily rate (excluding VAT) achieved based on total accommodation income divided by the total number of units of accommodation nights sold. ADR for the period was £191.74 (2017/18: £184.95).

### RevPAL (rate per available lodge night)

RevPAL is the average daily rate (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 £186.08 (2017/18: £180.46).

### Forward bookings

Forward bookings is the number of bookings for the forthcoming financial year expressed as a percentage of the total available breaks for that year. This gives good forward visibility of future occupancy levels. Forward bookings at April 2019 was 43% (2017/18: 42%).

### Guest satisfaction

Guest satisfaction is tracked and obtained using online questionnaires completed by guests. For the period, 96% (2017/18: 95%) of respondents ranked their break as excellent or good.

### Employee turnover

The average labour turnover for the business during the period was 29% (2017/18: 29%).

## Chief Executive's Statement



“ Center Parcs delivered a strong set of results during the year despite the continued political and economic uncertainty surrounding the UK’s withdrawal from the European Union. The Group’s resilient performance continues to be driven by high levels of capital investment and the roll-out of innovations to ensure our guests continue to enjoy the best experience with family and friends.

During the year, we invested more than £65 million across the business on projects ranging from building new accommodation and refurbishing our existing accommodation to a higher standard to the delivery of new and exciting leisure concepts and the continued maintenance of our central buildings, including the iconic Subtropical Swimming Paradise. This commitment to continued investment was rewarded by sector-leading levels of occupancy and excellent guest feedback.

At the time of writing, we have successfully opened our sixth holiday village - Longford Forest in Ireland. The development of Longford Forest is a fantastic achievement and testament to the hard work, commitment and dedication of the Center Parcs team and all those associated with the project.

We look forward to the coming financial year with a sense of real excitement. I am confident that our village in Ireland will provide the same high level of service and guest satisfaction as delivered by the five villages in the UK and become an integral part of the Group’s business. ”

A handwritten signature in white ink, appearing to read 'MD', enclosed within a white oval scribble.

**Martin Dalby**

Chief Executive Officer



# Strategy and Objectives



## Objectives

Our strategy is to be the leading provider of short break holidays in the UK and, over the coming years, to establish a strong presence in Ireland with the opening of our sixth village, Longford Forest in County Longford, Ireland.

During 2018/19, we made significant progress on all our strategic aims, as well as continuing to deliver our core product and service offering to a very high standard.

## Ireland

At the time of writing, Longford Forest is fully operational and welcoming guests.

## Product development

We know that the key to our continued success is maintaining our villages to the highest possible standards. Some of the key developments included:

- An investment of £27.1 million in maintenance capital, to ensure our villages maintain the high standards our guests rightfully expect;
- The refurbishment and upgrade of 1,447 units of accommodation to the new 'Project Summer' specification;
- The installation of a new leisure concept at Longleat Forest known as 'Aquaparc' as well as commencing the extension and full refurbishment of Aqua Sana Longleat Forest; and
- Following the successful completion of 'Project Atlantis' at Longleat Forest, we completed 'Project Atlantis' at Sherwood Forest – the installation of the thrilling raft ride, Tropical Cyclone, together with a new children's and toddler water play area.

## Our guests, our people and our environment

During the year, we welcomed 2.2 million guests to our villages and we continued to ensure that each guest went away with excellent memories of their stay and with the intention to visit us again very soon. During the year, 96% of guests rated their break as excellent or good - a fantastic result and a reflection of our continued involvement in our product and our people.

As part of our aim of being the local employer of choice, we continued to pay all our employees, as a minimum, a premium over the National Living Wage. At the time of writing, we are paying a 16p premium over the National Living Wage, paying our employees a minimum of £8.37 per hour in addition to the many other benefits that we provide.

We launched our new People Framework during the year which sets out in one place the competencies, skills and behaviours we expect from our people across the business. Allied to this, we rolled out 'Let's Talk, Natural Conversations', our new employee appraisal tool which focuses on 'in the moment' natural conversations between managers and their teams, focusing on the issues that really matter and celebrating successes along the way. We are confident that these initiatives will make a tangible difference to the working lives of our employees.

We recognise and celebrate the role we play in supporting local community groups and charitable causes. During the year, Center Parcs donated around £17,000 to community groups which are local to our villages, making a tangible difference to the lives of local people. Additionally, with the help of staff and guests and Center Parcs' matched contributions, we have raised more than £780,000 to date for our UK corporate charity partner, Together For Short Lives.

# Strategy and Objectives



## Objectives for 2019/20

### Ireland

The key focus is to ensure that Longford Forest delivers the same high level of service and guest satisfaction as delivered by the UK villages. To ensure this is successfully achieved, we will:

- Continue the recruitment and training of employees; and
- Support the Longford Forest team to ensure they provide the Center Parcs experience to the same exacting standards as the UK villages.

### Product development

As our village in Ireland begins to bed in, we will continue to invest in our UK villages. We will:

- Continue transforming the Subtropical Swimming Paradise at Sherwood Forest by refurbishing the changing rooms;
- Open an additional 17 lodges at Woburn Forest; and
- Open four Treehouses at Whinfell Forest so that every UK village has Treehouse accommodation.

### Our guests, our people and our environment

We have launched our 'DES90' programme which will seek to take the guest experience from excellent to exceptional over the coming years through a range of strategic and local initiatives.

In relation to the environment, we will aim to reduce carbon emissions, water consumption and waste to landfill by 1% per guest and increase the amount we recycle by 1%.

We will continue to develop new training programmes, policies and practices to support the recently launched People Framework. We are also developing a new workplace resolution policy, launching a new job-shadowing initiative and delivering training programmes that support our overall strategy in the following topics: core management, coaching skills, workplace mediation and mental health first aid.

We will continue to invest in new technology to support our people with the introduction of a new Learning Management System and the commencement of a two year project to implement a new Workforce Management System. We will challenge ourselves to achieve small improvements in our village labour turnover numbers, recognising that in general our turnover results are already significantly better than industry norms but, nonetheless, we will continue to make every effort to see improvements across the business.

# Group Financial Review



## Income statement

The following income statement presents the performance of the Center Parcs UK Group.

	52 weeks ended 25 April 2019			53 weeks ended 26 April 2018		
	Before exceptional and non-underlying items (£m)	Exceptional and non-underlying items (£m)	Total (£m)	Before exceptional and non-underlying items (£m)	Exceptional and non-underlying items (£m)	Total (£m)
<b>Revenue</b>	<b>480.2</b>	-	<b>480.2</b>	<b>469.0</b>	-	<b>469.0</b>
Cost of sales	(129.1)	-	(129.1)	(123.7)	-	(123.7)
<b>Gross profit</b>	<b>351.1</b>	-	<b>351.1</b>	<b>345.3</b>	-	<b>345.3</b>
Administrative expenses	(118.5)	-	(118.5)	(116.9)	(2.3)	(119.2)
<b>Adjusted EBITDA</b>	<b>232.6</b>	-	<b>232.6</b>	<b>228.4</b>	<b>(2.3)</b>	<b>226.1</b>
Depreciation and amortisation	(57.7)	-	(57.7)	(52.7)	-	(52.7)
Total operating expenses	(176.2)	-	(176.2)	(169.6)	(2.3)	(171.9)
<b>Operating profit</b>	<b>174.9</b>	-	<b>174.9</b>	<b>175.7</b>	<b>(2.3)</b>	<b>173.4</b>
Finance income	0.2	-	0.2	0.3	-	0.3
Finance expense	(90.9)	(7.7)	(98.6)	(88.5)	(26.9)	(115.4)
<b>Profit before taxation</b>	<b>84.2</b>	<b>(7.7)</b>	<b>76.5</b>	<b>87.5</b>	<b>(29.2)</b>	<b>58.3</b>
Taxation	(15.2)	1.5	(13.7)	(14.0)	7.2	(6.8)
<b>Profit for the period</b>	<b>69.0</b>	<b>(6.2)</b>	<b>62.8</b>	<b>73.5</b>	<b>(22.0)</b>	<b>51.5</b>

# Group Financial Review



## Financial review

This year has seen the business deliver another strong financial performance, reflecting the continued attractiveness of Center Parcs as a short break destination. Profit before tax and exceptional/non-underlying items decreased slightly from £87.5 million to £84.2 million during the year, principally due to the additional week of trading in the comparative year.

We achieved an occupancy level of 97.1%, despite approximately 1.3% of capacity being offline for upgrades and therefore unavailable for sale. This occupancy level and an ADR growth of 3.7% resulted in RevPAL of £186.08, a 3.1% increase in comparison to the previous year.

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 Center Parcs is operationally and financially robust and will generate sufficient cash to meet its debt service requirements for the next 12 months.

## Revenue

On a like-for-like 52-week basis, the overall revenue increase was £18.5 million or 4.0% to £480.2m. This was as a result of a 5.3% increase in accommodation revenue and an increase in on-village revenue of 2.1%. Compared to the 53 weeks ended 26 April 2018, revenue increased by £11.2 million, or 2.4%. This reflects good underlying growth at each of the five villages.

## Cost of sales

On a like-for-like 52-week basis, cost of sales increased by £7.7 million or 6.3% to £129.1 million. This increase reflects the increase in on-village revenue and the impact of the increased National Living Wage, effective from 1 April 2018 and 1 April 2019. Compared to the 53 weeks ended 26 April 2018, cost of sales increased by £5.4 million or 4.4%.

## Administrative expenses

On a like-for-like 52-week basis, administrative expenses increased by £3.9 million or 3.4% to £118.5 million. Compared to the 53 weeks ended 26 April 2018, administrative expenses increased by £1.6 million or 1.4%.

The £2.3 million exceptional/non-underlying administrative expenses in the previous year represented £1.6 million of costs relating to legal claims and associated settlements, together with £0.7 million of one-off restructuring and reorganisation costs.

## Adjusted EBITDA

As a result of the factors outlined above, excluding the impact of the 53rd week in the prior financial year, EBITDA grew by £6.9 million or 3.1% to £232.6 million. Compared to the 53 weeks ended 26 April 2018, EBITDA grew by £4.2 million or 1.8%.

## Depreciation and amortisation

Depreciation and amortisation for the 52 weeks ended 25 April 2019 was £57.7 million, an increase of £5.0 million compared to the 53 weeks ended 26 April 2018. This reflects the Group's ongoing capital investment programme and the 53rd week included in the prior year.

# Group Financial Review



## Taxation

Corporation tax paid and payments for Group relief totalled £14.0 million during the 52 weeks ended 25 April 2019 compared with £1.0 million in the 53 weeks ended 26 April 2018.

## Cash inflow

Center Parcs continues to be highly cash generative, with a net cash inflow from operating activities during the year of £225.2 million (2017/18: £237.3 million).

This year has seen £66.3 million spent on capital projects and £83.7 million on interest payments. Cash balances increased by £14.1 million to £60.2 million during the year.

## Borrowings

At 25 April 2019, the borrowings of Center Parcs totalled £1,889.9 million (26 April 2018: £1,760.6 million), being £1,889.5 million of secured notes and a mortgage of £0.4 million on Center Parcs' Head Office.

On 20 November 2018 Center Parcs issued an additional £100.0 million of tranche A4 secured notes via a tap issue, at a premium of £3.2 million. On the same date the Group issued £379.5 million of new 3.690% Class A5 notes. Part of the proceeds of these new notes was used to settle the Group's £350.0 million of Class A3 secured notes which were due to mature in February 2020.

The £7.7 million exceptional/non-underlying finance expense in the current year represents the premium paid on the settlement of the A3 tranche of the secured debt of £6.1 million and accelerated amortisation of deferred issue costs in respect of the A3 tranche of £1.6 million. The £26.9 million exceptional/non-underlying finance expense in the prior year represented the premium paid on the settlement of the B2 tranche of the secured debt.

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 business.

# Risks and Uncertainties



Center Parcs has a proactive approach to the management of potential risks and uncertainties which could have a material impact on the performance of our business and the execution of our growth strategy. Details of our approach to risk management can be found in the Governance section.

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, safety and security

The health, safety and security of our guests and employees is paramount in our business. We are committed to maintaining industry-leading standards in health and safety, including fire and food safety, and we adopt a proactive approach to safety management.

Our security teams regularly monitor our villages to maintain a safe and secure environment for our guests to enjoy. All incidents are reported via a management system 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 all policies and procedures and is focused on continuous improvement to mitigate this risk.

### Business continuity

We operate five holiday villages in the UK and a sixth in Ireland, 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 to mitigate this risk.

### Supply chain

We have a large number of suppliers and pride ourselves on the quality of our 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. These risks are mitigated by robust contract management processes and supplier registration systems for food and safety and further supported by independent advisors. In addition, the Risk Committee considers supply chain contingency arrangements and takes appropriate measures.

### Contractual arrangements

We have contracts with third parties for the supply of goods and services. Contracts are negotiated at arm's length and we do not enter into contracts that are outside the ordinary course of business or those which contain onerous terms. We maintain a compliance programme to ensure compliance with all 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

Our performance depends largely on our employees, both on the villages and at Head Office. The resignation of key individuals or the inability to recruit employees with the right experience and skills could adversely impact the business' results. To mitigate these issues, we have invested in training programmes and have a number of bonus schemes linked to the business' results and achievement against key performance indicators linked to guest satisfaction, that are designed to reward and retain individuals.

### Input price increases

The business' margin could be adversely affected by an increase in the price of key costs to the business due to general economic conditions and the general uncertainty surrounding Brexit. This could impact wages, overheads and utilities. We take proactive steps to manage any such increases, including cost control, forward buying and budgeting for any increase.

# Risks and Uncertainties



## 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. We mitigate this risk 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 investment and innovation, marketing campaigns and brand development.

## Fraud

Risk of fraud exists in misappropriation of assets, including banking, theft of stock and theft of cash takings.

We mitigate this risk through the management structure and regular financial review with, and extensive use of, business systems. In addition, our internal audit function undertakes regular reviews of financial controls with particular focus on cash and stock transactions. Center Parcs is also subject to regular external audits.

## Market Risk Factors

### General economic conditions

The disposable income of our guests and/or their holiday preferences are affected by changes in the general economic environment, including the uncertainty surrounding Brexit. This may result in a fall in the number of guests and/or a decrease in on-village expenditure. We regularly review our product offering and engage with guests to ensure we provide value for money to meet guests' needs and expectations.

### Brexit

Following the result of the EU Referendum on 23 June 2016, there remains a large degree of uncertainty regarding what the legal, economic, political and trading relationship will be between the United Kingdom and member states of the European Union and other sovereign states. Until the terms of Brexit have been finalised, it is difficult for businesses to predict the impact it will have on them and their financial performance. Thus far, the referendum result has not had a material impact on the business of Center Parcs.

## Technology and cyber security

We rely heavily on systems and technologies for reservations, revenue management and property management. Failure to keep up to date with technology in these areas could have an adverse impact on the business. To mitigate this risk, we have programmes focused on ensuring the long-term stability of IT operating systems, data protection and cyber security. The Operating Board receives regular updates on these programmes.

## Competition

The Center Parcs brand is synonymous with high quality short breaks in a forest environment but we compete 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 continual investment in the accommodation and central facilities (including retail outlets and restaurants), coupled with the innovation amongst the leisure activities and the responsiveness to guest surveys.

## Seasonality and weather

The demand for short breaks is linked to the main seasonal holiday periods. Our reservation and revenue management systems encourage demand outside of these peak periods in order to mitigate the seasonality risk.

The weather could impact our business as the villages are located within forest environments and there are a significant number of outdoor activities. However, there are a wide mixture of indoor and outdoor activities to mitigate this risk and our systems encourage advance bookings, which are not weather dependant.

# Risks and Uncertainties



## UK 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' funding using the underlying asset value.

All tranches of the secured debt are subject to financial covenants. The Directors have assessed future compliance and, at this time, do not foresee any breach of the financial covenants.

### Interest rate risk

As at 25 April 2019, principal sources of borrowing are fixed interest rate loan notes.

### Liquidity risk

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

### Currency risk

Whilst no borrowings at 25 April 2019 were denominated in foreign currencies, a number of suppliers are exposed to the Euro and US Dollar. Accordingly, wherever possible the business enters into supply contracts denominated in Sterling. Center Parcs does not operate a hedging facility to manage currency risk as it is not considered to be material.

### Credit risk

Cash balances are held on deposit with a number of UK banking institutions. Credit risk in respect of revenue streams is limited as the vast majority of customers pay in advance.

### Financial reporting risk

The 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. This risk is mitigated by the production of detailed management accounts, which are regularly compared to budgets and forecasts. Center Parcs is also subject to an annual external audit.



# Corporate Responsibility



Center Parcs has a strong commitment to acting responsibly in our relationships with guests, employees, suppliers, neighbours, shareholders and regulators and making a positive contribution to the communities surrounding our villages. This includes:

- Ensuring high levels of guest satisfaction;
- Managing our environmental impact;
- Being an employer of choice;
- Supporting the community and charities.

## Our guests

Our guests are at the heart of our business and we cannot achieve our objectives without them. We remain focused on ensuring each of our villages maintains the very high level of guest satisfaction scores they regularly achieve.

During the year, we welcomed approximately 2.2m guests to Center Parcs and 96% of those guests said that their holiday was either excellent or good. Whilst these levels of guest satisfaction are excellent and demonstrate the fantastic work undertaken by all of our people, we continue to strive to deliver higher standards in everything we do and the passion and motivation of our people is key to this.

After each visit we invite our guests to complete an online satisfaction questionnaire and to share their experience via TripAdvisor. We really are interested in our guests' views and we ask them to rate all areas of our business and provide feedback to help us improve our service and facilities. We use the results to reward our employees for delivering excellent service and to recognise areas where additional training and support is required.

## Our environment

For more than three decades we have been a destination for families and friends to take a break from the rigours of life and spend time enjoying the natural and flourishing environment we offer.

We recognise the real benefits these surroundings offer in terms of the wellbeing of individuals and work extremely hard to nurture and sustain our natural surroundings. We also recognise our responsibility to carefully manage these natural resources.

Over the past 32 years we have carefully managed our use of resources through care, attention and innovation. In 2010 we promised to reduce our energy use by 20% by 2020 and achieved our target three years early. We are now embracing new challenges, including the opening of our sixth village, along with the responsibility this brings and opportunities to make more sustainable choices.

We recognise that all contributions matter and, in addition to everything we have already achieved and are achieving, we are committing to reducing energy and water consumption by a further 1% per sleeper this year, reducing waste to landfill by a further 1% and improving recycling volumes by 1%. We recognise every percent makes a difference.

We are also challenging ourselves to do more and do better with ethical procurement and reducing our use of non-sustainable resources, including single use plastics.

# Corporate Responsibility



## Our environment *continued*

We are re-assessing how much we travel as a business and how we can have less impact with essential travel as well as providing improved facilities for guests who choose to reach us using lower-impact rechargeable electric vehicles.

We now have 9,500 colleagues working for Center Parcs and recognise the value of our collective strength. From induction through to involvement in achieving our ISO14001 Environmental Standard certification, we are all aware of our aims, measures and commitments and we all play our part in this exciting journey towards a sustainable and natural future.

## Nature and biodiversity

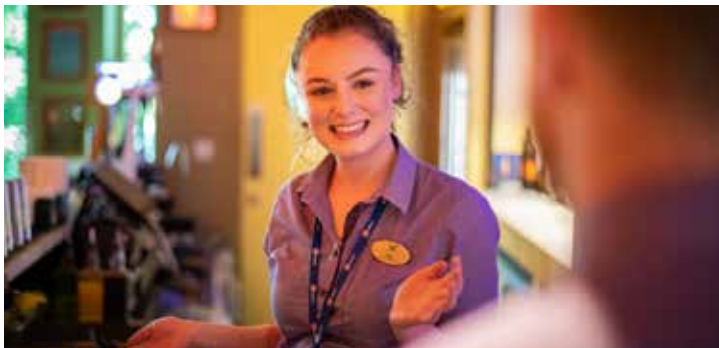
Our forests continue to define Center Parcs and we recognise our duty to protect and enhance the forests in which we operate. The forest landscapes are the setting from which we offer an outstanding range of guest facilities and accommodation and an opportunity to experience the captivating beauty of nature.

As a result of the positive management of the forests, all our villages continue to provide a rich diversity of both flora and fauna. They are home to birds, reptiles, amphibians, insects and mammals with several red and amber listed species recorded at the villages. There are also a number of scarce fungi throughout the woodland areas of the villages.

This year Woburn Forest joined the other UK villages in attaining The Wildlife Trusts' Biodiversity Benchmark accreditation, which is testament to the development of the village biodiversity since opening in 2014.

We are already monitoring the wildlife in our newest village, Longford Forest, and whilst, like Woburn Forest, the biodiversity will not significantly increase with the change of use of the forest, we are monitoring the different species that the site has to offer and surveys have been undertaken to give us our 'baseline' information for the future management of the site.

# Corporate Responsibility



## Our people

We continued to deliver against many areas of our five-year strategic people plan with some notable achievements.

### Apprenticeships

We celebrated the end of our first 'Fast Track' management programmes. All 10 of our Fast Track managers achieved the Level 3 Management Apprentice and Institute of Leadership and Management qualifications with a distinction. 90% of the students will progress to their Level 5 programme. Three colleagues from our first cohort of Fast Track students have already attained a permanent management position, with the aspiration that the remaining students will also attain their permanent management position within the next 18 months. A second cohort of Fast Track students commenced in January 2019.

We continue to support more than 80 colleagues in other apprenticeship programmes in areas such as construction, cyber security, beauty therapy and HR.

### People Framework

We launched a new People Framework and, within it, a new approach to colleague appraisals with our 'Let's Talk, Natural Conversations' initiative. More than 1,000 managers attended interactive launch workshops to develop the skills needed to have natural and 'in the moment' conversations that will support our colleagues to have a fulfilling career at Center Parcs.

### Women's Development Programme

We also launched a pilot Women's Development Programme where 24 aspiring women from across the business came together for a three-day training programme to develop their skills and encourage them to take a proactive approach to career progression. The programme was well received and showed some excellent results from the pilot group. It has therefore been commissioned to run again in late 2019.

## Longford Forest recruitment

More than 4,000 visitors attended our three-day recruitment information event in October 2018 and, by the end of the financial year we had recruited more than 700 of the 1,000 colleagues that we needed to be employed by the time the village opens.

### Pay and benefits

Once again, we followed through on our commitment to raise our basic pay rate above the National Living Wage and to apply this to all colleagues regardless of age. Our lowest pay rate is now 16p above the National Living Wage, with most associated differential rates being protected from attrition by also receiving above average increases.

In March 2018 we launched a Wellbeing Hub giving all our colleagues mobile access to an array of health and wellbeing services, including face-to-face counselling where needed. As additional support for our colleagues, we also trained more than 60 individuals across the business in Mental Health First Aid.

The table below provides a breakdown of the gender of Directors, senior managers and employees during the financial year, in accordance with the gender reporting requirements:

	2018/19		2017/2018	
	Male	Female	Male	Female
Board of Directors <sup>(1)</sup>	4	1	4	1
Operating Board <sup>(2)</sup>	6	0	6	0
Senior Managers <sup>(3)</sup>	15	11	10	11
All other employees	2,484	6,425	2,266	5,641

(1) Directors of the UK holding company, Center Parcs (Holdings 1) Limited.

(2) The management team responsible for day to day operations within the group.

(3) We have defined senior managers as those managers which report directly to a member of the Operating Board.

## Corporate Responsibility



### Our charities

Center Parcs has a proud history of supporting charities that make a difference to families. We are passionate about supporting organisations that share our ethos of bringing and keeping families together.

Since June 2016, our corporate charity partner in the UK has been Together for Short Lives, a national charity for children living with life-limiting conditions and their families, making sure they get the very best care and support so they can make the most of every moment together. We are proud to match fund donations made by our guests when booking a break with Center Parcs UK and also donate 25 Center Parcs breaks each year to the charity.

As well as national support, each Center Parcs village fundraises for their local children's hospice, which are listed below:

Whinfell Forest – Jigsaw Children's Hospice

Sherwood Forest and Head Office – Bluebell Wood Children's Hospice

Elveden Forest – East Anglia's Children's Hospices

Woburn Forest – Keech Hospice Care

Longleat Forest – Children's Hospice South West

At the time of writing, with the help of our staff and guests, we have raised more than £780,000 for Together for Short Lives.

In May 2019, we began supporting Barretstown, an Irish charity that offers free, specially designed camps and programmes for children and families living with a serious illness. Barretstown are our corporate charity partner in Ireland and we are proud to match fund donations made by our guests when booking a break with Center Parcs Ireland.

Alongside our corporate partnerships, we also support several local and national charities helping children and families who are going through difficult times. By donating a number of breaks each year, we give these families the chance to enjoy some quality time together. Last year, we donated short breaks to the value of more than £40,000.

### Our communities

We have an extremely close relationship with the communities surrounding our villages, with 86% of our UK employees living within 15 miles of a Center Parcs village, as well as a commitment to using local suppliers wherever possible.

Our Community Fund allows each of our villages and Head Office to sponsor local projects, whether delivered by our colleagues or members of the community. This ensures that the local area further reaps the benefit of our involvement in the communities that surround our villages.

During the year the Community Fund distributed more than £17,000 to worthy causes based in our local communities, making a tangible difference to the lives of local people.

# Governance Report



# Ownership and Management Structure



## History

- **1968** – the first Center Parcs village opened in the Netherlands
- **1987** – the first UK village, Sherwood Forest in Nottinghamshire, opened
- **1989** – the second UK village, Elveden Forest in Suffolk, opened
- **1994** – the third UK village, Longleat Forest in Wiltshire, opened
- **2001** – the fourth UK village, Whinell Forest in Cumbria, was acquired
- **2001** – Center Parcs' Europe and UK businesses were split and the UK business was sold to Deutsche Bank Capital Partners
- **2003** – the UK business was floated on the London Alternative Investment Market
- **2005** – the UK business moved to a main London stock market listing
- **2006** – the Center Parcs UK business was acquired by funds advised by the Blackstone Group
- **2014** – the fifth UK village, Woburn Forest in Bedfordshire, opened
- **2015** – the option was acquired over a site in Ireland for the sixth Center Parcs village
- **2015** – the Blackstone Group sold Center Parcs UK to Brookfield, a Canadian global asset management company
- **2016** – land was acquired for the sixth Center Parcs village in County Longford, Ireland
- **2017** – construction commenced on Longford Forest
- **2019** – the sixth village, Longford Forest, opened in the Republic of Ireland

## Ownership

The Center Parcs business is owned by investment funds advised by Brookfield Asset Management Inc., a Canadian global asset management company.

As at the end of the financial year the ownership split was:

Funds managed by Brookfield Asset Management Inc.	99.36%
Management	0.64%

## The Board of Directors



During the year the Board comprised of the following Directors:

### **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 Whinfell Forest. He then led the float of the business onto the AIM in December 2003, the transition to the London Stock Exchange's main list on 1 March 2005, the purchase and sale of the business by the Blackstone Group and the subsequent purchase by Brookfield in August 2015.

### **Colin McKinlay**

*Chief Financial Officer*

Colin joined the Mytravel Group in 1995 and held the role of Finance Director for North America, Germany and the UK & Ireland. He then joined Thomas Cook as UK & Ireland Chief Finance Officer. Following this, after serving as Group Finance Director for an AIM listed travel company and Finance Director for Homeserve UK, he joined the TUI Group as Finance Director for their UK & Ireland operations in 2010.

He then became Finance Director for their Northern Europe Operations in 2014. Over the course of his career he has gained extensive experience of Corporate and Operational Finance, M&A, Restructuring and Business Development and Information Technology. In 2017 he joined Center Parcs as Chief Financial Officer and is a Chartered Accountant.

## The Board of Directors



## Shareholder Representative Directors

### Zach Vaughan

Zach is a Managing Partner of Brookfield Property Group and is responsible for Brookfield's European real estate investments. He has more than 15 years of real estate experience. Prior to joining Brookfield in 2012, he served as Director of Real Estate Investments for Canada Pension Plan Investment Board for more than five years, where he oversaw its North American investments in office and industrial properties. Previously, he worked for Reichmann International and LaSalle Investment Management in the US. He received an Honours Economics degree from the University of Western Ontario.

### Kevin McCrain

Kevin is a Managing Director of Brookfield Property Group and is responsible for advising on all legal aspects of Brookfield's real estate platform, specifically focusing on European acquisitions and dispositions. Prior to moving to London, he was based in New York and focused on North American acquisitions and dispositions.

Since joining Brookfield in 2010, he has been involved in a number of acquisitions, including Gazeley, IDI, Student Roost and Seoul IFC. Prior to joining Brookfield, he worked at another real estate investment management company and at international law firms, where he focused on real estate related mergers and acquisitions and general real estate transactions. He holds a Juris Doctor degree from Georgetown University Law Center.

### Natalie Adomait

Natalie is a Senior Vice President in Brookfield's Property Group, involved in the Asset Management for Brookfield's European real estate investments. She joined Brookfield in Canada in 2011 and relocated to London in 2014. Since joining Brookfield, she has been involved in several M&A transactions for Brookfield's renewable energy and real estate groups. She also sits on the board of directors for Brookfield's UK Student Housing company. She received an Honors degree in International Business from the Sprott School of Business in Ottawa.



# Operating Board



During the financial year the executive Directors; Martin Dalby, Chief Executive Officer and Colin McKinlay, Chief Financial Officer, were members of the Operating Board, along with the following members of senior management:

## **Paul Kent**

*Development and Construction 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 at 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. He was appointed Development and Construction Director in June 2017.

## **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, later adding ebookers and Bridge The World to the multi-brand portfolio. In June 2002 he took 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.

## **Rajbinder Singh-Dehal**

*HR and Commercial Services Director*

Raj joined Center Parcs in June 2009 as Company Secretary with responsibility for legal, pensions, health & safety, insurance and risk. In May 2012, he was appointed as Head of Legal and Commercial Services which saw him assume responsibility for Purchasing in addition to his previous responsibilities. In January 2015, he was appointed as HR and Commercial Services Director.

In his new role, he added Human Resources to his remit and joined the Center Parcs Operating Board. Before joining Center Parcs, Raj was Head of the Corporate & Commercial legal team at Alliance & Leicester plc. He started his career with Eversheds LLP where he practised as a corporate lawyer, advising large to medium sized public and private companies. He qualified as a Solicitor in September 2001.

## **Alan Park**

*Operations Director*

Alan joined Center Parcs in 2004 as UK Operations Manager, responsible for Leisure, Spa, Retail, Guest Services and Security. He was then appointed as Regional Director of Operations in 2012 with responsibility for Elveden Forest, Longleat Forest and Woburn Forest. He took responsibility for all five villages in 2016 as Director of Village Operations, before joining the Operating Board as Operations Director in June 2017.

Prior to Center Parcs, Alan held senior positions with BUPA Hospitals and Eurostar, where he was part of the opening team, and then went on to be Head of UK Terminals and Customer Service. In his earlier career he worked for the Home Office at Heathrow and In-Flight Operations in the Royal Air Force.

# Governance Structure



The Center Parcs business is managed in the UK by the Board of Directors, which comprises of two executive directors and representatives of its principal shareholder. The Board provides leadership and sets the strategy. It is also responsible for overseeing implementation of the strategy, risk management, financial performance and corporate governance.

Operational oversight is the responsibility of the Operating Board, which is made up of the two executive directors and four members of senior management. The Operating Board is the main day-to-day decision-making forum. It implements the strategy and has responsibility for ensuring that the business complies with all applicable statutory, regulatory and governance requirements.

## Committees

To allow the Board of Directors and the Operating Board to operate effectively, they have delegated authority to the Risk Committee, the Fire, Health and Safety Steering Committee (FHSSC) and, following new data protection laws, the Data Protection Governance Committee.

The Risk Committee meets quarterly to consider and review the risks facing the business and the framework to mitigate such risks, and notifies the Board of Directors of changes in the status and control of risks. It reviews the key risk registers, challenging and making changes where appropriate, and receives reports from the FHSSC. The Risk Committee comprises of the Operating Board, the Head of Health & Safety and the Legal Manager and is chaired by the Chief Executive Officer.

The FHSSC meets bi-monthly to review and oversee fire, health and safety and security operational risks. Health and Safety audits are conducted throughout the year to assess compliance with the Health and Safety policies and reported to the FHSSC for review and approval where necessary. The FHSSC is chaired by the Operations Director and comprises of the Head of Health & Safety, the Head of Estates, Assets & Development, the Legal Manager and all village General Managers.

The Data Protection Governance Committee meets quarterly to consider and review the data protection risks and issues facing the business, including significant new projects or data breaches and will notify the Board of Directors where necessary. The Data Protection Governance Committee is chaired by the HR and Commercial Services Director and comprises of the Sales and Marketing Director, the IT Security Manager, the Legal Manager and Data Protection Leads throughout the business.

