



IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the **Offering Circular**) and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE U.S. SECURITIES ACT), OR ANY STATE SECURITIES LAWS, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Offering Circular, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Offering Circular by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the U.S. Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this email has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) you have treated the contents of the Offering Circular confidentially and you have not duplicated, distributed, forwarded, transferred or otherwise transmitted the Offering Circular or any other presentational or other materials concerning this offering (including electronic copies thereof) to any persons within the United States and agree that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by you, (e) you have made your own assessment concerning the relevant tax, legal and other economic considerations relevant to an investment in the securities of Issuer, and (f) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005 or a certified high net worth individual within Article 48 of the Financial Services and Markets Act (Financial Promotion) Order 2005.

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Issuer nor The Royal Bank of Scotland plc as Class A Global Coordinator and Arranger and Class B Global Coordinator and Joint Bookrunner nor the Managers nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from The Royal Bank of Scotland plc as the Class A Global Coordinator and Arranger and the Class B Global Coordinator and Joint Bookrunner.

It should be remembered that investing in the Notes involves certain risks and that the price of securities can go up as well as down. Please see "*Risk Factors*" on page 35.



CONFIDENTIAL

NOT FOR DISTRIBUTION IN THE UNITED STATES



CPUK Finance Limited

(incorporated in Jersey with limited liability under registration number 108635)

£300,000,000 4.811% Class A1 Fixed Rate Secured Notes due 2042
£440,000,000 7.239% Class A2 Fixed Rate Secured Notes due 2042
£280,000,000 11.625% Class B Fixed Rate Secured Notes due 2042

This document (the **Offering Circular**) constitutes a “prospectus” for the purposes of the Directive 2003/71/EC (the **Prospectus Directive**). This Offering Circular has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under the Prospectus Directive. The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for the Notes to be admitted to the Official List of the Irish Stock Exchange (the **Official List**) and trading on its regulated market. References in this Offering Circular to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market. The Irish Stock Exchange is a regulated market for the purposes of Directive 93/22/EEC (the **Investment Services Directive**).

On 28 February 2012 (or such other date as CPUK Finance Limited (the **Issuer**) and The Royal Bank of Scotland plc (as **Class A Global Coordinator and Arranger** and as **Class B Global Coordinator and Joint Bookrunner**) may agree) (the **Closing Date**), the Issuer will issue the £300,000,000 4.811% Class A1 Fixed Rate Secured Notes due 2042 (the **Class A1 Notes**), the £440,000,000 7.239% Class A2 Fixed Rate Secured Notes due 2042 (the **Class A2 Notes** and, together with the Class A1 Notes, the **Class A Notes**) and the £280,000,000 11.625%/6.25% Class B Fixed Rate Secured Notes due 2042 (the **Class B Notes** and, together with the Class A Notes, the **Notes**).

Class	Expected ratings (S&P/Fitch)	Initial Principal Amount Outstanding	Interest rates (p.a.)	Issue price	Expected Maturity Date	Final Maturity Date
A1	BBB(sf)/BBB	£300,000,000	4.811% to (but excluding) the Class A1 Note Expected Maturity Date 7.169% from the Class A1 Note Expected Maturity Date up to the Class A1 Note Final Maturity Date	100%	28 February 2017	28 February 2042
A2	BBB(sf)/BBB	£440,000,000	7.239% to (but excluding) the Class A2 Note Expected Maturity Date 7.919% from the Class A2 Note Expected Maturity Date up to the Class A2 Note Final Maturity Date	100%	28 February 2024	28 February 2042
B	BB+(sf)/B+	£280,000,000	11.625% up to (but excluding) the Class B Note Step-Down Date ⁽¹⁾ 6.25% from the Class B Note Step-Down Date up to the Class B Note Final Maturity Date	100%	28 February 2018	28 February 2042

(1) The **Class B Note Step-Down Date** is the Note Interest Payment Date falling in February 2020.

Interest on the Notes is payable by reference to successive interest periods (each, a **Note Interest Period**) in accordance with the terms and conditions of the Class A Notes and the Class B Notes set out below in “Description of the Class A Debt Provisions — Terms and Conditions of the Class A Notes” (the **Class A Conditions** and, each, a **Class A Condition**) and “Description of the Class B Debt Provisions — Terms and Conditions of the Class B Notes” (the **Class B Conditions** and, each, a **Class B Condition**), respectively. Interest on the Notes will accrue on a daily basis and will be payable semi-annually in arrear in sterling on 28 February and 28 August (subject to adjustment as specified herein for non-Business Days) (each, a **Note Interest Payment Date**) in each year commencing on the Note Interest Payment Date falling in August 2012. The first Note Interest Period will commence on (and include) the Closing Date and end on (but exclude) the first Note Interest Payment Date. The Class B Conditions restrict the payment of interest after the Class B Note Expected Maturity Date, subject to certain exceptions. The Notes of each Class will mature on the Note Interest Payment Date falling in February 2042 unless previously redeemed in full. The Notes will be subject to mandatory redemption and/or may be subject to optional redemption before such dates in certain circumstances (as set out in Condition 5 (Redemption, Purchase and Cancellation) of the Class A Notes and Condition 5 (Redemption, Purchase and Cancellation) of the Class B Notes).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any other jurisdiction and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to any U.S. persons (as defined in Regulation S under the U.S. Securities Act). Accordingly, the Notes are being offered and sold only to non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act. See “Subscription and Sale” and “Transfer Restrictions” below. If any withholding or deduction for or on account of tax is applicable to payments of interest or principal on the Notes, such payments will be made subject to such withholding or deduction without the Issuer being obliged to pay any additional amounts as a consequence. With respect to the Class B Notes only, if any withholding or deduction for, or on account of tax is applicable to payments of interest or principal on the Class B Notes, the Issuer will, subject to certain exceptions, be obliged to pay additional amounts in respect of any such withholding such that the net amount received by the holders of the Class B Notes is not less than the amount they would have received in the absence of such withholding. See “Taxation” below.

The Notes will be obligations of the Issuer only. They will not be obligations or responsibilities of, or guaranteed by, any of the other parties to the transactions described in this Offering Circular and any suggestion otherwise, express or implied, is expressly excluded. The Class B Notes are supported by a payment undertaking from Topco and have the benefit of additional share security over the Obligor Group. It should be noted, in particular, that the Notes will not be obligations of, and will not be guaranteed by, the Class A Global Coordinator and Arranger, the Class B Global Coordinator and Joint Bookrunner, the Class A Joint Lead Managers, the Class B Joint Bookrunners (together with the Class A Joint Lead Managers, the **Managers**), the Class A Note Trustee, the Class B Note Trustee, the Issuer Corporate Services Provider, the Issuer Jersey Corporate Services Provider, the Principal Paying Agent, the Liquidity Facility Providers, the Liquidity Facility Agent, the WCF Agent, the WCF Lenders, the Cash Manager, the Issuer Account Bank, the Borrower Account Bank, the Borrower Security Trustee or the Issuer Security Trustee (each as defined herein) or by any of their respective affiliates or by any affiliates of the Issuer or the Obligors or the shareholders of the Issuer or any other third person or entity.

Investing in the Notes involves risks — Please see “Risk Factors” beginning on page 35 to read about certain factors you should consider before buying any Notes

Class A Global Coordinator and Arranger
The Royal Bank of Scotland plc

Class B Global Coordinator and Joint Bookrunner
The Royal Bank of Scotland plc

Class A Joint Lead Managers
The Royal Bank of Scotland plc

Class A Joint Lead Managers
Barclays Capital **HSBC**

Lloyds Bank

Class B Joint Bookrunners
The Royal Bank of Scotland plc

Class B Joint Bookrunners
Barclays Capital **HSBC**

Lloyds Bank

The date of this Offering Circular is 21 February 2012



NOTICES

The Issuer accepts responsibility for the information set out in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information set out in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

Each of the Obligors accepts responsibility for the information concerning itself set out in the sections entitled “*Presentation of Financial Information*”, “*Trademarks and Service Marks*”, “*Risk Factors*”, “*Capitalisation*”, “*Selected Historical Financial Information*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry*”, “*Business*”, “*Management*”, “*Principal Shareholders*”, “*Certain Relationships and Related Party Transactions*”, “*Material Obligors*” and the financial statements and related notes included elsewhere in this Offering Circular. To the best of each such party’s knowledge and belief (having taken all reasonable care to ensure that such is the case) the information concerning itself in the relevant section is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Class A Global Coordinator and Arranger, the Class B Global Coordinator and Joint Bookrunner, the Managers, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Liquidity Facility Providers, the Liquidity Facility Agent, the WCF Lenders, the WCF Agent, the Principal Paying Agent, the Issuer Account Bank, the Borrower Account Bank, the Cash Manager, the Issuer Corporate Services Provider and the Issuer Jersey Corporate Services Provider (each, an **Other Party**) as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Notes or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer and the Obligors. Each person receiving this Offering Circular acknowledges that such person has not relied on the Class A Global Coordinator and Arranger, the Managers, the Class B Global Coordinator and Joint Bookrunner, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee or the Borrower Security Trustee or any Other Party nor on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

CBRE Limited accepts responsibility for the Valuation Reports (as defined herein) contained in this Offering Circular. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the Valuation Reports is in accordance with the facts and does not omit anything likely to affect the accuracy of such information.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not set out in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Obligors, any other member of the Center Parcs Group, the Class A Note Trustee, the Class B Note Trustee, the Borrower Security Trustee, the Issuer Security Trustee, the Class A Global Coordinator and Arranger, the Managers, the Class B Global Coordinator and Joint Bookrunner, the Cash Manager, the Issuer Account Bank, the Borrower Account Bank, the Liquidity Facility Providers, the Liquidity Facility Agent, the WCF Lenders, the WCF Agent, the Principal Paying Agent, the Issuer Corporate Services Provider or the Issuer Jersey Corporate Services Provider. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes shall under any circumstances constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Obligors, any member of the Center Parcs Group, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Cash Manager, the Issuer Account Bank, the Borrower Account Bank, the Liquidity Facility Providers, the Liquidity Facility Agent, the WCF Lenders, the WCF Agent, the Principal Paying Agent, the Issuer Corporate Services Provider or the Issuer Jersey Corporate Services Provider or in the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof.

The Issuer is of the opinion that the requirements of Article 122a of the Capital Requirements Directive (**Article 122a**) do not apply to the Notes.

On issue, it is expected that the Notes will be assigned the respective ratings of Standard & Poor’s Credit Market Services Europe Limited (**S&P**) and Fitch Ratings Ltd. (**Fitch** and, together with S&P, the **Rating Agencies**) set out in the table on the front cover of this Offering Circular. As of the date of this Offering Circular, both Rating Agencies are established in the European Union and are registered under Regulation (EC) No 1060/2009 (the **CRA Regulation**). As such each Rating Agency is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. A suspension, reduction or withdrawal of any rating may adversely affect the market price of such securities.

The Notes of each class will initially be represented by a temporary global note in bearer form (each, a **Temporary Global Note**), without coupons or talons, which will be deposited with a common depository (the **Common Depository**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), on the Closing Date. The Temporary Global Notes will be exchangeable not earlier than 40 days after the Closing Date (and upon



certification of non-U.S. beneficial ownership) for interests in a permanent global note representing the Notes of the relevant class (the **Permanent Global Notes** and, together with the Temporary Global Notes, the **Global Notes**), in bearer form, without coupons or talons, which will also be deposited with the Common Depository on the Closing Date. Save in certain limited circumstances, notes in definitive form will not be issued in exchange for the Global Notes.

Other than the approval of this document as a prospectus by the Central Bank and the Registrar of Companies in Jersey, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer, the Class A Global Coordinator and Arranger and the Class B Global Coordinator and Joint Bookrunner to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see "*Subscription and Sale*". Neither this Offering Circular nor any part hereof constitutes an offer of, or an invitation by, or on behalf of, the Issuer, the Class A Global Coordinator and Arranger and the Class B Global Coordinator and Joint Bookrunner to subscribe for or purchase any of the Notes. Neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any part hereof nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

A copy of this Offering Circular has been delivered to the Registrar of Companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 and he has given, and has not withdrawn, his consent to its circulation.

The Jersey Financial Services Commission has given, and has not withdrawn, or will have given prior to the issue of Notes and not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes.

It must be distinctly understood that, in giving these consents, neither the Registrar of Companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinion expressed, with regard to it.

The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that law.

If you are in any doubt about the contents of this Offering Circular you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor.

In connection with the issue of the Notes, The Royal Bank of Scotland plc (the Stabilisation Manager) or any person acting on its behalf may, to the extent permitted by all applicable laws, regulations, rules and directives, over-allot and effect transactions in any over-the-counter market or otherwise in connection with the distribution of the Notes with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or any agent of the Stabilisation Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue of the Notes and 60 days after the date of allotment of the Notes and must be brought to an end after a limited period in compliance with applicable laws, regulations and rules.

Capitalised terms used in this Offering Circular, unless otherwise indicated, have the meanings set out in this Offering Circular. An index of defined terms used herein appears at the back of this Offering Circular.

IN MAKING AN INVESTMENT DECISION, THE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BUSINESS OF THE CENTER PARCS GROUP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE. THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE U.S. SECURITIES ACT, AS AMENDED, AND APPLICABLE STATE AND FOREIGN SECURITIES LAWS. THE INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THE INVESTMENT DESCRIBED IN THIS OFFERING CIRCULAR FOR AN INDEFINITE PERIOD OF TIME.



By possessing this Offering Circular and purchasing any Notes, investors will be deemed to have represented and agreed to all provisions contained in the section “*Transfer Restrictions*”.

See “*Risk Factors*” for a description of factors relating to an investment in the Notes. None of the Issuer, the Obligors, the Center Parcs Group, the Class A Global Coordinator and Arranger, the Class B Global Coordinator and Joint Bookrunner, the Managers or any Other Party, nor any of the respective representatives of the Issuer, Class A Global Coordinator and Arranger, the Class B Global Coordinator and Joint Bookrunner, the Managers, the Obligors, the Center Parcs Group or any Other Party, is making any representation to the investors regarding the legality of an investment by the investors under applicable legal investment or similar laws. The investors should consult with their own advisors as to legal, tax, regulatory, business, financial and related aspects of a purchase of the Notes. The Issuer and the Center Parcs Group reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered by this Offering Circular.

European Economic Area

This Offering Circular has been prepared on the basis that except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a **Relevant Member State**) will be pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State in relation to the offer of any Notes in this Offering Circular may only do so (i) in circumstances in which no obligation arises for the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purposes in such prospectus. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Manager have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Manager to publish or supplement a prospectus for such offer.

United Kingdom

This document is only being distributed to and is only directed at (a) persons who are outside the United Kingdom, or (b) investment professionals falling within Article 19(5) of the Financial Services and Market Act 2000 (Financial Promotion) Order 2005, as amended (the **Order**) or (c) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as **relevant persons**). The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. The Notes are not being offered to the public in the United Kingdom.

United States

Nothing in this Offering Circular constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Notes have not, and will not, be registered under the U.S. Securities Act or the securities laws of any State or other jurisdiction of the United States, and the Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act).

This Offering Circular may not be forwarded or distributed to other persons and may not be reproduced in any manner whatsoever. This Offering Circular may only be distributed outside the United States to persons who are not U.S. persons and whom it is otherwise lawful to send this Offering Circular. The invitation to participate in the offers is not being made by use of the mails or by any means or instrumentally (including, without limitation, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or of any facility of a National Securities Exchange of the United States and participation in the offers cannot be effected by any such use, means, instrumentality or facility from within the United States. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised, failure to comply with this directive may result in a violation of the U.S. Securities Act or the applicable laws of other jurisdictions.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and as defined in Article 34-ter,



first paragraph, letter b) of Commissione Nazionale per le Società e la Borsa (**CONSOB**) Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971. Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under (a) or (b) above must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 (the **Banking Act**), the Financial Services Act of 1 September 1933, as amended, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and any other applicable law and regulations; (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

Spain

The offering has not been registered with the Comisión Nacional del Mercado de Valores and therefore the Notes may not be offered or sold or distributed in Spain except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admision a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

France

This Offering Circular has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général de l'Autorité des Marchés Financiers* (the **AMF**) and therefore has not been approved by, registered or filed with the AMF. Consequently, the Notes are not being offered, directly or indirectly, to the public in France and this Offering Circular has not been and will not be released, issued or distributed or cause to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the Notes to the public in France.

The Notes may only be offered or sold in the Republic of France to qualified investors (*investisseurs qualifiés*) and/or to a limited group of investors (*cercle restreint d'investisseurs*) as defined in and in accordance with Articles L.411-2, D.411-1, D.411-2 and D.411-4 of the French Code monétaire et financier. Prospective investors are informed that (a) this Offering Circular has not been submitted for clearance to the AMF; (b) in compliance with L.411-2, D.411-1 and D.411-2 of the French Code monétaire et financier any investors subscribing for the Notes should be acting for their own account; and (c) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L.411-2, D.411-1, D.411-2 and D.411-4 of the French Code monétaire et financier.

Germany

The offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the **Securities Prospectus Act**, *Wertpapierprospektgesetz, WpPG*), as amended, and any other applicable German law. No application has been made under German law to publicly market the Notes in or out of the Federal Republic of Germany. The Notes are not registered or authorised for distribution under the Securities Prospectus Act and accordingly may not be, and are not being, offered or advertised publicly or by public promotion. Therefore, the Offering Circular is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to and this Offering Circular and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2, No. 6 of the Securities Prospectus Act or who are subject of another exemption in accordance with Section 3 para. 2 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Switzerland

The Notes are being offered in Switzerland on the basis of a private placement only. This Offering Circular does not constitute a prospectus within the meaning of Article 652A of the Swiss Federal Code of Obligations. Neither this Offering Circular nor any other offering or marketing material relating to the offering, the Issuer, us or the Notes have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Circular will not be filed with, and the offer of Notes will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Notes has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (the **CISA**). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Notes.

*The Netherlands*

In the Netherlands, the Notes may only be offered to qualified investors (*gekwalificeerde beleggers*) within the meaning of section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). This Offering Circular has not been approved by, registered or filed with the Netherlands Authority for the Financial Markets.

Austria

This Offering Circular has not been and will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither this Offering Circular nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Circular nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

Grand Duchy of Luxembourg

The terms and conditions relating to this Offering Circular have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for the purposes of public offering or sale in the Grand Duchy of Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of 10 July 2005 on prospectuses for securities.

Hong Kong

No Notes have been offered or sold or will be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **Securities and Futures Ordinance**) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Notes has been issued or has been in the possession of any person for the purposes of issue, nor will any such advertisement, invitation or document be issued or be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Future Ordinance and any rules made under the Securities and Future Ordinance.

Singapore

This Offering Circular or any other material relating to the Notes has not been and will not be registered as a prospectus with the monetary authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289, of Singapore (the **Securities and Futures Act**);
- (b) to a relevant person or any person pursuant to Section 275(1a) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Notes are subscribed for or purchased under Section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust where the trustee is not an accredited investor whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,



Notes (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except to an institutional investor or to a relevant person as defined in Section 275(2) of the Securities and Futures Act, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act:

- (a) where no consideration is or will be given for the transfer;
- (b) where the transfer is by operation of law; or
- (c) as specified in Section 276(7) of the Securities and Futures Act.

People's Republic of China

This Offering Circular does not constitute a recommendation to acquire, an invitation to apply for or buy, an offer to apply for or buy, a solicitation of interest in the application or purchase, of any securities, any interest in any securities investment fund or any other financial investment product (including without limitation commercial paper notes of the same nature as the Notes), in the People's Republic of China (for the purpose of this paragraph excluding Taiwan, Hong Kong and Macau) (**PRC**). This Offering Circular and the Notes are solely for use and purchase by qualified domestic institutional investors duly licensed in accordance with applicable laws of the PRC and must not be circulated or disseminated in the PRC for any other purpose. Any person or entity resident in the PRC must satisfy himself/itself that all applicable PRC laws and regulations have been complied with, and all necessary government approvals and licences (including any investor qualification requirements) have been obtained, in connection with his/its investment in the Notes.

Japan

The Notes offered by this Offering Circular have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the **Financial Instruments and Exchange Law**). Accordingly, Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including Japanese corporations), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (including Japanese corporations) except with the prior approval of the Class A Global Coordinator and Arranger and the Class B Global Coordinator and Joint Bookrunner and pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and relevant regulations of Japan.

Republic of Korea

This Offering Circular is not, and under no circumstances is to be considered as, a public offering of securities in Korea for the purposes of the Financial Investment Services and Capital Market Act of Korea (the **FSCMA**). None of the Issuer, the Class A Global Coordinator and Arranger and the Class B Global Coordinator and Joint Bookrunner may make any representation with respect to the eligibility of any recipients of this Offering Circular to acquire the Notes offered hereby under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act of Korea and the regulations thereunder (the **FETA**). The Notes offered hereby have not been registered under the FSCMA and the Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the FETA), except otherwise permitted by applicable laws and regulations of Korea, including, without limitation, the FSCMA and the FETA.



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FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the intentions, beliefs or current expectations of the Center Parcs Group concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies of the Center Parcs Group and the industry in which the Center Parcs Group operates.

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

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

- competition with other holiday centres, recreation parks and other holiday alternatives;
- changes in general economic and business conditions;
- weather conditions;
- seasonal fluctuations;
- instances of illness, safety incidents or product recalls and the negative publicity relating thereto;
- adverse conditions;
- the inability to meet efficiency or cost reduction objectives;
- unanticipated delays in completing improvement projects in the villages or the closure of any amenity, facility, ride or attraction;
- changes in laws and regulations and regulatory compliance;
- failure to attract and/or retain qualified personnel;
- employee problems;
- substantial leverage and debt service obligations;
- inability to finance capital expenditures and working capital;
- development of the proposed business and operations to be conducted at the fifth site (the **Fifth Village**) at Woburn; and
- other risk factors listed in this Offering Circular.

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

Any forward-looking statements which are made in this Offering Circular speak only as of the date of such statements. The Issuer does not intend, and undertakes no obligation, to revise the forward-looking statements included in this Offering Circular to reflect any future events or circumstances. Actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include those discussed under “*Risk Factors*” in this Offering Circular.



CERTAIN DEFINED TERMS USED IN THIS OFFERING CIRCULAR

In this Offering Circular, (a) references to the **Opco** or the **Opco Group** are to Forest Holdco Limited and its consolidated subsidiaries as of the date of this Offering Circular, (b) references to **Propco** or the **Propco Group** are to CP Comet Holdings Limited and its consolidated subsidiaries as of the date of this Offering Circular, including each of CP Sherwood Property Limited, Longleat Property Limited, Elveden Property Limited and CP (Oasis Property) Limited, (c) references to a **New Propco** are to any of CP Whinfell Village Limited, CP Elveden Village Limited, CP Sherwood Village Limited and together referred to as **New Propcos**, (d) references to **Center Parcs** or **Center Parcs Group** are (i) with reference to any date before the issuance of the Notes and the effectiveness of the reorganisation, to Opco, Propco and their respective consolidated subsidiaries and (ii) with reference to any time after that date, to Center Parcs (Holding 1) Limited and its subsidiaries. References to the **Obligors** or the **Obligor Group** are to Borrowers and Guarantors; and (e) in descriptions of the Borrower Transaction Documents, references to **Propcos** are to Longleat Property Limited and the New Propcos. References in this Offering Circular to **£, pounds** or **sterling** are to the lawful currency for the time being of the United Kingdom of Great Britain. References in this Offering Circular to **\$** are to the lawful currency for the time being of the United States of America.



PRESENTATION OF FINANCIAL INFORMATION

Audited and Unaudited Historical Financial Information

The financial information presented and discussed in this Offering Circular was derived from:

- an unaudited aggregation of profit and loss statements, balance sheets and cash flows of each of Opco and Propco and their respective consolidated subsidiaries prepared in accordance with the basis of preparation set out in “*Selected Historical Financial Information — Basis of Preparation for the Unaudited Combined Summary Historical Financial Information*”;
- an unaudited aggregation of the profit and loss statements and specific balance sheet and cash flow line items of each of Opco and Propco and their respective subsidiaries as at and for the 36-week periods ended 5 January 2012 and 30 December 2010 prepared in accordance with the basis of preparation set out in “*Selected Historical Financial Information — Basis of Preparation for the Unaudited Combined Summary Historical Financial Information*”;
- the audited consolidated financial statements of Opco as at and for the 53-week period ended 28 April 2011, the 52-week period ended 22 April 2010 and the 53-week period ended 23 April 2009, in each case prepared in accordance with International Financial Reporting Standards as adopted by the EU, consistently applied (**IFRS**) (the **Opco financial statements**); and
- the audited consolidated financial statements of Propco as at and for the 70-week period ended 28 April 2011, the year ended 31 December 2009 and the year ended 31 December 2008, each prepared in accordance with UK Generally Accepted Accounting Practice, consistently applied (**UK GAAP**) and the Companies Act 2006 (the **Propco financial statements**).

The unaudited combined summary financial information of Center Parcs as at and for the 36-week periods ended 5 January 2012 and 30 December 2010 is based on information prepared by Opco and Propco for internal reporting and strategy purposes and has not been audited or reviewed by Center Parcs’ auditors and consequently, no audit or review report has been issued for such information. See “*Risk Factors — Risks Relating to Center Parcs’ Business and Industry — The Unaudited Combined Summary Historical Financial Information included in this Offering Circular has not been audited and may not be indicative of Center Parcs’ results of operations had it operated as a combined commercial group or its future results of operations*”.

PricewaterhouseCoopers LLP audited and issued an auditor’s report in respect of each of the consolidated Opco and Propco financial statements, respectively. The financial statements, the notes thereto and the auditor’s reports included in Annex 1 to this Offering Circular, have been extracted from the signed statutory annual reports and financial statements of Opco and Propco for the periods stated above, although page references have been modified solely for the convenience of the reader.

Unaudited Combined Summary Historical Financial Information

Propco and Opco have not in the past constituted a combined commercial group. As a result, audited consolidated financial statements have not been prepared for Center Parcs as a consolidated group. However, this Offering Circular includes unaudited combined summary historical financial information of Center Parcs as at and for the 53-week period ended 28 April 2011, the 52-week period ended 22 April 2010, the 53-week period ended 23 April 2009, the 36-week period ended 5 January 2012, the 36-week period ended 30 December 2010 and the 53-week period ended 5 January 2012 (the **Unaudited Combined Summary Historical Financial Information**) because Center Parcs believes that such information is important to an investor’s understanding of its combined results of operations.

The Unaudited Combined Summary Historical Financial Information represents an unaudited aggregation of profit and loss statements, balance sheets, and cash flows of each of Propco and Opco and their respective subsidiaries on the basis of preparation described in “*Selected Historical Financial Information*”. The Unaudited Combined Summary Historical Financial Information is presented for illustrative purposes only and should not be considered a presentation of the actual results of operations that would have been attained had Center Parcs operated as a combined commercial group during the periods presented and had audited consolidated financial statements been prepared in accordance with UK GAAP or IFRS for those periods.

The Unaudited Combined Summary Historical Financial Information should be read in conjunction with the information presented in “*Selected Historical Financial Information*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the audited Opco financial statements and Propco financial statements and notes thereto included in this Offering Circular.



References in this Offering Circular to:

- **financial year 2011** or the **2011 financial year** are to the 53-week period ended 28 April 2011;
- **financial year 2010** or the **2010 financial year** are to the 52-week period ended 22 April 2010; and
- **financial year 2009** or the **2009 financial year** are to the 53-week period ended 23 April 2009.

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

Non-UK GAAP and Non-IFRS Financial Measures

This Offering Circular contains references to EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA are not measures of Center Parcs’ financial performance or liquidity under UK GAAP or IFRS and should not be considered as an alternative to (a) operating profit or profit/(loss) for the period as a measure of operating performance, (b) cash flows from operating, investing and financing activities as a measure of Center Parcs’ ability to meet their cash needs or (c) any other measures of performance under UK GAAP or IFRS. Center Parcs believe that EBITDA and Adjusted EBITDA are useful indicators of Center Parcs’ ability to incur and service its indebtedness and may assist investors, security analysts and other interested parties in evaluating Center Parcs’ financial performance. Because all companies do not calculate EBITDA and Adjusted EBITDA on a consistent basis, Center Parcs’ presentation of EBITDA and Adjusted EBITDA may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on EBITDA or Adjusted EBITDA in this Offering Circular. EBITDA and Adjusted EBITDA have limitations as analytical tools and investors should not consider them in isolation. Some of these limitations are that:

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

In addition this Offering Circular includes the following key performance indicators that Center Parcs’ directors use to set targets and measure performance against those targets.

Occupancy

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

ADR (Average Daily Rate)

ADR is the average daily rent (excluding VAT) achieved on accommodation, calculated as the total accommodation rental income divided by the total number of villa nights sold. Center Parcs uses ADR to help measure and maximise its yield.



RevPAV

RevPAV (rent-per available villa night) is the average rent (excluding VAT) calculated as on total accommodation rental income divided by the total available number of villa nights. Center Parcs' management believes RevPAV to be the most meaningful key performance indicator because it takes into account both occupancy and ADR.

Forward bookings as a percentage of available capacity

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





MARKET AND INDUSTRY DATA AND FORECASTS

This Offering Circular includes market share and industry data and forecasts that the Center Parcs Group obtained from industry publications, valuation reports, surveys and internal company sources. Except as otherwise stated, all information in the Industry section is based on the following market research reports published by Mintel Group Ltd. formerly known as Mintel International Group Limited (**Mintel**)—Holiday Centres, Leisure Intelligence (October 2008—data updated by the Mintel leisure team), Holiday Review, UK (January 2011), Holiday Review, UK (January 2012) and Camping and Caravanning report, UK (April 2011). These market research reports include annual United Kingdom Tourism Survey (**UKTS**) surveys, annual Target Group Index (**TGI**) surveys and Capital IQ data. Industry publications and surveys and forecasts generally state that the information set out therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. The market research reports were not produced by Mintel for the purposes of inclusion within any prospectus for a transaction of the nature contemplated herein or for securing financing of any nature. Furthermore, some of the information extracted from the market research reports is past its publication date and may not necessarily reflect market conditions as of the date of this Offering Circular. Mintel does not accept any responsibility for the accuracy of the information made available in or based on the market research reports. Mintel also does not accept responsibility for any part of this Offering Circular. So far as the Obligors are aware and are able to ascertain from the market research reports, no facts have been omitted which would render the reproduced information misleading. The Center Parcs Group has not independently verified any of the data from third party sources nor has it ascertained the underlying economic assumptions relied upon therein. Statements or estimates as to the market position, which are not attributable to independent sources, are based on market data currently available to the Center Parcs Group and internal estimates. The Center Parcs Group cannot assure investors that any of these statements or estimates is accurate or correctly reflects the position of the Center Parcs Group in the industry, and none of its internal surveys or information has been verified by any independent sources. While the Center Parcs Group is not aware of any misstatements regarding its industry data presented herein, its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under “*Forward Looking Statements*” and “*Risk Factors*” in this Offering Circular.

TRADEMARKS AND SERVICE MARKS

The Obligors and their subsidiaries own 42 registered trademarks. These include trademarks for Center Parcs®, restaurants such as The Pancake House® and Hucks®, leisure venues such as The Venue®, activities such as Action Challenge® and Aqua Sana® spa, ParcMarket® on-site supermarket and Jardin Des Sports® sports centre. Center Parcs also makes use of some non-registered trademarks, including Treats™ onsite confectionery shop. All other trademarks or service marks appearing in this Offering Circular that are not identified as marks owned by Center Parcs are the property of their respective owners.



OVERVIEW

This overview highlights certain information about the Center Parcs Group and the Notes described elsewhere in this Offering Circular. This overview is not complete and does not contain all the information the investors should consider before investing in the Notes. The overview should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this Offering Circular, including the consolidated and combined financial statements. The Offering Circular should be read carefully to understand the business, the nature and terms of the Notes and the tax and other considerations which are important to the decision to invest in the Notes, including, without limitation, the risks discussed under "Risk Factors". In addition, certain statements in this overview include forward-looking information that involves risks and uncertainties.

Business Overview

Center Parcs is the leading provider of fully self-contained forest village short-break holidays in the UK, attracting over 1.6 million guests in the 2011 financial year. Center Parcs operates four specially constructed holiday villages in the United Kingdom: Sherwood Forest in Nottinghamshire, Longleat Forest in Wiltshire, Elveden Forest in Suffolk and Whinfell Forest in Cumbria. Each village is set in a forest environment amongst approximately 400 acres of forest and lakes and is open 365 days per year. Each village provides approximately 850 high quality accommodation units occupied by approximately 4,500 guests per stay. The villages provide a comfortable, quiet, car-free, family-friendly environment. Villas and lodges are distributed throughout the villages, typically within easy walking or cycling distance of key attractions. Each village offers an extensive range of over 100 sports and leisure activities, including many indoor and outdoor activities, cycle hire, ten-pin bowling and numerous other facilities such as restaurants, bars, retail outlets and spas.

Center Parcs' villages typically draw on a regional population of guests who are attracted by the convenience of being within a relatively short driving distance from home. The majority of Center Parcs' guests live within a two-hour drive of the village they choose to visit. Center Parcs believes that the proximity of the majority of guests to the villages, combined with the easy accessibility of the villages by car, makes Center Parcs a resilient holiday option.

During financial years 2009, 2010 and 2011, Center Parcs' villages had an average occupancy of 95.5%, 97.3% and 96.3%, respectively, combined revenues of £276.9 million, £280.0 million and £290.5 million, respectively, and Adjusted EBITDA of £125.9 million, £125.5 million and £130.3 million, respectively. During the 53-week period ended 5 January 2012, Center Parcs' villages had an average occupancy of 96.5%, combined revenue of £296.8 million, and Adjusted EBITDA of £133.7 million.

In November 2010, Center Parcs received reserved matters planning approval of its plan to develop and build a fifth village situated near Woburn in Bedfordshire (the **Fifth Village**) with a catchment area that includes all London households, which management believes is largely untapped. Initially the Fifth Village will be owned and financed separately from the Obligor and will become part of the Obligor Group if and when certain accession conditions are satisfied. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Results of Operations — The Proposed Fifth Village" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Off-Balance Sheet Arrangements".

Key Strengths

Center Parcs believes it has the following competitive advantages:

Well-invested and diversified asset base provides strong asset coverage. Center Parcs has a well-invested and diversified asset base and an ongoing capital expenditure programme with over £250 million spent since 2006, resulting in high levels of occupancy and consistent ADR growth. Revenue and EBITDA are broadly evenly split between the four existing villages, located in different parts of England, reflecting both the individual strength of each village and the diversity of Center Parcs' asset base. With the villages having remaining lease terms of between 61 years and 987 years, the assets have a long life, providing a stable asset base. The report of CBRE included elsewhere in this Offering Circular estimates the market value of Center Parcs' properties at approximately £1.399 billion.

High revenue visibility, resilient performance and consistent stable occupancy levels. For each of the three financial years 2009, 2010 and 2011, approximately 40% of the available villa nights for the relevant financial year had been booked by the beginning of that financial year, approximately 60% by the end of the first quarter, 80% halfway through the financial year, and nearly 100% two months before the end of the financial year. As at 5 January 2012, over 85% of capacity had already been booked for financial year 2012. In the financial year 2011, over 60% of leisure activities available at the villages were pre-booked and pre-paid prior to arrival, providing for high revenue visibility. Center Parcs collects 30% of the accommodation cost at the time of booking if completed more than ten weeks in advance of the short break. The balance of the cost is collected ten weeks prior to the start of the break. If a guest books less than ten weeks prior to the arrival date, the accommodation cost is payable in full on booking. As a result, Center Parcs typically benefits from a working capital inflow



for the business. In addition, with 99% of guests being domestic UK holidaymakers, Center Parcs is protected from volatility in international tourism. Resilient performance through economic cycles, during both downturns and recoveries, has resulted in Center Parcs' occupancy levels averaging over 92% since 1993, with recent occupancy levels as high as 95.5%, 97.3% and 96.3% in 2009, 2010 and 2011, respectively and 96.5% in the 53-week period ended 5 January 2012. ADR for Center Parcs has also consistently grown above inflation for the past 15 years. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Results of Operations — Key Factors Affecting Revenue — Key Performance Indicators — Forward Bookings*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources – Working Capital*".

Stable cash generation. High EBITDA margins for every year since 1997 have been underpinned by high occupancy levels and consistent growth in compound ADR. Over the past eight years, cumulative EBITDA for the four villages has grown significantly. EBITDA margins and Adjusted EBITDA margins grew from 31.8% and 45.5%, respectively, in 2009 to 43.7% and 44.8%, respectively, in 2010 and 43.9% and 44.8%, respectively, in 2011. Between financial years 2009 and 2011, Center Parcs generated a compound annual growth rate (CAGR) of 2.4% in RevPAV, and a CAGR of 1.9% in ADR which, together with the negative working capital characteristics of its business, has enabled it to consistently generate cash.

Center Parcs' success is difficult to replicate. The Center Parcs villages are characterised by a number of qualities that make it difficult to replicate Center Parcs' success. There is a scarcity of appropriate locations for new competing villages, which require large coniferous forested areas near major population centres. Developing new villages requires significant lead time due to the stringent requirements for obtaining planning permits (for example, a lead time of six years for the Fifth Village). Additionally, highly specific operational expertise is required and the development costs are very high, at around £250 million per village.

Unique product offering and concept. Center Parcs believes it provides a unique product in the UK holiday market in terms of scale, quality and standard of accommodation and amenities. Each Center Parcs village is situated on around 400 acres of forests and lakes, with numerous retail and food and beverage offerings, as well as a range of outdoor and indoor activities and a sub-tropical swimming paradise. Center Parcs believes that it is the only large-scale UK business offering this type of family-focused, year-round, all-weather, short-break package, in a forest environment.

High level of repeat and satisfied guests. Center Parcs' unique product offering has resulted in strong brand recognition. Recent guest surveys commissioned by Center Parcs show prompted brand awareness of Center Parcs of 99%. Center Parcs' strong brand awareness in the UK is a driver of interest in the villages and guest numbers. Center Parcs has an active guest base of approximately 700,000 households, with approximately 35% of guests returning within a year and approximately 60% returning over a three-year period. Center Parcs believes its high guest loyalty levels and strong brand recognition are due to its unique offering of family oriented short-break holidays in a natural environment.

Experienced management team and shareholders. Center Parcs has an experienced management team with a proven ability to execute its business plans and achieve results. With an average length of service by individual members of its management team well in excess of ten years, the management team is highly experienced in providing the services that set Center Parcs apart from other UK leisure and holiday providers. Additionally, Blackstone, the majority shareholder, has extensive experience in owning and managing leisure facilities and hotels and has used this experience to leverage additional growth in revenue for Center Parcs.

Strategy

Center Parcs believes that, due to its market positioning and the difficulties replicating its success in its market segment, it is well positioned to remain the leading short-break operator in the UK, while continuing to fund upgrading of village facilities, accommodation and amenities and moving forward with the construction of the Fifth Village. The key elements of its business strategy are:

Maintain market-leading position in the UK. Center Parcs has implemented a number of strategies to accomplish its long-term goal of remaining the leading forest village short-break operator in the UK. Center Parcs intends to continue to focus on raising and maintaining service standards to fulfil and exceed guest expectations, as well as adapting its offerings to meet changes in guest expectations. For example, as part of this strategy, employees continue to undergo training to ensure that they provide guests with the best service possible. In addition, Center Parcs will continue to use its investment programme to upgrade the accommodation and amenities for the four villages, with additional features such as Starbucks and other brand-name offerings, which are very popular with guests.

Continue to grow organically through upgrades of central facilities and accommodation. Center Parcs intends to continue to upgrade its four villages through its investment programme. Through these upgrades, Center Parcs believes it can provide a better holiday experience for the affluent families that form its core guest base. Since 2007, 105 new units have been opened, and over 1,800 units (accounting for over 50% of total units) have been significantly upgraded, with the



remainder expected to be upgraded by the end of 2015. Center Parcs plans to continue to add new facilities, particularly to its signature sub-tropical swimming paradise, and intends to make small-scale additions to accommodation types, such as increasing the number of tree houses at various villages. Center Parcs' investment programme has allowed Center Parcs to grow its ADR by a CAGR of 5.4% since 1997, increase its profitability and maintain a high level of occupancy.

Generate growth in profit before tax and enhance value. By increasing ADR and RevPAV through the addition of new facilities and the upgrading of existing facilities, Center Parcs intends to increase its profitability. ADR has increased from £108.26 in 2005 to £136.49 in the financial year 2011 and to £140.02 in the 53-week period ended 5 January 2012 largely through higher tariffs as a result of the upgrading of accommodation. Center Parcs will continue to focus on increasing accommodation rates and onsite revenues through yield management, including flexible pricing, and capacity management. Moreover, Center Parcs will seek to generate greater cost savings through increased efficiency at each village and at Center Parcs' head office, as well as continuing to improve upon and streamline online booking options. Revenue and EBITDA have increased continuously across the four villages during the period from 1997 to 2011.

Expand offering with the building of the Fifth Village. In November 2010, Center Parcs received reserved matters approval from Bedfordshire County Council in respect of plans to build a holiday village in Woburn, Bedfordshire with up to 787 units. This Fifth Village will be owned, developed and financed outside the Obligor Group. Center Parcs anticipates that the Fifth Village will become part of the Obligor Group within three years of becoming operational and starting to receive paying guests if certain accession conditions are met. Center Parcs believes that demographic and holiday trend indicators combined with a strong brand and premium product offering will contribute to the success of the Fifth Village. The Fifth Village will include all of London in its targeted catchment area, which Center Parcs believes will enable it to reach out to a largely untapped market with a large population of its target demographic that has not previously visited one of the villages. Center Parcs currently intends to open the Fifth Village during 2014, subject to funding and development, with a planned 712 units of accommodation in the initial phase, and the remaining 75 units to be built at a later date.

Principal Shareholders

Center Parcs Group is indirectly owned by certain investment funds (**Blackstone Funds**) advised by affiliates of the Blackstone Group L.P. (**Blackstone**). Blackstone is a leading investment and advisory firm founded in 1985, with offices in Atlanta, Beijing, Boston, Chicago, Dallas, Dubai, Düsseldorf, Frankfurt, Hong Kong, Houston, London, Los Angeles, Menlo Park, Mumbai, Paris, San Francisco, Seoul, Shanghai, Singapore, Sydney and Tokyo. Blackstone manages some of the largest institutional private equity and real estate funds in the world, including BCP VI, Blackstone's most recent private equity fund with equity capital commitments of over \$15 billion, and BREP VI, Blackstone's most recent real estate fund with equity capital commitments of \$10.9 billion. Since it began investing in 1987, Blackstone, through both its private equity and real estate arms, has invested or committed a total of approximately \$63 billion in 371 transactions, including approximately \$14.0 billion in 114 transactions in the hospitality and leisure space.

Reorganisation

Concurrently with the issuance of the Notes, Center Parcs will effect a corporate reorganisation under which the Opco Group and the Propco Group will be combined into a single consolidated group under three new UK-incorporated intermediate holding companies: (a) Center Parcs (Holdings 1) Limited; (b) Center Parcs (Holdings 2) Limited; and (c) Center Parcs (Holdings 3) Limited (the **Reorganisation**). These new intermediate holding companies will be indirectly owned by CP Cayman Limited Holdings LP, a Cayman Islands limited partnership which is ultimately beneficially owned by Blackstone Funds. In addition to the consolidation, a number of dormant subsidiaries in the Opco Group and the Propco Group will be dissolved and the corporate structure will be simplified. Center Parcs (Holdings 1) Limited plans to publish financial statements for itself and its consolidated subsidiaries (including the companies forming part of the Opco Group and the Propco Group) for future financial years starting with the financial year ending April 2012. Furthermore, additional corporate entities will be incorporated outside the reorganised Center Parcs Group to facilitate the ownership, development and financing of the Fifth Village in a group of companies separate from the Obligor Group. This Reorganisation will involve, among other things, transfers of shares, properties and leases between certain members of the Center Parcs Group. See "*— Summary Corporate Structure Diagram*" for a description of the corporate structure of the Group after the Reorganisation.

Transaction Structure Overview

Issue of the Notes and the proceeds

The Issuer has been incorporated as a special purpose entity for the purposes of issuing the Notes and entering into, *inter alia*, the Subscription Agreement, the Note Trust Deed, the Agency Agreement, the Issuer Account Bank Agreement, the Cash Management Agreement, the Issuer Deed of Charge, the Issuer/Borrower Loan Agreements, the Tax Deed of Covenant, the Issuer Jersey Corporate Services Agreement and the Issuer Corporate Services Agreement (the **Issuer Transaction Documents**).



The Issuer will issue the Class A Notes and the Class B Notes on the Closing Date. The Class A Notes will consist of two classes (Class A1 Notes with the Class A1 Note Expected Maturity Date of February 2017 and the Class A1 Note Final Maturity Date of February 2042, and Class A2 Notes with the Class A2 Note Expected Maturity Date of February 2024 and the Class A2 Note Final Maturity Date of February 2042). The Class B Notes will consist of one class with the Class B Note Expected Maturity Date of February 2018 and the Class B Note Final Maturity Date of February 2042. The Issuer will utilise the proceeds of the Notes to make advances to the Borrowers in an aggregate principal amount of £1,020 million pursuant to the Issuer/Borrower Loan Agreements to be entered into by, amongst others, the Issuer as lender and the Borrowers as obligors.

For further details as to the use of proceeds, see the section of this Offering Circular entitled “Use of Proceeds”.

Source of funds for payment of the Notes

The Issuer is a special purpose vehicle and its primary source of funds for the payment of principal and interest payments on the Notes will be the interest and principal repayments and fees payable under the Issuer/Borrower Loan Agreements, any amounts available to be drawn by the Issuer from the Liquidity Facility Providers under the Liquidity Facility Agreement and, in certain circumstances, and in relation to amounts owed under the Class B Notes only, payments to the Issuer pursuant to the Topco Payment Undertaking (as to which see further “Summary of other Transaction Documents — Topco Payment Undertaking”).

The Borrowers’ primary source of funds for payments to the Issuer under the Issuer/Borrower Loan Agreements will be the revenues and profits generated from the day-to-day operations of Center Parcs, funds received under the Working Capital Facility and the funds available to the Borrowers from any disposal of any New Propcos.

Security

The obligations of the Obligors under the Issuer/Borrower Loan Agreements and other Transaction Documents will be secured in favour of the Borrower Security Trustee for the benefit of the Borrower Secured Creditors by way of fixed and floating charges created by, and pursuant to, the Borrower Security Documents. In addition, the Class B Noteholders will benefit from the Topco Payment Undertaking and the security created by the Topco Security Documents. See further “Summary of other Transaction Documents”).

Sources and Uses from this Offering

In connection with the completion of this offering, Center Parcs will effect the Reorganisation (See “— Reorganisation”) and the repayment of approximately £1,028 million of existing debt. Throughout this Offering Circular, the above steps are generally referred to as the **Transaction**.

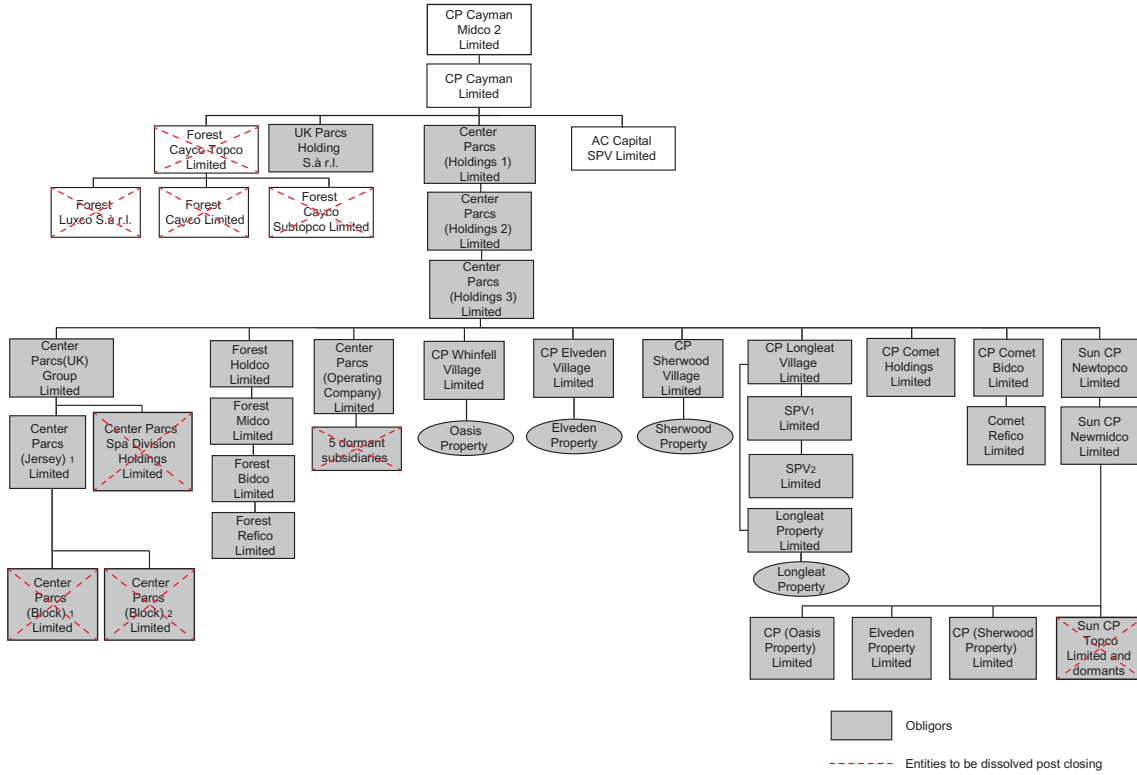
The following table describes the estimated sources and uses of funds in connection with the Transaction as at the Closing Date. The actual amounts as compared with those set forth in the table and in the accompanying footnotes are subject to adjustments and may differ at the date of consummation of the Transaction depending on several factors, including differences from the estimation of fees and expenses. The issuance of the Class A Notes and the Class B Notes are dependent upon each other.

<u>Sources</u>	<u>Amount</u> <u>£ millions</u>	<u>Uses</u>	<u>Amount</u> <u>£ millions</u>
Class A Facilities	740.0	Existing facilities ⁽¹⁾	1,028.3
Class B Facility	280.0	Hedge break/termination ⁽³⁾	165.1
Balance Sheet Cash	32.4	Transaction fees and expenses, including	
Contribution from shareholders ⁽²⁾	168.6	original issue discount	27.6
Total sources	<u>1,221.0</u>	Total uses	<u>1,221.0</u>

- (1) The existing facilities consist of a £750 million facility (current balance: £746 million), which accrues interest at LIBOR plus 2.98% per annum, and a £282 million facility, which accrues interest at LIBOR plus 3.5% per annum, both of which will mature in October 2013.
- (2) Contribution from shareholders does not necessarily represent a direct equity contribution of funds. Instead it represents a combination of new funds contributed to the Obligor Group and/or assumption of existing hedging liabilities within the Obligor Group by/from the existing shareholders. In addition, it will vary according to (i) the swap rates applicable to existing hedges as referred to in note (3) below and (ii) any amount of cash drawn down on the Closing Date under the Working Capital Facility Agreement.
- (3) Hedge break/termination comprises accrued interest, break costs and hedging termination costs. It will vary according to the swap rates applicable as at the Closing Date.



Summary Corporate Structure Diagram





The Offering

The following is a brief summary of certain terms of the Offering Circular, the Notes and the Issuer/Borrower Loan Agreements. It is not intended to be complete and may not contain all the information that is important to you. For additional information regarding the Notes and the Issuer/Borrower Loan Agreements, see "Description of the Class A Debt Provisions", "Description of the Class B Debt Provisions" and "Intercreditor Agreement".

Defined terms used in this section may be found in other sections of this Offering Circular, unless otherwise stated. An index of certain defined terms is set out at the end of this Offering Circular.

The Principal Transaction Documents

Class A Issuer/Borrower Loan

Agreement: On 28 February 2012 (or such other date as the Issuer, the Class A Global Coordinator and Arranger and the Class B Global Coordinator and Joint Bookrunner may agree) (the **Closing Date**), the proceeds of the issue of the Class A Notes will be applied by the Issuer in making advances to the Borrowers in an aggregate principal amount of £740.0 million pursuant to the terms of a senior loan agreement between, among others, the Issuer, the Borrowers, the Guarantors and the Borrower Security Trustee (the **Class A Issuer/Borrower Loan Agreement**).

The following Class A Facilities will be made available by the Issuer pursuant to the Class A Issuer/Borrower Loan Agreement:

- (a) a secured Class A1 facility in an aggregate principal amount of £300.0 million (the **Class A1 Facility** and the advance thereunder, the **Class A1 Loan**); and
- (b) a secured Class A2 facility in an aggregate principal amount of £440.0 million (the **Class A2 Facility** and the advance thereunder, the **Class A2 Loan**).

The Class A1 Loan and the Class A2 Loan are together referred to as the **Class A Loans**.

The Class A1 Facility and the Class A2 Facility are together referred to as the **Class A Facilities**.

The economic terms and conditions of each Class A Facility (including, among other things, in relation to the payment of interest and the repayment and prepayment of principal) will be broadly similar to the terms and conditions of the corresponding class of the Class A Notes. Each Class A Loan ranks equally with other Class A Loans and is senior to the Class B Loan as defined below. Further details in respect of this agreement are set out in "Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement".

Class B Issuer/Borrower Loan

Agreement: On the Closing Date, the proceeds of the issue of the Class B Notes will be applied by the Issuer in making advances to the Borrowers in an aggregate principal amount of £280.0 million pursuant to the terms of a junior loan agreement between, among others, the Issuer, the Borrowers, the Guarantors and the Borrower Security Trustee (the **Class B Issuer/Borrower Loan Agreement**).

Pursuant to the Class B Issuer/Borrower Loan Agreement a subordinated secured facility will be made available by the Issuer in an aggregate principal amount of £280.0 million (the **Class B Facility** and the advance thereunder, the **Class B Loan**).

The Class A Loans and the Class B Loan are together referred to as the **Loans** and each, as a **Loan**.

The economic terms and conditions of the Class B Facility (including, among other things, in relation to the payment of interest and the repayment and prepayment of principal) will be broadly similar to the terms and conditions of the Class B Notes. The Class B Loan is contractually subordinated to the Class A Loans as to payment and security (other than the Topco Share



Security). Further details in respect of this agreement are set out in “Description of the Class B Debt Provisions — Class B Issuer/Borrower Loan Agreement”.

Borrower Deed of Charge: Pursuant to an agreement to be entered into on the Closing Date, the obligations of the Obligors under, among other things, the Issuer/Borrower Loan Agreements, will be secured in favour of the Borrower Security Trustee pursuant to, among other things, a deed of charge and assignment to be entered into between the Obligors, the Issuer, and the Borrower Security Trustee (the **Borrower Deed of Charge**). This security will include first-ranking mortgages or fixed charges of, among other things, the freehold and leasehold interests in the properties which are owned by the Obligors and fixed or floating charges over all other property, undertakings and assets of each Obligor.

The Borrower Security Trustee will hold the benefit of the security created in its favour pursuant to the Borrower Deed of Charge (and the other Borrower Security Documents) on trust for the benefit of itself, any receiver appointed thereunder, the Issuer, the WCF Lenders, the WCF Agent, the Borrower Account Bank and any other party designated as having the benefit of the security in writing by the Borrowers, the Issuer and the Borrower Security Trustee from time to time (together the **Borrower Secured Creditors** and **Borrower Secured Creditor** means any of them). Further details in respect of this agreement are set out in “Summary of other Transaction Documents—Borrower Security Documents — Borrower Deed of Charge”.

Topco Payment Undertaking: Pursuant to a deed of undertaking to be entered into on the Closing Date between the Issuer, Topco, CP Opco and the Borrower Security Trustee, Topco will undertake to procure the payment of an amount equal to the aggregate of (a) the then principal balance of the Class B Loan; (b) accrued and unpaid interest outstanding in respect of the Class B Loan; and (c) all other amounts outstanding under the Class B Issuer/Borrower Loan Agreement (the **Topco Payment Undertaking**) in the specified circumstances described therein. The Borrowers will be obliged to use such amounts to prepay a corresponding amount of the Class B Loan and the Issuer will then redeem a corresponding amount of Class B Notes. Further details in respect of this deed are set out in “Summary of other Transaction Documents — Topco Payment Undertaking”.

Topco Security Documents: Pursuant to an agreement to be entered into on the Closing Date, the obligations of Topco under the Topco Payment Undertaking will be secured in favour of the Borrower Security Trustee with (a) a pledge granted by Topco over the shares of CP Cayman Limited, together with a floating charge granted over all of Topco’s other assets (the **Topco Share Security Agreement**) and (b) a pledge granted by CP Cayman Limited over the shares of Center Parcs (Holdings 1) Limited together with a floating charge over all of CP Cayman Limited’s other assets (the **CP Cayman Security Agreement**). Further details in respect of these agreements are set out in “Summary of other Transaction Documents — Topco Share Security Agreement” and “Summary of other Transaction Documents — CP Cayman Security Agreement”.

Working Capital Facility Agreement: CP Opco will enter into a working capital revolving credit facility for a maximum aggregate principal amount of £30 million (the **Working Capital Facility**) to be provided by the WCF Lenders pursuant to an agreement to be entered into on the Closing Date between, amongst others, the WCF Agent, the WCF Lenders and the Borrower Security Trustee (the **Working Capital Facility Agreement**). The Working Capital Facility will be available to meet working capital purposes and for general corporate purposes (subject to certain restrictions). Further details in respect of this agreement are set out in “Description of other Indebtedness — Working Capital Facility Agreement”.

Intercreditor Agreement: On the Closing Date, the Issuer, the Obligors, Topco, CP Opco, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Cash Manager, the Liquidity Facility Providers, the WCF Agent, the WCF Lenders, the Issuer Account Bank, the Issuer Corporate Services Provider, the Principal Paying Agent, the Liquidity



Facility Agent, the Borrower Account Bank and the Issuer Jersey Corporate Services Provider will enter into an intercreditor agreement (the **Intercreditor Agreement**) regulating, amongst other things, the parties' rights: (a) to receive payments from the Borrowers or the Issuer (as applicable) prior to any enforcement of the security granted by the Obligors or the Issuer pursuant to, or in connection with, the Transaction; (b) to enforce such security; and (c) to receive the proceeds of such enforcement (see "*Description of other Indebtedness — Intercreditor Agreement*").

Liquidity Facility Agreement: On the Closing Date, the Issuer will enter into an agreement with, amongst others, the Liquidity Facility Providers (as defined below) and the Issuer Security Trustee in order to enable the Issuer to service interest due on the Class A Notes in the event of insufficient funds being received from the Obligors under the Class A Issuer/Borrower Loan Agreement to ensure that the Issuer meets its interest payments due to the Class A Noteholders (the **Liquidity Facility Agreement**). Further details in respect of this agreement are set out in "*Description of other Indebtedness — Liquidity Facility Agreement*".

Issuer Deed of Charge: The obligations of the Issuer will be secured in favour of the Issuer Security Trustee pursuant to a deed of charge and assignment to be entered into between the Issuer and the Issuer Security Trustee (the **Issuer Deed of Charge**). This security includes fixed and floating charges over, among other things, all the rights, undertakings and assets of the Issuer.

The Issuer Security Trustee will hold the benefit of the security created in its favour pursuant to the Issuer Deed of Charge on trust for the benefit of, amongst others, itself, the Class A Note Trustee, the Class B Note Trustee, the Noteholders, the Cash Manager, the Liquidity Facility Agent, the Issuer Account Bank, the Issuer Corporate Services Provider, the Issuer Jersey Corporate Services Provider, each Liquidity Facility Provider and the Principal Paying Agent and any other person according to the Issuer Deed of Charge as a secured creditor of the Issuer from time to time (together, the **Issuer Secured Creditors**).

Further details in respect of this deed are set out in "*Summary of other Transaction Documents — Issuer Deed of Charge*".

Cash Management Agreement: Pursuant to an agreement to be entered into on the Closing Date between the Issuer, the Cash Manager and the Issuer Security Trustee, the Cash Manager will agree to provide the Issuer and the Issuer Security Trustee with certain notification and reporting services and certain cash management services in relation to the monies standing from time to time to the credit of the Issuer's bank accounts (the **Cash Management Agreement**). In return for the services provided, the Issuer Account Bank and the Cash Manager will receive certain fees payable by the Issuer. Further details in respect of this agreement are set out in "*Summary of other Transaction Documents — Cash Management Agreement*".

Borrower Account Bank Agreement: Pursuant to an agreement to be entered into on the Closing Date between, amongst others, CP Opco, Longleat Propco, CP Elveden Village Limited, CP Sherwood Village Limited, CP Whinfell Village Limited, the Borrower Security Trustee and the Borrower Account Bank, the Borrower Account Bank will maintain the Borrower Accounts (the **Borrower Account Bank Agreement**). Further details in respect of this agreement are set out in "*Summary of other Transaction Documents — Borrower Account Bank Agreement*".

Issuer Account Bank Agreement: Pursuant to an agreement to be entered into on the Closing Date between the Issuer, the Issuer Security Trustee, the Issuer Account Bank and the Cash Manager, the Issuer Account Bank will maintain the Issuer Accounts (the **Issuer Account Bank Agreement**). Further details in respect of this agreement are set out in "*Summary of other Transaction Documents — Issuer Account Bank Agreement*".

Tax Deed of Covenant: Pursuant to a deed of covenant relating to certain tax matters to be entered into on the Closing Date between, amongst others, Topco, CP Cayman Limited, the Obligors, the Issuer (together the **Covenantors**), the Issuer Parent, the Issuer Security Trustee and the Borrower Security Trustee (the **Tax Deed of Covenant**), each of the Covenantors will covenant not to



undertake any activities or carry out any acts which could give rise to certain tax liabilities in the Group. Further details in respect of this agreement are set out in “*Summary of other Transaction Documents — Tax Deed of Covenant*”.

The Principal Parties

- Issuer:** CPUK Finance Limited (the **Issuer**) is a limited liability company incorporated under the laws of Jersey. The Issuer is a bankruptcy-remote special purpose vehicle whose primary purpose is to issue the Notes and to lend the proceeds thereof to the Borrowers. The share capital of the Issuer is £10,000, divided into 10,000 ordinary shares of £1 each, two of which are issued and fully paid up. The Issuer has no subsidiaries.
- Issuer Parent:** Structured Finance Management Offshore Limited is a limited liability company incorporated under the Companies (Jersey) Law 1991. Structured Finance Management Offshore Limited provides corporate administration and management services to special purpose vehicles in structured finance transactions, such as the Issuer. Structured Finance Management Offshore Limited as trustee of The CPUK Finance Charitable Trust (the **Issuer Parent**) holds the entire issued share capital of the Issuer (directly and indirectly through Dominion Corporate Nominees Limited as nominee of the Issuer Parent) being two fully paid up shares, each of £1. The authorised and issued share capital of Structured Finance Management Offshore Limited is £25,000 comprising 12,500 ‘A’ ordinary shares of £1 each and 12,500 ‘B’ ordinary shares of £1 each as at the date of this Offering Circular.
- Borrowers:** CP Opco, Longleat Propco and the New Propcos (the **Borrowers**).
- Center Parcs:** CP Cayman Limited Holdings LP, an exempted limited partnership incorporated in the Cayman Islands with company registration number 18591 and its subsidiaries (**Center Parcs**).
- CP Opco:** Center Parcs (Operating Company) Limited (**CP Opco**).
- Longleat Propco:** Longleat Property Limited (**Longleat Propco**), a company incorporated in England and Wales with registered number 04379589.
- New Propcos and Propcos:** CP Elveden Village Limited, CP Sherwood Village Limited and CP Whinfell Village Limited (together the **New Propcos** and each a **New Propco** and, together with Longleat Propco, the **Propcos** and each a **Propco**).
- Obligors:** The Borrowers and Carp (CP) Limited, Carp (E), Carp (H) Limited, Carp (Jersey) 2 Limited, Carp (L) Limited, Carp (NW) Limited, Carp (O) Limited, Carp (S) Limited, Carp (UK) 1 Limited, Carp (UK) 2 Limited, Carp (UK) 3 Limited, Carp (UK) 3A Limited, Center Parcs (Block 1) Limited, Center Parcs (Block 2) Limited, Center Parcs Card Services Limited, Center Parcs Energy Services Limited, Center Parcs (Holdings 1) Limited, Center Parcs (Holdings 2) Limited, Center Parcs (Holdings 3) Limited, Center Parcs (Jersey) 1 Limited, Center Parcs Limited, Center Parcs (Nominees) Limited, Center Parcs Spa Division Holdings Limited, Center Parcs (UK) Group Limited, Centrepark Limited, Comet Refico Limited, CP Comet Bidco Limited, CP Comet Holdings Limited, CP (Oasis Property) Limited, CP Longleat Village Limited, CP (Sherwood Property) Limited, Elveden Property Limited, Forest Bidco Limited, Forest Holdco Limited, Forest Midco Limited, Forest Refico Limited, SPV1 Limited, SPV2 Limited, Sun CP Asset Management Limited, Sun CP Midco Limited, Sun CP Newmidco Limited, Sun CP Newportco Limited, Sun CP Properties Limited, Sun CP Topco Limited and UK Parcs Holdings S.à r.l., each an **Obligor**, or together as the **Obligor Group**.
- Topco:** CP Cayman Midco 2 Limited (**Topco**) is an exempted company incorporated in the Cayman Islands. Topco will give the Topco Payment Undertaking to the Issuer and will grant security under the Topco Share Security Agreement indirectly for the benefit of the Class B Noteholders.



- Class A Note Trustee:** HSBC Corporate Trustee Company (UK) Limited (in this capacity, the **Class A Note Trustee**), acting through its office at 8 Canada Square, London E14 5HQ, will be appointed pursuant to the Note Trust Deed to be entered into on the Closing Date between the Issuer, the Class A Note Trustee (as trustee for the holders from time to time of the Class A Notes) and the Class B Note Trustee. See “*Summary of other Transaction Documents — Note Trust Deed*” below.
- Class B Note Trustee:** HSBC Corporate Trustee Company (UK) Limited (in this capacity, the **Class B Note Trustee**), acting through its office at 8 Canada Square, London E14 5HQ (the Class A Note Trustee and the Class B Note Trustee, together the **Note Trustees**), will be appointed pursuant to the **Note Trust Deed** to be entered into on the Closing Date between the Issuer, the Class A Note Trustee and the Class B Note Trustee (as trustee for the holders from time to time of the Class B Notes). See “*Summary of other Transaction Documents — Note Trust Deed*” below.
- Issuer Security Trustee:** HSBC Corporate Trustee Company (UK) Limited (in this capacity, the **Issuer Security Trustee**), acting through its office at 8 Canada Square, London E14 5HQ, will hold the security granted under the Issuer Deed of Charge, as the Issuer Security Trustee for all the Issuer Secured Creditors, and will be entitled to enforce the security granted in its favour under the Issuer Deed of Charge. See “*Summary of other Transaction Documents — Issuer Deed of Charge*” below.
- Borrower Security Trustee:** HSBC Corporate Trustee Company (UK) Limited (in this capacity, the **Borrower Security Trustee**), acting through its office at 8 Canada Square, London E14 5HQ, will hold the security granted by the Obligors under the Borrower Security Documents, as security trustee for all the **Borrower Secured Creditors** (including the Issuer), and will be entitled to enforce the security granted in its favour under the Borrower Security Documents subject to the terms of the Intercreditor Agreement and the security granted by Topco under the Topco Share Security Agreement. See “*Summary of other Transaction Documents — Borrower Security Documents*” below.
- Liquidity Facility Providers:** The Royal Bank of Scotland plc, Barclays Bank PLC and HSBC Bank plc (in this capacity, each a **Liquidity Facility Provider**) will provide the **Liquidity Facility** to the Issuer. The Issuer will be required to maintain a liquidity facility with a bank which must have a rating assigned for its unsecured, unsubordinated and unguaranteed long-term debt obligations of at least “BBB” by S&P and “BBB” by Fitch (or such other lower rating as is consistent with Rating Agency criteria). See “*Description of other Indebtedness — Liquidity Facility Agreement*” below.
- Liquidity Facility Agent:** The Royal Bank of Scotland plc (in this capacity, the **Liquidity Facility Agent**) as facility agent for the Liquidity Facility Providers.
- WCF Lenders:** The Royal Bank of Scotland plc and Barclays Bank PLC (in this capacity, each a **WCF Lender**) will provide CP Opco with the Working Capital Facility pursuant to the terms of the Working Capital Facility Agreement. See “*Description of other Indebtedness — Working Capital Facility Agreement*” below.
- WCF Agent:** The Royal Bank of Scotland plc (in this capacity, the **WCF Agent**) as facility agent for the WCF Lenders pursuant to the terms of the Working Capital Facility Agreement.
- Cash Manager:** HSBC Bank plc (in this capacity, the **Cash Manager**), acting through its office at 8 Canada Square, London E14 5HQ, will provide cash management and investment services on behalf of the Issuer pursuant to the Cash Management Agreement. See “*Summary of other Transaction Documents — Cash Management Agreement*” below.
- Issuer Account Bank:** HSBC Bank plc (in this capacity, the **Issuer Account Bank**), acting through its branch at 8 Canada Square, London E14 5HQ, will maintain certain bank accounts on behalf of the Issuer pursuant to the Issuer Account Bank Agreement. See “*Summary of other Transaction Documents — Issuer Account Bank Agreement*” below.



Borrower Account Bank: The Royal Bank of Scotland plc (in this capacity, the **Borrower Account Bank**) will maintain certain bank accounts on behalf of the Obligor pursuant to the Borrower Account Bank Agreement. See “*Summary of other Transaction Documents — Borrower Account Bank Agreement*” below.

Principal Paying Agent: HSBC Bank plc (in this capacity, the **Principal Paying Agent**), acting through its branch at 8 Canada Square, London E14 5HQ, will provide certain services pursuant to the Agency Agreement.

Issuer Corporate Services Provider: Structured Finance Management Limited (the **Issuer Corporate Services Provider**), acting through its office at 35 Great St. Helen’s, London EC3A 6AP, will provide directors to the Issuer and certain administration services to the Issuer subject to and in accordance with the Issuer Corporate Services Agreement. See “*Summary of other Transaction Documents — Issuer Corporate Services Agreement*” below.

Issuer Jersey Corporate Services Provider: Structured Finance Management Offshore Limited (the **Issuer Jersey Corporate Services Provider**), acting through its office at 47 Esplanade, St Helier, Jersey JE1 0BD, will provide certain secretarial and administration services to the Issuer subject to and in accordance with the Issuer Jersey Corporate Services Agreement. See “*Summary of other Transaction Documents — Issuer Jersey Corporate Services Agreement*” below.

Key Characteristics of the Class A Notes and the Class A Loans

Issuer: CPUK Finance Limited.

Class A Notes: The £300,000,000 4.811% Class A1 Fixed Rate Secured Notes due 2042 and the £440,000,000 7.239% Class A2 Fixed Rate Secured Notes due 2042, to be issued by the Issuer.

Status: Each of the Class A1 Notes and the Class A2 Notes will be constituted by the Note Trust Deed and each such class will be secured by the same security.

The obligations of the Issuer in respect of the Class A1 Notes and the Class A2 Notes will rank equally among themselves in respect of security and as to payment of interest and repayment and prepayment of principal but in priority to the obligations of the Issuer in respect of the Class B Notes in point of security and as to payment of interest and repayment and prepayment of principal.

The Note Trust Deed contains provisions requiring the Class A Note Trustee to have regard to the interests of the holders of the Class A1 Notes (the **Class A1 Noteholders**) and the holders of the Class A2 Notes (the **Class A2 Noteholders**) and, together with the Class A1 Noteholders, the **Class A Noteholders**, as if they formed a single class (unless otherwise provided) but subject to the provisions of the Intercreditor Agreement. See “*The Principal Transaction Documents — Intercreditor Agreement*” above and “*Intercreditor Agreement*” below.

Expected maturity and amortisation of the

Class A Notes: If the Class A1 Notes are not redeemed in full by 28 February 2017 (the **Class A1 Note Expected Maturity Date**), then the Issuer will be obliged to pass-through principal received from the Borrowers under the Class A Issuer/Borrower Loan Agreement.

If the Class A2 Notes are not redeemed in full by 28 February 2024 (the **Class A2 Note Expected Maturity Date** and together with the Class A1 Note Expected Maturity Date, each a **Class A Note Expected Maturity Date**) then the Issuer will be obliged to pass-through principal received from the Borrowers under the Class A Issuer/Borrower Loan Agreement.

Expected maturity and amortisation of the

Class A Loans: The Class A1 Loan is expected to be repaid in full by the date falling 3 Business Days prior to the Class A1 Note Expected Maturity Date (the **Class A1 Loan Expected Maturity Date**) and the Class A2 Loan is expected to be repaid in full by the date falling 3 Business Days prior to the Class A2 Note Expected Maturity Date (the **Class A2 Loan Expected Maturity Date** and, together, the **Class A Loan Expected Maturity Dates**).



Final maturity of the Class A Loans: The final maturity date in respect of the Class A1 Loan is the Interest Payment Date falling in February 2025 (the **Class A1 Loan Final Maturity Date**). The final maturity date in respect of the Class A2 Loan is the Interest Payment Date falling in February 2025 (the **Class A2 Loan Final Maturity Date**).

Set out below is a summary of provisions applicable to the repayment of the Class A1 Loan and Class A2 Loan on or after the Class A1 Loan Expected Maturity Date and the Class A2 Loan Expected Maturity Date. This summary is qualified in its entirety by reference to the detailed descriptions of the Class A Issuer/Borrower Loan Agreement and the Intercreditor Agreement, including, the Priorities of Payments, as set out in the “*Intercreditor Agreement*”.

In this section:

Class A FCF DSCR Sequential Ratio Test means, and is **satisfied** if, as at the Financial Covenant Test Date immediately before the relevant Loan Interest Payment Date, the Class A FCF DSCR is equal to or greater than 135% and is **not satisfied** if, as at the Financial Covenant Test Date immediately before the relevant Loan Interest Payment Date, the Class A FCF DSCR is less than 135%.

Class A1 EMD means the Class A1 Loan Expected Maturity Date.

Class A2 EMD means the Class A2 Loan Expected Maturity Date.

Class A2 EMD Less One Year means the second Loan Interest Payment Date before the Class A2 Loan Expected Maturity Date.

If either of the Class A1 Loan or the Class A2 Loan has not been repaid in full on or before its respective Class A Loan Expected Maturity Date, then they will be repaid using relevant available funds (as further set out in “*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*” and the “*Intercreditor Agreement*”) depending on amongst other things:

- (a) whether or not the Class A1 Loan and/or the Class A2 Loan has been repaid in full;
- (b) whether or not the Class A Restricted Payment Condition is satisfied;
- (c) whether or not the Class A FCF DSCR Sequential Ratio Test is satisfied;
- (d) whether or not the Class A1 Loan Expected Maturity Date or the Class A2 Loan Expected Maturity Date has occurred; and
- (e) what amounts are available in the Cash Accumulation Account and the Defeasance Account for such purpose.

Cash Accumulation Account The Obligor will be required during certain periods to credit a portion of (and in certain periods, all) relevant available funds into the Cash Accumulation Account. This is intended to enable the Obligor to have sufficient funds to repay the Class A1 Loan on the Class A1 Loan Expected Maturity Date and the Class A2 Loan on the Class A2 Loan Expected Maturity Date.

See further “*Description of the Class A Debt Provisions—Class A Issuer/Borrower Loan Agreement*”. Funds credited to the Cash Accumulation Account will be released and applied as described below.

Class A1 EMD
Class A FCF DSCR Sequential Ratio Test is satisfied

If on the Class A1 EMD the Class A1 Loan is outstanding and the Class A FCF DSCR Sequential Ratio Test is satisfied, all funds standing to the credit of the Cash Accumulation Account shall be applied to repay the Class A1 Loan until it has been repaid in full.

Class A1 Loan outstanding
Class A1 EMD

If on the Class A1 EMD the Class A1 Loan is outstanding and the Class A FCF DSCR Sequential Ratio Test is not satisfied, all funds standing to the credit of the Cash Accumulation Account shall be applied on a *pro rata* and *pari passu* basis with respect to their outstanding principal balance (a) to repay amount outstanding under the Class A1 Loan until it is repaid in full and (b) to defease the Class A2 Loan by depositing the relevant funds into the Defeasance Account up to the outstanding principal balance of the Class A2 Loan.

Class A FCF DSCR Sequential Ratio Test is not satisfied
Class A1 Loan outstanding



Class A1 EMD to Class A2 EMD Less One Year

If the Class A1 Loan is not repaid in full on or before the Class A1 EMD (including, after the application of all amounts standing to the credit of the Cash Accumulation Account to repay the Class A1 Loan on the Class A1 EMD), then in respect of any Loan Interest Payment Date in the period from (and including) the Class A1 EMD to (but excluding) the Class A2 EMD Less One Year, if the Class A FCF DSCR Sequential Ratio Test is satisfied, relevant funds available to the Borrowers will be applied to repay the Class A1 Loan until it is repaid in full.

Class A FCF DSCR Sequential Ratio Test is satisfied

Class A1 Loan outstanding

Class A1 EMD to Class A2 EMD Less One Year

If the Class A1 Loan is not repaid in full by the Class A1 EMD (including, after the application of all amounts standing to the credit of the Cash Accumulation Account to repay the Class A1 Loan on the Class A1 EMD), then in respect of any Loan Interest Payment Date in the period from (and including) the Class A1 EMD to (but excluding) the Class A2 EMD Less One Year, if the Class A FCF DSCR Sequential Ratio Test is not satisfied, relevant funds available to the Borrowers will be applied on a *pro rata* and *pari passu* basis with respect to their outstanding principal balance (a) to repay the Class A1 Loan until it is repaid in full and (b) to defease the Class A2 Loan by depositing relevant funds into the Defeasance Account up to the outstanding principal balance of the Class A2 Loan.

Class A FCF DSCR Sequential Ratio Test is not satisfied

Class A1 Loan outstanding

Class A1 EMD to Class A2 EMD Less One Year

If at any time in the period from (but excluding) the Class A1 EMD to (but excluding) the Class A2 EMD Less One Year, the Class A FCF DSCR Sequential Ratio Test is satisfied, then in respect of any Loan Interest Payment Date in such period, any funds standing to the credit of the Defeasance Account shall be applied to repay the Class A1 Notes until they are repaid in full and any remaining funds shall be released to the Borrowers to be applied in accordance with the Transaction Documents, including the making of Restricted Payments if the Restricted Payment Conditions are satisfied at the relevant time on the terms and subject to the conditions in the Transaction Documents.

Class A FCF DSCR Sequential Ratio Test is satisfied

Class A1 Loan repaid in full

Class A2 EMD Less One Year to Class A2 EMD

If in respect of any Loan Interest Payment Date in the period from (and including) the Class A2 EMD Less One Year to (but excluding) the Class A2 EMD, the Class A1 Loan has not been repaid in full and the Class A FCF DSCR Sequential Ratio Test is satisfied, relevant funds will on a *pro rata* and *pari passu* basis with respect to their outstanding principal balance (a) be applied to repay the Class A1 Loan until it is repaid in full and (b) with respect to the Class A2 Loan, be credited to the Cash Accumulation Account up to the outstanding principal balance of the Class A2 Loan.

Class A FCF DSCR Sequential Ratio Test is satisfied

Class A1 Loan outstanding

Class A2 EMD Less One Year to Class A2 EMD

If in respect of any Loan Interest Payment Date in the period from (and including) the Class A2 EMD Less One Year to (but excluding) the Class A2 EMD, the Class A1 Loan has not been repaid in full and the Class A FCF DSCR Sequential Ratio Test is not satisfied, relevant funds will on a *pro rata* and *pari passu* basis with respect to their outstanding principal balance (a) be applied to repay the Class A1 Loan until it is repaid in full and (b) to defease the Class A2 Loan by depositing relevant funds into the Defeasance Account up to the outstanding principal balance of the Class A2 Loan.

Class A FCF DSCR Sequential Ratio Test is not satisfied

Class A1 Loan outstanding

In the period from (and including) the Class A2 EMD Less One Year to (but excluding) the Class A2 EMD, any funds standing to the credit of the Defeasance Account shall not be available to repay the Class A1 Loan or be released to the Borrowers except (i) in order to fund a prepayment of the Class A2 Loan and (ii) as part of a transaction to repay in full the outstanding amount of the Class A1 Loan and Class A2 Loan in full, in each case, subject to the payment of a Class A Make-Whole Payment.

Class A2 EMD Less One Year to Class A2 EMD

If in respect of any Loan Interest Payment Date in the period from (and including) the Class A2 EMD Less One Year to (but excluding) the Class A2 Loan Expected Maturity Date, the Class A1 Loan has been repaid in full, all relevant funds will be credited into the Cash Accumulation Account and not be released to the Borrowers (except in order to fund a pre-payment of the Class A2 Loan) unless the Class A2 Loan has been repaid in full.

Class A1 Loan repaid in full



Class A2 EMD and onwards
Class A1 Loan outstanding

If the Class A1 Loan is not repaid in full on or before the Class A2 EMD, then from (and including) the Class A2 EMD, relevant funds available to the Borrowers (and on the Class A2 EMD, all funds standing to the credit of the Cash Accumulation Account) on each Loan Interest Payment Date will be applied to repay the Class A1 Loan and Class A2 Loan on a *pro rata* and *pari passu* basis with respect to their outstanding principal balance, until they are repaid in full. In such circumstances, on the Class A2 EMD any funds standing to the credit of the Defeasance Account will be applied to repay the Class A2 Loan only until the Class A2 Loan is repaid in full.

Class A2 EMD and onwards
Class A1 Loan repaid in full

If the Class A1 Loan has been repaid in full by the Class A2 EMD, then from (and including) the Class A2 EMD, relevant funds available to the Borrowers will be applied to repay the Class A2 Loan. In such circumstances relevant funds will include all funds standing to the credit of the Cash Accumulation Account and the Defeasance Account and will be applied to repay the Class A2 Loan until repaid in full.

Defeasance Account

As described above, the Obligors will be required in certain circumstances to deposit relevant funds into the Defeasance Account and such funds will only be released, depending on, amongst other things, whether or not the Class A FCF DSCR Sequential Ratio Test is satisfied.

Class A Loan Event of Default

If on the date that is two Loan Interest Payment Dates after the Class A1 EMD, the Class A1 Loan is not repaid in full, a Class A Loan Event of Default will occur and the relevant Noteholder Instructing Group shall be entitled to, among other things, instruct the Issuer Security Trustee to require the Borrower Security Trustee to serve a Loan Enforcement Notice and/or a Loan Acceleration Notice on the Borrowers (and enforce and/or accelerate the Class A Loans). See further “*Description of Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*” and “*Intercreditor Agreement*”.

Mandatory Prepayment under the Class A Issuer/Borrower Loan Agreement

If and to the extent that relevant funds are available at the times and in the circumstances described above, then, in respect of the obligation to use funds to repay Loans, this will constitute a mandatory prepayment obligation under the Class A Issuer/Borrower Loan Agreement and the Borrowers will apply the available amount to prepay any amounts outstanding (whether or not due) under the Class A1 Loan or the Class A2 Loan under the Class A Issuer/Borrower Loan Agreement as described above.

See further “*Description of Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*”.

Upon receipt of any mandatory prepayments under the Class A1 Loan and / or the Class A2 Loan by the Issuer pursuant to the provisions described in this section, the Issuer will be required to mandatorily prepay the relevant Class A1 Notes and / or the Class A2 Notes, in accordance with the Class A Conditions.

See further “*Description of Class A Debt Provisions — Terms and Conditions of the Class A Notes*.”

Redemption at par plus accrued

Any Class A Notes redeemed as a consequence of the repayment of any Class A Loan under the provisions described above, will be redeemed at par plus any accrued (but unpaid) interest.

See further “*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*” and “*Intercreditor Agreement*”.

Final maturity:

The Issuer is required to redeem the Class A Notes in full on the relevant Class A Note Final Maturity Date. The final maturity date for the Class A1 Notes is 28 February 2042 (the **Class A1 Note Final Maturity Date**). The final maturity date for the Class A2 Notes is 28 February 2042 (the **Class A2 Note Final Maturity Date**, and together with the Class A1 Note Final Maturity Date, each a **Class A Note Final Maturity Date**).

Interest:

In relation to the Class A1 Notes, fixed rate interest of 4.811% per annum (the **Class A1 Initial Interest Rate**) up to but excluding the Class A1 Note



Expected Maturity Date and a fixed rate interest of 7.169% per annum (the **Class A1 Revised Interest Rate**) from and including the Class A1 Note Expected Maturity Date until and including the Class A1 Note Final Maturity Date.

In relation to the Class A2 Notes, fixed rate interest of 7.239% per annum (the **Class A2 Initial Interest Rate**) up to but excluding the Class A2 Note Expected Maturity Date and a fixed rate interest of 7.919% per annum (the **Class A2 Revised Interest Rate**) from and including the Class A2 Note Expected Maturity Date until and including the Class A2 Note Final Maturity Date.

Note Interest Payment Dates: Semi-annually in each year on 28 February and 28 August, subject to adjustment for non-Business Days.

Loan Interest Payment Dates: Each day falling three Business Days prior to a Note Interest Payment Date.

Early mandatory redemption: The Class A Notes will be subject to early mandatory redemption in whole or in part if the Borrowers exercise their right under the Class A Issuer/Borrower Loan Agreement to voluntarily prepay the Class A Loans in whole or in part.

If the Borrowers prepay the Class A Loans (in whole or in part), whether voluntarily or mandatorily, the Issuer will be obliged to redeem the relevant class of Class A Notes in an amount corresponding to the relevant tranche of the Class A Loans which has been repaid (in whole or in part).

In respect of a voluntary prepayment under the Class A Loans, if the Class A Restricted Payment Condition is satisfied at the time of any such prepayment, the Borrowers will be entitled to select the amounts that will be repaid and from which tranche of the Class A Loans (and accordingly which class of the Class A Notes will be redeemed). However, should the Class A Restricted Payment Condition not then be satisfied, any such prepayment and redemption will be applied pro rata across all tranches of Class A Loans and, correspondingly, each class of the Class A Notes.

In respect of any prepayment of the Class A Loans that is either (a) a voluntary or (b) a mandatory prepayment pursuant to a Relevant Disposal under a sale and leaseback transaction as further described in “*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*” and the corresponding redemption of the Class A Notes during the period from the Closing Date to (but excluding) the relevant Class A Note Expected Maturity Date, the Issuer will be obliged to pay an additional amount (the **Make Whole**) (calculated in accordance with Condition 5 (Redemption, Purchase and Cancellation) of the Class A Notes), and the Borrower will be required to pay an amount equal to the applicable Make Whole to the Issuer in connection with each such relevant prepayment prior to the relevant Class A Note Expected Maturity Date.

In addition, where the Class A1 Loan and/or the Class A2 Loan is still outstanding after the applicable Class A Loan Expected Maturity Date the relevant Class A Notes will be redeemed at par in an amount corresponding to amounts (if any) received from the Borrowers under the Class A Issuer/Borrower Loan Agreement.

Early redemption for tax or other

reasons: The Class A Notes may be redeemed at the option of the Issuer, in whole but not in part, at any time following (a) certain changes in tax laws; and (b) if it becomes unlawful for the Issuer to make, fund or allow to remain outstanding all or any advances made by it under the Class A Issuer/Borrower Loan Agreement, in each case at a price equal to 100% of their principal amount plus accrued and unpaid interest and certain other amounts, provided certain conditions are satisfied, including that the Issuer has sufficient funds to make such redemption.

See further “*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*” and Class A Condition 5 (Redemption, Purchase and Cancellation).

If the Issuer receives any monies from any Obligor following the service of a Class A Loan Enforcement Notice in repayment of all or part of the Class A



Loan, the Issuer will apply such monies in accordance with the relevant Priority of Payments, and redeem each Class A Note then outstanding at their Principal Amount Outstanding (together with accrued but unpaid interest) on the next Note Interest Payment Date.

Class B Call Option: Any Class B Noteholder will have the option (the **Class B Option**) to purchase all (but not some) of the Class A Notes from the Class A Noteholders. If one or more of the Class B Noteholders exercise their option, then the Class A Noteholders shall be bound to sell their Class A Notes at a price equal to the Principal Amount Outstanding of the relevant Class A Notes together with any accrued but unpaid interest. The Class B Option may only be exercised by the Class B Noteholders if either of the following events occur: (a) the provision of a notice by the Borrower Security Trustee of its intention to enter into a disposal of any or all of the Holiday Parks following enforcement of the Borrower Security; or (b) the occurrence of the last occurring Class A Loan Expected Maturity Date. For further details see “*Terms and Conditions of the Class A Notes — Condition 20 (Class B Call Option)*” and “*Intercreditor Agreement — Class B Call Option*”. If more than one Class B Noteholder exercises the Class B Option, the Class A Notes will be required to be purchased proportionately by those who exercised the option.

Ranking: The Class A1 Notes and the Class A2 Notes will rank equally between themselves as to payment and security. All amounts owing to the Class A Notes will rank ahead of any amounts owing to the Class B Notes.

Ratings: It is expected that the Class A Notes, when issued, will be assigned a “BBB(sf)” rating by S&P and a “BBB” rating by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Security for the Class A Notes: For details of the security for the Class A Notes, see “— *Certain characteristics common to the Class A Notes and the Class B Notes — Shared security for the Notes*”.

Use of Proceeds: The Issuer will issue the Class A Notes and lend the proceeds of the Class A Notes to each Borrower pursuant to the Class A Issuer/Borrower Loan Agreement. Each Borrower will apply the proceeds of the Class A Loans made under the Class A Issuer/Borrower Loan Agreement towards refinancing existing debt in full, to make payment of issue expenses and (as to any excess) for general corporate purposes.

Concurrent transactions: Concurrent to the issue of the Class A Notes and the Class B Notes, the Issuer will enter into a Liquidity Facility Agreement with, amongst others, the Liquidity Facility Providers and the Issuer Security Trustee to enable the Issuer to service interest due on the Class A Notes. CP Opco will enter into the Working Capital Facility Agreement with, among others, the WCF Agent, the WCF Lenders and the Borrower Security Trustee. CP Opco will be entitled to utilise such Working Capital Facility for working capital purposes and for other general corporate purposes not otherwise met out of available cash flows from time to time, including the making of payments permitted under the Issuer/Borrower Loan Agreements.

For a more detailed description of the Liquidity Facility Agreement and the Working Capital Facility Agreement, please see “*Description of other Indebtedness*”.

Financial Covenant: Under the Class A Issuer/Borrower Loan Agreement, the Obligors will be required to maintain a ratio (expressed as a percentage) of free cash flow to total debt service charges (the **Class A FCF DSCR**) greater than or equal to 110% on each Financial Covenant Test Date.

The Obligors will have the benefit of certain cure rights in the event that the Class A FCF DSCR is less than 110%. See “*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*”.

Certain other covenants: The Class A Issuer/Borrower Loan Agreement will, among other things, limit the Obligors with respect to:

- the incurrence of additional indebtedness;



- the payment of dividends or other distributions on, and the redemption or repurchase of, its equity;
- the making of certain restricted payments and investments;
- the payment of dividends by or transfer of any Fifth Site Entity;
- the incurrence of certain Security Interests;
- the imposition of restrictions on the ability of subsidiaries to pay dividends and other payments to members of the Group;
- the transfer, lease, sale or otherwise dispose of certain assets;
- the merger, consolidation with, or sale of substantially all of the Groups' assets to other entities;
- the entry into certain transactions with affiliates;
- the provision of guarantees for other debt;
- the entry into sale and leaseback transactions; and
- the impairment of the security interest for the holders of Class A Notes.

Each of the covenants is subject to a number of important exceptions and qualifications. See "*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*".

Absence of public market for the Class A

Notes: The Class A Notes will be new securities for which there is currently no market. Accordingly there can be no assurance as to the development or liquidity of any market for the Class A Notes nor that a liquid market will be maintained.

Listing: The Irish Stock Exchange.

ISINs: Class A1 Notes XS0749350368

Class A2 Notes XS0749350798

Common Codes: Class A1 Notes 074935036

Class A2 Notes 074935079

Key characteristics of the Class B Notes and the Class B Loan

The Class B Notes: The £280,000,000 11.625%/6.25% Class B Fixed Rate Secured Notes due 2042, to be issued by the Issuer.

Ranking: The Class B Notes will rank equally among themselves and will be contractually subordinated to the Class A Notes as to payment and security (other than as to the Topco Share Security).

Status: The Class B Notes will be constituted by the Note Trust Deed and will be secured by the same security as for the Class A Notes.

In addition, the Class B Notes will have the benefit of the security created under the Topco Share Security Agreement in favour of the Borrower Security Trustee.

The Note Trust Deed contains provisions requiring the Class B Note Trustee to have regard to the interests of the holders of the Class B Notes (the **Class B Noteholders**).

Expected maturity of the Class B Notes: ... 28 February 2018 (the **Class B Note Expected Maturity Date**).

Expected maturity of the Class B Loan: ... The Class B Loan is expected to be redeemed in full by the date falling three Business Days prior to the Class B Note Expected Maturity Date (the **Class B Loan Expected Maturity Date**).

If, on the Class B Loan Expected Maturity Date, the Class B Loan remains outstanding, Topco will undertake, under the terms of the Topco Payment Undertaking to procure the payment of an amount equal to the aggregate of: (a) the then principal balance on the Class B Loan; (b) accrued but unpaid interest outstanding in respect of the Class B Loan; and (c) all other amounts outstanding under the Class B Issuer/Borrower Loan Agreement. Failure by



Topco to pay such amount will give the right to the Borrower Security Trustee (on instruction from the Class B Note Trustee) to enforce the Topco Share Security granted to it (on trust for the Issuer) by Topco over the shares Topco holds in CP Cayman Limited. See “*Summary of other Transaction Documents — Topco Payment Undertaking*”. The Borrowers will use such funds to repay the Class B Loan. The Issuer will then redeem Class B Notes in an amount corresponding to the amount of the Class B Loan which has been so repaid.

Final maturity of the Class B Notes: The Issuer is required to redeem the Class B Notes in full on the Class B Note Final Maturity Date, being 28 February 2042 (and, together with the Class A Note Final Maturity Date, each a **Final Maturity Date**).

Final maturity of the Class B Loan: The final maturity date in respect of the Class B Loan will be the later of (a) the Class B Loan Expected Maturity Date; and (b) the earliest of: (i) the date on which all amounts outstanding under the Class A Issuer/Borrower Loan Agreement have been irrevocably paid or discharged in full; (ii) the date on which the Class A Loans are accelerated; and (iii) the Loan Interest Payment Date falling in February 2025 (the **Class B Loan Final Maturity Date**).

Interest on the Class B Notes: 11.625% per annum from (and including) the Closing Date up to (but excluding) the Note Interest Payment Date falling in February 2020 (the **Class B Note Step-Down Date**) and, thereafter, 6.25% per annum (each, as applicable, a **Class B Interest Rate**).

From (and including) the Closing Date to (but excluding) the Class B Note Expected Maturity Date, interest will accrue on any overdue amount of principal or interest (including Additional Amounts, if any) in respect of the Class B Notes at the applicable Class B Interest Rate plus 1% per annum.

From (and including) the Class B Loan Expected Maturity Date, the Borrowers, and from (and including) the Class B Note Expected Maturity Date, the Issuer, will not make payments of interest in respect of the Class B Loan and the Class B Notes, respectively. Instead, interest will accrue on the Class B Loan and the Class B Notes at the applicable rate (as set out above) but will be deferred and will be payable only on the earlier of (a) the date on which the Class A Loans or the Class A Notes (as applicable) are repaid in full and (b) the Class B Note Final Maturity Date or the Class B Loan Final Maturity Date, as applicable. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Loan or Class B Notes (as applicable) at such time.

Notwithstanding the foregoing, if (i) the Borrowers receive New Equity Funds, (ii) the Topco Security is enforced and proceeds thereof are available for this purpose, and/or (iii) the Transaction Security is enforced and funds are available for this purpose pursuant to the applicable Priorities of Payments as described under “*Intercreditor Agreement*”, then the Borrowers will be required to make payment of interest on the Class B Loan, and the Issuer will be required to make the corresponding payments of interest on the Class B Notes using the proceeds of such payments made by (directly or indirectly, or on behalf of) the Borrowers.

Note Interest Payment Dates: Semi-annually in each year on 28 February and 28 August, subject to adjustment for non-Business Days.

Loan Interest Payment Dates: Each day falling three Business Days prior to a Note Interest Payment Date.

Optional and mandatory redemption prior to the Class B Note Final Maturity Date:

The Class B Notes are pass-through notes, and will be subject to mandatory redemption prior to the Class B Note Final Maturity Date if and to the extent that the Borrowers make principal repayments or prepayments to the Issuer in respect of the Class B Loan, either at the option of the Borrowers or following any enforcement of the Topco Share Security or the Transaction Security.

Any such redemption of the Class B Notes will be on the same terms and at the same prices (including any applicable premium) as for the Class B Loan.



It is expected that, because of the terms of the Topco Payment Undertaking and the Topco Security Documents, the Borrowers will elect to prepay the Class B Loan on or before the Class B Loan Expected Maturity Date, but they are not obliged to do so and the Issuer is therefore not obliged to redeem the Class B Notes on the Class B Note Expected Maturity Date.

At any time on or after 28 February 2015 the Class B Notes will be redeemable at the option of the Issuer, in whole or in part, at the redemption prices set out in “Description of the Class B Debt Provisions — Terms and Conditions of the Class B Notes — Condition 5 (Redemption, Purchase and Cancellation)”.

At any time prior to 28 February 2015, the Issuer may redeem some or all of the Class B Notes at a redemption price equal to 100% of their Principal Amount Outstanding plus (i) accrued and unpaid interest and (ii) a make-whole premium as specified in the Class B Issuer/Borrower Loan Agreement. See “Description of the Class B Debt Provisions — Terms and Conditions of the Class B Notes — Condition 5 (Redemption, Purchase and Cancellation)”.

In addition, prior to 28 February 2015, the Borrowers may on one or more occasions use the net proceeds of specified equity offerings to repurchase up to 40% of the aggregate principal amount of the Class B Notes in issue, upon giving prior notice, at a redemption price equal to 112.625% of the aggregate principal amount of the Class B Notes, plus accrued and unpaid interest and additional amounts (if any), up to the redemption date, provided that at least 60% of the original aggregate principal amount of the Class B Notes in issue remains outstanding after the redemption. Any Class B Notes redeemed by the Borrower will be immediately surrendered to the Issuer for cancellation in accordance with the Class B Conditions. See “Description of the Class B Debt Provisions — Terms and Conditions of the Class B Notes — Condition 5 (Redemption, Purchase and Cancellation)”.

Early redemption for tax and other

reasons: The Class B Notes may be redeemed at the option of the Issuer, in whole but not in part, at any time following certain changes in tax laws and/or other laws at a price equal to 100% of their principal amount plus accrued and unpaid interest and certain other amounts, provided certain conditions are satisfied, including that the Issuer has sufficient funds to make such redemption. See “Description of the Class B Debt Provisions — Description of the Class B Loan” and “Description of the Class B Debt Provisions — Terms and Conditions of the Class B Notes — Condition 5 (Redemption, Purchase and Cancellation)”.

Ratings: It is expected that the Class B Notes, when issued, will be assigned a “BB+(sf)” rating by S&P and a “B+” rating by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Security for the Class B Notes and Class B

Loan: In addition to the security granted under the Borrower Deed of Charge and the Issuer Deed of Charge in favour of the Issuer Secured Creditors, Topco will undertake to pay all amounts outstanding under the Class B Issuer/Borrower Loan Agreement upon receipt of a demand notice from the Borrower Security Trustee if directed by holders of at least 30% in aggregate principal amount of the outstanding Class B Notes following a Share Enforcement Event, a Class B Loan Event of Default, Class B Trigger Event or Class B Note Event of Default, as applicable, pursuant to the Topco Payment Undertaking. The Topco Payment Undertaking will be secured by Topco granting security over, among other things, its shares in CP Cayman Limited (the **Topco Share Security**) pursuant to the Topco Share Security Agreement. See “Summary of other Transaction Documents — Borrower Security Documents — Topco Share Security Agreement”.

Use of Proceeds: The Issuer will lend the proceeds of the Class B Notes to the Borrowers pursuant to the Class B Issuer/Borrower Loan Agreement. Each Borrower will apply the proceeds of the Class B Loan made to it under the Class B



Issuer/Borrower Loan Agreement towards refinancing of its existing debt in full, to make payment of issue expenses and for general corporate purposes (as to any excess).

Concurrent transactions: Concurrent to the issue of the Class B Notes and the Class A Notes, the Issuer will enter into a Liquidity Facility Agreement with, among others, the Liquidity Facility Providers and the Issuer Security Trustee to enable the Issuer to service interest due on the Class A Notes. CP Opco will enter into the Working Capital Facility Agreement with, among others, the WCF Agent, the WCF Lenders and the Borrower Security Trustee. CP Opco will be entitled to utilise such Working Capital Facility for working capital purposes and for other general corporate purposes not otherwise met out of available cash flows from time to time, including the making of payments permitted under the Issuer/Borrower Loan Agreements.

For a more detailed description of the Liquidity Facility Agreement and the Working Capital Facility Agreement, please see “*Description of other Indebtedness*”.

Events of Default No Class B Note Event of Default or Class B Loan Event of Default may occur with respect to the Class B Notes or Class B Loan while the Class A Notes or Class A Loans are outstanding (until after an acceleration of the Class A Notes or Class A Loans, respectively) although this is without prejudice to the ability of the Borrower Security Trustee, at the direction of the Class B Noteholders, to enforce the security granted pursuant to the Topco Security Documents in certain circumstances including, without limitation, where there has been a failure to pay interest on the Class B Notes or Class B Loan prior to the Class B Note Expected Maturity Date or the Class B Loan Expected Maturity Date (as applicable) or a failure to repay principal and accrued interest on such date.

Class B Financial Covenants: Under the Class B Issuer/Borrower Loan Agreement, the Obligors will be required to maintain a ratio (expressed as a percentage) of free cash flow to total debt service charges (the **Class B FCF DSCR**) equal to 100% on each Financial Covenant Test Date.

The Obligors will have the benefit of certain cure rights in the event that the Class B FCF DSCR is less than 100%. See “*Description of the Class B Debt Provisions — Description of the Class B Loan Agreement*”.

Certain other Class B covenants: The Class B Issuer/Borrower Loan Agreement will limit, among other things, Topco and the Obligors with respect to:

- the incurrence or guarantee of additional indebtedness;
- the payment of dividends or other distributions on, and the redemption or repurchase of, its equity;
- the making of certain restricted payments and investments;
- the incurrence of certain liens;
- the imposition of restrictions on the ability of subsidiaries to pay dividends and other payments to members of the Group;
- the transfer, lease, sale or other disposition of certain assets;
- the merger, consolidation with, or sale of substantially all of the Group’s assets to, other entities;
- the entry into certain transactions with affiliates;
- the payment of dividends by or transfer of any Fifth Site Entity;
- the entry into sale and leaseback transactions; and
- the impairment of the security interest for the holders of Class B Notes.

Each of the covenants is subject to a number of important exceptions and qualifications. See “*Description of the Class B Debt Provisions — Description of the Class B Loan*”.



Mandatory offers to Purchase/Class B

Change of Control and Asset Sales: The terms of the Asset Sales covenant in the Class B Issuer/Borrower Loan Agreement require the Borrowers to use the proceeds of certain asset sales to either invest in additional assets or repay certain other indebtedness, and if they do not, to use such Excess Proceeds on the 366th day since such asset sale to make an offer to repurchase the Class B Notes at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

Following a Class B Change of Control (as defined in the Class B Issuer/Borrower Loan Agreement), the Borrowers will be required to offer to repurchase all or any part of the Class B Notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

See “Description of the Class B Debt Provisions — Description of the Class B Loan”.

Absence of public market for the Class B

Notes: The Class B Notes will be new securities for which there is currently no market. Accordingly there can be no assurance as to the development or liquidity of any market for the Class B Notes or that a liquid market will be maintained.

Listing: The Irish Stock Exchange.

ISIN: XS0749351093

Common Code: 074935109

Certain characteristics common to the Class A Notes and the Class B Notes

Obligations of Issuer only: The Notes will be obligations of the Issuer only. The Notes will not be obligations or responsibilities of, or guaranteed by, any person other than the Issuer, except that the Class B Notes will have the indirect benefit of the Topco Payment Undertaking (as to which see “Summary of other Transaction Documents — Borrower Security Documents — Topco Payment Undertaking”). In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the relevant Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Arranger, the Liquidity Facility Providers, the Cash Manager, the WCF Agent, the WCF Lenders, the Paying Agents, the Liquidity Facility Agent, the Issuer Account Bank, the Borrower Account Bank, the Borrowers, the Issuer Corporate Services Provider or the Issuer Jersey Corporate Services Provider. From the issue proceeds of the Notes, £1,020.0 million will be lent to the Borrowers by the Issuer, and the Borrowers’ obligation to repay will be secured over the assets and undertaking of the Obligor under the Borrower Deed of Charge.

Shared security for the Notes: The Notes will be secured by first-ranking security in respect of, among other things, all of the Issuer’s right, title and interest in its assets pursuant to a deed of charge to be entered into on the Closing Date (the **Issuer Deed of Charge**) between the Issuer and the Issuer Security Trustee. **Issuer Secured Creditor** means each of the Issuer Security Trustee, any Receiver, the Class A Note Trustee, the Class B Note Trustee, the Class A Noteholders, the Class B Noteholders, each Liquidity Facility Provider, the Liquidity Facility Agent, the Issuer Account Bank, the Paying Agents, the Principal Paying Agent, the Cash Manager, the Issuer Corporate Services Provider, the Issuer Jersey Corporate Services Provider and each additional Issuer Secured Creditor from time to time.

The Issuer Deed of Charge will create security interests over, among other things, the Issuer’s rights against each Obligor under the Issuer/Borrower Loan Agreements, the Borrower Deed of Charge (including the security trusts created thereunder), the Liquidity Facility Agreement, the Cash Management Agreement, the Issuer Corporate Services Agreement, the Issuer Jersey Corporate Services Agreement, the Issuer Account Bank Agreement and the Agency Agreement and its rights in respect of its bank accounts and **Eligible Investments**. The Topco Security is for the benefit of the Class B Noteholders only.



Certain other obligations of the Issuer (including the amounts owing to the Class A Note Trustee and the Class B Note Trustee under the Note Trust Deed, to the Issuer Security Trustee and any receiver under the Issuer Deed of Charge, to the Cash Manager and the Issuer Account Bank under the Cash Management Agreement and the Issuer Account Bank Agreement, to the Liquidity Facility Providers under the Liquidity Facility Agreement, to the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement, to the Issuer Jersey Corporate Services Provider under the Issuer Jersey Corporate Services Agreement and to the Paying Agents under the Agency Agreement) will also be secured by the security interests referred to above.

For a more detailed description of the provisions of the Issuer Deed of Charge including the Priorities of Payments by the Issuer both prior and subsequent to the enforcement of the security thereunder, see “*Summary of other Transaction Documents — Issuer Deed of Charge*” below.

Security to be granted by the Obligors:

Pursuant to the Borrower Deed of Charge, the obligations of the Obligors under, among other things, the Issuer/Borrower Loan Agreements, will be secured in favour of the Borrower Security Trustee pursuant to, among other things, a deed of charge and assignment to be entered into on the Closing Date between the Obligors, the Issuer and the Borrower Security Trustee. This security will include first-ranking mortgages or fixed charges of, among other things, the freehold and leasehold interests in the properties which are owned by the Obligors and fixed or floating charges over all other property, undertaking and assets of each Obligor. In addition, each Obligor will grant a first-ranking legal mortgage over the shares it owns in any Obligor which is incorporated in England and Wales (the **English Obligors**).

The Borrower Security Trustee will hold the benefit of the security created in its favour pursuant to the Borrower Deed of Charge (and the other Borrower Security Documents) on trust for the benefit of the Borrower Secured Creditors. **Borrower Secured Creditors** means, together, the Issuer, the Borrower Security Trustee, the WCF Lenders, the WCF Agent, the Borrower Account Bank and any other party designated as such in writing by the Borrowers, the Issuer and the Borrower Security Trustee from time to time.

For a more detailed description of the provisions set out in the Issuer/Borrower Loan Agreements and the Borrower Deed of Charge, see “*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*” and “*Description of the Class B Debt Provisions — Description of the Class B Loan*”.

Cash flows:

Payments of interest and repayments of principal in relation to the Facilities will be made by the Obligors primarily out of the cash flows generated from the business operations owned and/or operated by the Obligors from time to time. The Obligors’ principal sources of income are receipts generated from the ownership and operation of UK holiday villages.

Form and Denomination:

The Notes of each class will initially be represented by a Temporary Global Note without coupons, which will be deposited with a common depository (the **Common Depository**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) on or about the Closing Date. Interests in each Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note representing the Notes of the same class, without coupons, not earlier than 40 days after the Closing Date upon certification of non-U.S. beneficial ownership.

In certain limited circumstances, **Definitive Notes** with coupons and talons attached will be issued in exchange for a Permanent Global Note. See the Class A Condition 1 (Form, Denomination and Title) and the Class B Condition 1 (Form, Denomination and Title).

The Notes (each individual Note of which (should Definitive Notes be issued) will be in the denomination of £100,000 and higher integral multiples of £1,000 up to and including £199,000) will be represented by the Global Note.



The Global Notes will not be exchangeable for Definitive Notes, save in certain limited circumstances (as to which see further the Class A Condition 1 (Form, Denomination and Title) and the Class B Condition 1 (Form, Denomination and Title)).

Withholding tax on Notes: All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, levies, duties, imposts, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law to make any payment in respect of the Notes subject to any such withholding or deduction. Save with respect to the Class B Notes, neither the Issuer nor any Paying Agent nor any other person will be obliged to pay additional amounts in respect of any such withholding or deduction.

With respect to the Class B Notes only, if any deduction or withholding for, or on account of, any taxes imposed or levied by or on behalf of a relevant tax jurisdiction will at any time be required to be made from any payments made in respect of the Class B Notes, including payments of principal, redemption price, purchase price, interest or premium, the Issuer will, subject to certain exceptions, be obliged to pay additional amounts in respect of any such withholding or deduction, such that the net amount received by the holders of the Class B Notes is not less than the amount they would have received in the absence of such withholding.

Transfer restrictions: For further details of transfer restrictions please see “*Transfer Restrictions*” below.

Governing law: The Notes, the Note Trust Deed and the Issuer Deed of Charge will be governed by English law.



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Unaudited Combined Summary Historical Financial Information

The following tables present the Unaudited Combined Summary Historical Financial Information of Center Parcs for the periods indicated. The following summary Unaudited Combined Summary Historical Financial Information should be read in conjunction with “*Presentation of Financial Information*”, “*Selected Historical Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” as well as the Opco financial statements and Propco financial statements included in Annex 1 to this Offering Circular. The Unaudited Combined Summary Historical Financial Information represents an unaudited aggregation of profit and loss statements, balance sheets and cash flows of each of Opco and Propco and their respective consolidated subsidiaries on the basis of preparation set forth in “*Selected Historical Financial Information*”.

Center Parcs has also included unaudited financial information in this Offering Circular for the 53-week period ended 5 January 2012, which has been derived from the aggregate of the profit and loss statements and cash flows for the 36 weeks ended 5 January 2012 and the 53 weeks ended 28 April 2011 less the profit and loss statements and cash flows for the 36 weeks ended 30 December 2010. The financial information for the 53-week period ended 5 January 2012 (i) has been prepared solely for the purposes of this Offering Circular, (ii) is not prepared in the ordinary course of Center Parcs’ financial reporting, (iii) is not necessarily indicative of the results that may be expected for the financial year ending 26 April 2012 and (iv) should not be used as the basis for, or a prediction of, an annualised calculation.

The Unaudited Combined Summary Historical Financial Information is provided for illustrative purposes only and does not present what Center Parcs’ actual results of operations would have actually been had (i) Center Parcs operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Historical Financial Information and (ii) audited consolidated financial statements of Center Parcs as a consolidated group been prepared for the periods presented in accordance with UK GAAP or IFRS. See “*Selected Historical Financial Information*” and “*Risk Factors—Risks Relating to Center Parcs’ Business and Industry — The Unaudited Combined Summary Historical Financial Information included in this Offering Circular have not been audited and may not be indicative of Center Parcs’ results of operations had it operated as a combined commercial group or its future results of operations*”.

Combined Profit and Loss Statement Information

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012	53 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Revenue						
Accommodation	157,205	158,206	165,091	117,634	123,447	170,904
On-site	119,663	121,769	125,448	86,252	86,724	125,920
Total	276,868	279,975	290,539	203,886	210,171	296,824
Cost of sales	(35,080)	(35,304)	(36,337)	(23,873)	(23,126)	(35,590)
Gross profit	241,788	244,671	254,202	180,013	187,045	261,234
Village overheads	(98,998)	(102,171)	(106,058)	(73,203)	(77,695)	(110,550)
Central overheads	(54,695)	(20,022)	(20,468)	(13,071)	(26,489)	(33,886)
Depreciation and amortisation	(24,697)	(24,070)	(22,584)	(15,578)	(17,041)	(24,047)
Operating profit	63,398	98,408	105,092	78,161	65,820	92,751
Finance costs	(78,615)	(82,031)	(81,711)	(55,123)	(55,703)	(82,291)
Finance income	3,681	2,788	2,873	2,153	2,232	2,952
Movement in fair value of derivative financial instruments ⁽⁰⁾	(86,814)	8,832	(11,247)	(16,910)	(78,029)	(72,366)
(Loss)/profit before tax	(98,350)	27,997	15,007	8,281	(65,680)	(58,954)
Tax	10,630	(3,587)	(4,435)	(1,310)	12,999	9,874
(Loss)/profit for the period	(87,720)	24,410	10,572	6,971	(52,681)	(49,080)



Combined Balance Sheet Data Information

	23 April 2009	22 April 2010	As at 28 April 2011	30 December 2010	5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Property, plant and equipment ⁽¹⁾	984,485	1,039,491	1,066,132	1,053,424	1,080,597
Cash and cash equivalents	35,558	39,810	51,743	46,401	18,019
Total assets	1,317,234	1,373,385	1,413,995	1,407,144	1,418,456
Total net debt ⁽²⁾	994,337	995,167	982,790	988,266	1,012,703

Combined Cash Flow Data Information

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012	53 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Cash flows from operating activities ..	123,243	131,396	125,591	68,805	50,959	107,745
Cash flows from investing activities ..	(54,506)	(20,983)	(47,398)	(29,306)	(33,430)	(51,522)
Cash flows from financing activities ..	(72,263)	(106,161)	(66,260)	(32,908)	(51,253)	(84,605)
Net (decrease)/increase in cash and cash equivalents	(3,526)	4,252	11,933	6,591	(33,724)	(28,382)
Cash and cash equivalents at beginning of period	39,084	35,558	39,810	39,810	51,743	46,401
Cash and cash equivalents at end of period	35,558	39,810	51,743	46,401	18,019	18,019

Other Combined Financial, Operating and As Adjusted Data

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	As at and for the 53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012	53 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Other Financial Data						
EBITDA ⁽³⁾	88,095	122,478	127,676	93,739	82,861	116,798
Adjusted EBITDA ⁽⁴⁾	125,850	125,462	130,252	95,921	99,319	133,650
Total capital expenditure	(54,519)	(20,983)	(47,563)	(29,306)	(33,523)	(51,780)
Net interest expense ⁽⁵⁾	(76,410)	(63,850)	(81,711)	(55,123)	(55,703)	(82,291)
EBITDA margin	31.8%	43.7%	43.9%	46.0%	39.4%	39.3%
Adjusted EBITDA margin	45.5%	44.8%	44.8%	47.0%	47.3%	45.0%

Adjusted Financial Data⁽⁶⁾

Adjusted net interest expense ⁽⁵⁾⁽⁶⁾						78,835
Adjusted total net debt ⁽⁷⁾						1,022,400
Ratio of adjusted net debt to Adjusted EBITDA ⁽⁴⁾⁽⁷⁾						7.6x
Ratio of Adjusted EBITDA to adjusted net interest expense ⁽⁴⁾⁽⁵⁾⁽⁸⁾						1.7x

Certain Operating Data

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012	53 weeks ended 5 January 2012
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Average number of villas	3,380	3,380	3,386	3,383	3,401	3,398
Number of available villa nights (thousands)	1,254	1,230	1,256	853	857	1,261
Occupancy (%)	95.5%	97.3%	96.3%	96.6%	96.9%	96.5%
ADR (£)	131.34	132.19	136.49	142.90	148.66	140.02
RevPAV (£)	125.36	128.59	131.43	137.97	144.04	135.15

(0) The movement in fair value of derivative financial instruments relates to interest rate swaps and caps which will be fully settled as part of the Transaction.



- (1) Included within property, plant and equipment are assets relating to the Fifth Village. The values are £13.1 million, £8.0 million, £4.6 million, £17.2 million and £9.7 million as at 28 April 2011, 22 April 2010, 23 April 2009, 5 January 2012 and 30 December 2010, respectively.
- (2) Total net debt is current and non-current financial borrowings less cash and cash equivalents, and excludes amounts owed to related parties of £136.8 million, £129.0 million, £140.5 million, £149.0 million and £136.7 million as at 23 April 2009, 22 April 2010, 28 April 2011, 5 January 2012 and 30 December 2010, respectively.
- (3) Center Parcs defines EBITDA as earnings before interest, tax, depreciation and amortisation. In evaluating EBITDA, investors should be aware that, as an analytical tool, EBITDA is subject to certain limitations. See "*Presentation of Financial Information—Non-UK GAAP and Non-IFRS Financial Measures*". EBITDA is not a measure of performance under UK GAAP or IFRS and investors should not consider EBITDA as an alternative to (a) operating profit or profit/(loss) for the period as a measure of Center Parcs' operating performance, (b) cash flows from operating, investing and financing activities as a measure of Center Parcs' ability to meet its cash needs or (c) any other measures of performance under UK GAAP or IFRS.

The following table provides a reconciliation of (loss)/profit to EBITDA for the periods indicated:

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012	53 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
(Loss)/profit for the period . . .	(87,720)	24,410	10,572	6,971	(52,681)	(49,080)
Tax	(10,630)	3,587	4,435	1,310	(12,999)	(9,874)
Movement in fair value of derivative financial instruments	86,814	(8,832)	11,247	16,910	78,029	72,366
Finance income	(3,681)	(2,788)	(2,873)	(2,153)	(2,232)	(2,952)
Finance costs	78,615	82,031	81,711	55,123	55,703	82,291
Depreciation and amortisation	24,697	24,070	22,584	15,578	17,041	24,047
EBITDA	88,095	122,478	127,676	93,739	82,861	116,798

- (4) Center Parcs defines **Adjusted EBITDA** as EBITDA adjusted to remove the effects of owners' costs and certain exceptional items that Center Parcs believes are not indicative of its underlying operating performance. Owners' costs relate to consulting and management charges from shareholder related parties. Exceptional items relate to charges including impairment of property and redundancy costs. Center Parcs does not adjust for any other items that it believes to occur in the normal course of business.

Adjusted EBITDA is not a measure of performance under UK GAAP or IFRS and investors should not consider Adjusted EBITDA as an alternative to (a) operating profit or profit/(loss) for the period as a measure of Center Parcs' operating performance, (b) cash flows from operating, investing and financing activities as a measure of Center Parcs' ability to meet its cash needs or (c) any other measures of performance under UK GAAP or IFRS.

Investors should evaluate each adjustment and the reasons Center Parcs considers it appropriate as a method of supplemental analysis. In evaluating Adjusted EBITDA, investors should be aware that, as an analytical tool, Adjusted EBITDA is subject to certain limitations. Please see "*Presentation of Financial Information—Non-UK GAAP and Non-IFRS Financial Measures*". In addition, investors should be aware that Center Parcs is likely to incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Center Parcs' presentation of Adjusted EBITDA should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items. For further information, please see the discussions on exceptional items in the Opco financial statements and Propco financial statements included elsewhere in this Offering Circular.



The following table provides a reconciliation of EBITDA to Adjusted EBITDA for the periods indicated:

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012	53 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
EBITDA	88,095	122,478	127,676	93,739	82,861	116,798
Exceptional items and owners' costs ^(a)	37,755	2,984	2,576	2,182	16,458	16,852
Adjusted EBITDA	125,850	125,462	130,252	95,921	99,319	133,650
Adjusted EBITDA margin	45.5%	44.8%	44.8%	47.0%	47.3%	45.0%

(a) The following table sets forth certain information about exceptional items and owners costs for the periods indicated:

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012	53 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Impairment of property ⁽ⁱ⁾	35,218	—	—	—	—	—
Redundancy costs ⁽ⁱⁱ⁾	419	320	566	844	—	(278)
One-off legal dispute ⁽ⁱⁱⁱ⁾	—	—	—	—	15,100	15,100
Owners' costs	2,118	2,664	2,010	1,338	1,358	2,030
	37,755	2,984	2,576	2,182	16,458	16,852

(i) Impairment of property relates to an adjustment made to the value of property held by Center Parcs. The property value increased by £58.7 million in financial year 2010. This increase is not recognised through the profit and loss statement.

(ii) Redundancy costs relate to certain business reorganisations that have taken place in each of the relevant financial periods.

(iii) One-off legal dispute relates to the settlement of a technical dispute which Center Parcs had in respect of certain of its property interests. That dispute was settled and has no ongoing impact on the business.

(5) Net interest expense excludes amortisation of deferred financing costs.

(6) Adjusted to give effect to the offering of the Notes and the application of the proceeds therefrom as described under "Use of Proceeds".

(7) Includes Notes issued of £1,020.0 million and a mortgage outstanding on the head office of £2.4 million and excludes amounts owed to related parties of £86.8 million.

(8) This Ratio of Adjusted EBITDA to adjusted net interest expense is not the same ratio as the FCF DSCR: the FCF DSCR includes other items such as tax, maintenance capital expenditure and movements in working capital.



RISK FACTORS

An investment in the Notes involves a high degree of risk. Investors should carefully consider the following risk factors and the other information contained in this Offering Circular before making an investment decision. The risks described below are not the only ones the Center Parcs Group faces. Additional risks not presently known to the Center Parcs group or that it currently believes to be immaterial may also adversely affect its business. If any such risks or any other matters or unforeseen events actually occur, Center Parcs' business, financial condition and results of operations could be materially adversely affected. In any of such cases, the value of the Notes could decline, and the Center Parcs Group may not be able to pay all or part of the interest or principal on the Notes and investors may lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Center Parcs Group's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks faced by the Center Parcs Group described below and elsewhere in this Offering Circular. See "Forward-Looking Statements".

RISKS RELATING TO CENTER PARCS' BUSINESS AND INDUSTRY

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

Center Parcs' business, financial condition and results of operations may be adversely affected by a number of factors that affect the UK holiday market, including:

- national, regional or local economic conditions (including plant closures, industry slowdowns and unemployment rates);
- exchange rate fluctuations or other factors which impact tourism or travel to or within the UK;
- significant increases in utility and fuel costs;
- local holiday market conditions from time to time (such as an over-supply or under-supply of holiday resort centre accommodation and facilities);
- demographic factors;
- consumer confidence and personal disposable income;
- consumer tastes and preferences;
- continuing competition with low-cost carriers;
- changes, including retrospective changes, in governmental regulations, fiscal policy, planning/zoning or tax laws and building codes as well as other regulatory changes;
- changes in minimum wage legislation;
- potential environmental legislation or liabilities or other legal liabilities;
- acts of terrorism, natural disasters and direct political action; and
- instances of illness, an epidemic or a pandemic.

All Center Parcs' villages are located in England and, consequently, the level of revenue and profit generated by the villages could be substantially influenced by general economic conditions in the United Kingdom. While Center Parcs' revenues increased in financial years 2009, 2010 and 2011 and the 53-week period ended 5 January 2012, its revenues may decline in light of ongoing or future economic downturns. The villages have relatively high fixed operating costs, and as a result decreases in revenue can cause declines in net cash flow. In addition, a significant or sustained decline in economic conditions or rates of high inflation, including as a result of uncertainty in the eurozone, could adversely affect Center Parcs' ability to obtain goods and services from suppliers or credit from financing sources and could impact the ability of third parties, including insurance carriers and credit providers, to meet their obligations to Center Parcs. Continued weak economic conditions may adversely affect holiday centre occupancy, guest spending patterns and Center Parcs' general business and financial condition.

The disposable income of Center Parcs' guests and/or their holiday preferences may be affected by changes in the general economic environment. Even if economic conditions are actually improving, a negative economic outlook, including



the fear of another recession, may have an adverse effect on Center Parcs' business, since a negative economic outlook tends to lead to an increased savings rate and reduced discretionary spending by Center Parcs' target guest demographic group. This could have a material adverse effect on occupancy levels at its holiday villages. Any decrease in disposable income of Center Parcs' guests may result in a decline in the number of guests and/or a decrease in on-site spending. Uncertainty concerning economic growth and the effects of the proposed government spending cuts has affected domestic consumption and, as disposable income has continued to decline, this may have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs currently derives its revenue from operating four villages. A significant business interruption or event affecting guest perception or expectation at any village may have a material adverse effect on Center Parcs' financial condition and results of operations

Center Parcs operates four holiday villages in England. A significant business interruption or event affecting guest perception or expectation at any village may have a material adverse effect on Center Parcs' financial condition and results of operations. As a result, the Center Parcs Risk Committee supervises comprehensive risk management arrangements, including business continuity plans which are regularly tested with the support of external specialists. However, Center Parcs' risk management arrangements, business continuity plans and insurance programme may not adequately protect Center Parcs from significant interruption of business at any one or more of the villages. A significant interruption or event could be created by any number of internal or external factors, including fire (as occurred at the Elveden village in 2002, resulting in a 15-month closure), extreme weather conditions, accidents, loss of utilities or other interruptions, and may have a material adverse effect on Center Parcs' financial condition and results of operations.

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

- the age, design, construction quality and maintenance of the village;
- perceptions regarding the attractiveness of the village;
- the proximity and attractiveness of competing UK holiday centres;
- increases in operating expenses;
- increases in development and construction costs;
- inability to pass on to guests any significant unforeseen input costs that would erode Center Parcs' margins;
- an increase in the capital expenditure needed to maintain the village or make improvements, or to maintain the competitiveness of the villages;
- a decline in a village's guest numbers;
- major village damage or disruption including natural or environmental disasters;
- bad or extreme weather conditions;
- an illness, disease or event that damages the forest, fauna and natural environment surrounding a village;
- guest safety issues, such as accidents, personal injuries or child abuse or abduction;
- burglaries or thefts of personal belongings from village accommodation;
- a fluctuation, seasonal or otherwise, in demand for the facilities that the village offers;
- an outbreak of food poisoning or notifiable illness at the villages; and
- negative publicity or guest perceptions about any of the villages due to the above-mentioned factors or otherwise.

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



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

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

The effects of competition would be more pronounced if a new holiday centre or other guest attraction opened within close proximity to one of Center Parcs' holiday villages or if an existing holiday centre expanded into its market or began conducting activities aimed at capturing Center Parcs' market share. Center Parcs expects that successful completion of its proposed Fifth Village at Woburn is likely to temporarily decrease occupancy and revenues at its existing villages. See "*Risks Relating to Proposed Fifth Village and Other Additional Villages*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

In addition, Center Parcs risks losing business not only to other holiday offerings, but also to other types of leisure activities and forms of entertainment, including sports and other recreational activities, restaurants, bars, retail outlets and spa facilities and vacation travel.

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

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

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

Bad or extreme weather conditions, road closures and other conditions out of Center Parcs' control can adversely affect occupancy at Center Parcs' holiday villages

Center Parcs' holiday villages provide both indoor and outdoor activities, with the natural setting of the villages and the outdoor activities a major draw for guests. Bad weather and forecasts of bad or mixed weather conditions can reduce the number of people who come to the holiday villages. Bad or extreme weather conditions (for example, floods, hurricanes or high winds) or other unforeseen occurrences (such as fires or earthquakes) could lead to the loss of use of one or more of its villages, or damage the natural environment in which the villages are situated, for an extended period of time and disrupt its ability to attract guests to certain of its villages or facilities.

Although this has not been Center Parcs' experience with the severe winter weather in England in late 2010 and early 2011, the occurrence of extreme winter weather conditions, which typically occur at the end/beginning of each year, could cause significant damage to its holiday villages in that area, which could materially and adversely affect its overall business. Similarly, unseasonably high temperatures and high winds can exacerbate forest fires. Center Parcs' insurance may not be sufficient to cover the costs of repairing or replacing damaged property or equipment, and Center Parcs may suffer a significant decline in revenues if any of its holiday villages is closed for an extended period of time. In addition, prolonged drought conditions may cause water shortages, which could adversely impact the operation of its water amenities. Any such restrictions could materially and adversely affect its business, financial condition and results of operations.

Road closures or detours as a result of bad weather conditions may also delay Center Parcs' guests as most of them drive to the villages. Road closures and detours have the potential of extending the effects of bad weather beyond the



particular storm or weather condition as damaged roads and highways may take a significant time to repair. Additionally, road closures and detours as a result of non-weather factors, such as government repair works, may also reduce the number of guests.

In addition, if transport links to Center Parcs' holiday villages and related infrastructure become inadequate for any reason, this could have a negative effect on guest attendance at the relevant holiday villages, which could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Due to the unexpected nature of extreme bad weather, Center Parcs may fail to predict or undertake the appropriate advanced planning to maintain business operations in the event of a disruption due to bad or extreme weather conditions. Although severe winter conditions did not affect Center Parcs' operating results in financial years 2010 and 2011, future severe weather conditions or forecasts of bad or mixed weather conditions could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

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

Center Parcs' revenues are subject to seasonal factors and guest demand for breaks increases during school holidays, bank holidays and favourable weather conditions, among other things. As a result, if extreme weather, accidents or other adverse conditions or events occur during the operating season, particularly during peak holiday periods, Center Parcs' business, financial condition and results of operations may be materially adversely affected. Additionally, if schools change their holiday schedules or switch to a uniform year-round schedule, Center Parcs' attendance levels or achieved pricing levels during the peak holiday periods may be adversely affected. The occurrence of such adverse conditions during Center Parcs' peak season may make it difficult for Center Parcs to predict its operating results, which may materially and adversely affect Center Parcs' ability to implement planned capital expenditures or its financial condition and results of operations.

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

Whether or not traced to Center Parcs' holiday villages, instances of illness or injury in general or claims of illness relating to food quality or handling at the restaurants and food preparation centres could reduce guest attendance materially. In addition, any negative publicity relating to these and other health-related matters might affect consumers' perceptions of Center Parcs' holiday villages and reduce guest visits to its holiday villages.

The outbreak of a prolonged pandemic or epidemic disease (including H1N1/swine flu) or the occurrence of any other public health concern could negatively impact the public's willingness to gather in public spaces or travel or result in health or other government authorities imposing restrictions on travel, any of which individually or together could, although this has not been the case in the past, reduce guest volumes or revenues at Center Parcs' holiday villages. In addition, any such public health concerns may severely restrict the level of economic activity in affected areas. Any of these events, particularly if they occur during the peak holiday periods, could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Center Parcs' business depends on the public perception of its brand. Any event at any village negatively affecting guest perception or expectation may have a material adverse effect on Center Parcs' financial condition and results of operations

The success of Center Parcs' business depends on the public perception of the "Center Parcs" brand. Any event or occurrence that negatively affects guest perceptions at any one village is likely to negatively affect guest perceptions at the other Center Parcs' villages. Any accident, interruption or serious disturbance at Center Parcs' holiday villages may reduce attendance at its holiday villages, which would have a material adverse effect on its business, financial condition and results of operations. Some of Center Parcs' outdoor and indoor activities carry inherent risks of accident or injury. In addition, Center Parcs' villages feature attractions such as paintballing, laser combat, horse riding, abseiling, zip wiring and quadbiking that pose a possible risk of serious personal injury. If a serious personal injury were to occur at one of the holiday villages, attendance at the holiday villages and, consequently, revenues might be materially adversely affected.

If any such accidents or injuries do occur, Center Parcs' insurance may not adequately cover the costs stemming from such accidents and injuries or other disturbances and incidents. Any such disturbances or incidents could adversely affect Center Parcs' image or the public's perception of Center Parcs' holiday villages' safety, leading to decreased attendance and have a material adverse effect on its business, financial condition and results of operations.

Product recalls, product liability claims and associated costs could adversely affect Center Parcs' brand, reputation and financial condition

Center Parcs sells food and beverages, toys and other retail products, the sale of which involves legal and other risks. Center Parcs may need to recall toys or other retail merchandise if there is a design or product defect. Even though



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

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

The successor to the founder of the Center Parcs brand is Center Parcs Holding B.V., a subsidiary of French listed company Pierre & Vacances, which operates a holiday business in France, the Netherlands, Belgium and Germany. Under the terms of a brand sharing agreement relating to trademarks and marketing services with, among others, CP Opco, Center Parcs Holding B.V. and Center Parcs Europe N.V. (**CP Europe**), CP Opco own the trademark registrations of the Center Parcs brand in its territory (UK, Channel Islands and the Republic of Ireland) and CP Europe own the trademark registrations of the Center Parcs brand in its territory (continental Europe). Each party has exclusive rights to operate holiday centres in each territory using its registered marks. Any event or circumstance that has an adverse impact on guest perceptions of the Center Parcs brand in Europe could have an adverse effect on the reputation of the Center Parcs brand in the UK.

Center Parcs is subject to liabilities and costs associated with its intellectual property

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

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

Center Parcs depends on several third party suppliers and contractors

Center Parcs has key contractual relationships with a number of third parties, including suppliers, insurers, partners, banks and payment processors. In particular, Center Parcs relies on key suppliers to carry on its operations. The Center Parcs business model incorporates a range of service relationships, with some dining and retail offerings operated on a concession basis, others, such as Starbucks, being licensed to Center Parcs and some "back-of-house" services provided by third parties, including laundry services and food and beverage supplies. Center Parcs also relies on third party service providers and IT systems such as payment processing services and Anite, a non-affiliated third party company, which provides TourRes, the booking system used by Center Parcs.

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

The management of each village is relatively capital intensive and Center Parcs' future growth depends on continued maintenance capital expenditure and investment capital expenditure, which may be significant. Also, a failure to make the requisite maintenance capital expenditure in a timely manner could have a material adverse effect on Center Parcs' business, financial condition and results of operations

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



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Maintenance capital expenditures include general maintenance of existing facilities, including ensuring health and safety standards are met. Although the Obligor is required under the terms of the Class A Issuer/Borrower Loan Agreement to spend a minimum of £15 million per year on maintenance capital expenditure of the villages during the first eight years post-closing, this amount may not be sufficient. Any failure to make the maintenance capital expenditure necessary to keep the villages and their facilities and amenities in good and safe condition may give rise to potentially significant costs and liabilities, which could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Investment capital expenditures include building new accommodation; upgrading existing accommodation, adding or expanding cafes, restaurants and other facilities; replacing old facilities with new, more up-to-date facilities; and upgrading existing facilities. In some circumstances, historical and future investment capital expenditure may not yield the anticipated revenue or ADR growth or improve the attractiveness of Center Parcs' holiday villages. Even if revenues do increase, the additional revenues may not be sufficient to recover the amounts invested by Center Parcs and to provide a return on such investments.

To date, Center Parcs' current investment capital expenditure programme to upgrade its villas across its villages resulted in an upgrade of over 50% of its total villa stock. Center Parcs' management temporarily suspended this programme during the 2010 financial year due to the then prevailing uncertain economic conditions, and re-started it in the 2011 financial year. Center Parcs estimates that it will incur between £70 million and £85 million to complete its upgrade programme at its existing four villages from the start of the 2012 financial year to the end of the 2015 financial year. If Center Parcs does not have sufficient liquidity to finance these upgrades and insufficient amounts are spent on capital expenditure on the villages, guests may become dissatisfied with the unrefurbished villas and Center Parcs' villages may not remain competitive.

The failure by Center Parcs in maintaining the planned approach to its maintenance and investment cycles and/or any investment that does not result in revenue growth, that otherwise does not recover the amount invested or that does not maintain the long-term attractiveness of the relevant holiday centre, could have a material adverse effect on Center Parcs' business, financial condition and results of operations. Further, any delays in the addition of new or improved accommodation, amenities and facilities or the closure of any of its amenities and facilities for repairs may have a material adverse effect on its business, financial condition and results of operations.

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

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

Center Parcs utilises a combination of self-insurance (through the use of large excesses payable by Center Parcs) and insurance coverage programmes for property, business interruption, employer's liability, public/products liability and health care insurance. Pursuant to such programmes, Center Parcs is responsible for a specified amount of claims (for instance, currently £100,000 for each property claim (subject to an aggregate cap of £275,000)) and insures for claims above such limits.

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

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

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

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



Certain types of risks and losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving or settling of structures) may be or become either uninsurable or uneconomical to insure or may not be covered by the relevant insurance policies. Other risks might become uninsurable (or uneconomical to insure) in the future. If an uninsured or uninsurable loss were to occur, the Obligors might not have sufficient funds to repay in full all amounts owing under or in respect of the Issuer/Borrower Loan Agreements.

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

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

Center Parcs may not be able to attract a sufficient number of guests from its key target markets, which would adversely affect its business, financial condition and results of operations

Center Parcs' business strategy emphasises attracting and retaining guests from local and regional markets within a convenient driving distance from each of its holiday villages. Any holiday villages Center Parcs develops, manages or acquires in the future are similarly likely to be dependent on the markets in the vicinity of such holiday villages. Regional economic difficulties may have a disproportionately negative impact on its holiday villages in the affected markets. In addition, because Center Parcs is dependent to a large extent on guests who drive to its locations, a significant increase in the cost of fuel in Center Parcs' local markets or nationally may also increase the real or perceived cost of a trip to one of its holiday villages and therefore have a negative effect on its ability to attract guests. If Center Parcs is not able to continue to attract a sufficient number of guests in its local or regional markets to make its holiday centre operations profitable, Center Parcs' business, financial condition and results of operations would be adversely affected.

Acts of terrorism and direct political action may negatively impact Center Parcs' future profits

Terrorist attacks have created many economic and political uncertainties. Center Parcs cannot predict the extent to which terrorism or security alerts may directly or indirectly impact its business and operating results. Although Center Parcs is insured for losses and interruptions caused by onsite terrorist acts occurring at the village, if any such terrorist event were to occur outside the village, Center Parcs could be adversely impacted.

Certain animal rights activists are known to campaign against certain organisations that may be guests at Center Parcs. If Center Parcs were to become the subject of such campaigns, this could impact public opinion about or interfere with Center Parcs' operations and consequently reduce guest numbers at its villages. Any significant reduction in guest volumes could have a material adverse effect on Center Parcs' business, financial condition and results of operations.

Failure to keep pace with developments in technology could impair Center Parcs' operations or competitive position

The holiday centre industry continues to demand the use of sophisticated technology and systems, including those systems and technologies used for Center Parcs' reservation, revenue management and property management. These technologies and systems must be refined, updated and/or replaced with more advanced systems on a regular basis. If Center Parcs is unable to do so as quickly as its competitors or within budget cost and time frames, its business could suffer. Center Parcs also may not achieve the benefits that it anticipates from any new technology or system, which could result in higher than anticipated costs or could impair Center Parcs' operating results.

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

Center Parcs relies on information systems across its operations, including the provision of its online booking system by Anite, a third party company, and its guest database. Its ability to effectively manage its business depends significantly on the reliability and capacity of these systems. Despite its efforts and technology to secure its computer network, security could be compromised. Third parties may have the technology or know-how to breach the security of this guest information, and Center Parcs' security measures may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent Center Parcs' security measures, he or she could destroy or steal valuable information or disrupt Center Parcs' operations.



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Center Parcs also requires collection and retention of large volumes of internal and guest data that are entered into, processed by, summarised by and reported by its various information systems. If those data are not accurate or complete, Center Parcs could make incorrect decisions. Center Parcs also maintains personally identifiable information about its employees.

Center Parcs relies on third party service providers for the processing of payment details. If Center Parcs or any of the third party service providers on which it relies fails to transmit guest information and payment details online in a secure manner, or if any theft or loss of personal guest data were otherwise to occur, Center Parcs could face liability under data protection or privacy laws and lose the goodwill of its guests, incurring significant reputational harm. Such events could have a material adverse effect on Center Parcs' business, financial condition and results of operations. In addition, the provision of convenient, trusted, fast and effective payment processing services to Center Parcs' guests is critical to its business. If there is any deterioration in the quality of the payment processing services provided to Center Parcs' guests or any interruption to those services, or if such services are only available at an increased cost to Center Parcs or its guests or are terminated and no timely and comparable replacement services are found, Center Parcs' guests may be deterred from frequenting Center Parcs' villages.

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

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

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

If Center Parcs fails to maintain effective internal control over financial reporting or remediate any future material weaknesses in its internal control over financial reporting, it may be unable to accurately report its financial results or prevent fraud, which would have a material adverse effect on its financial results

Center Parcs' internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Effective internal control over financial reporting is necessary for Center Parcs to provide reliable reports and prevent fraud. Risk of fraud exists in misappropriation of assets, including banking, theft of stock and cash takings. Center Parcs mitigates this risk through its management structure and regular financial review with an extensive use of business systems. This structure or review may not identify fraud that may have a material adverse effect on Center Parcs' reputation, brand or results of operations. Internal control systems provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of such inherent limitations in control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Failure to maintain effective internal controls over financial reporting could have a material adverse effect on Center Parcs' business.

Center Parcs may be adversely affected by environmental requirements and liabilities

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

The Obligors may be found to be in violation of some environmental regulations in the future. Violations of environmental laws and regulations can lead to significant fines and penalties and also temporary closures of the relevant holiday centre. Sanctions for alleged or actual non-compliance with environmental regulations could have a material adverse effect on Center Parcs' business, financial condition and results of operations. Such laws and regulations can impose clean-up responsibility and liability without regard to whether the owner knew of or caused the presence of contaminants. Historical land uses on parts of the village sites, such as quarrying, timber treatment, an electrical substation, sewage discharge/ treatment, and a small part of the Whinfell site that is a registered landfill (now closed), may have introduced pollution or contamination into the soil and/or groundwater in parts of the Center Parcs village sites. Center Parcs is also subject to certain contractual requirements relating to the environment and may incur liabilities arising from historical, existing and future environmental contamination at properties it owns or operates now or in the future or has owned or operated in the past. The presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may cause Center Parcs to incur substantial remediation or compliance costs or temporarily close the relevant holiday centre. In addition,



if hazardous substances are located on or released from any of its properties, Center Parcs could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity for other damages, such as natural resource damages.

Center Parcs may incur additional expenditure and other commercial and financial impacts to comply with new or revised environmental legislation and regulations, new interpretations of existing laws and regulations or more rigorous enforcement of such laws and regulations, as well as in connection with fulfilling contractual obligations. The Obligors may be required by future regulations to make certain modifications to their villages. They may incur significant costs and liabilities in the future due to increasingly strict environmental laws and regulations, which could have a material adverse impact on Center Parcs' business, financial condition and results of operations.

If an environmental liability arises in relation to any of the holiday villages and it is not remedied, or is not capable of being remedied, this may adversely affect that holiday village and Center Parcs' business or financial condition. This may be either because of cost implications for Center Parcs or because of disruption to services provided at the relevant holiday village. Any existing environmental liability may cause a holiday village to be sold at a reduced sale price or become unsellable.

Center Parcs may be unable to renew head leases at the end of their lease periods or obtain new leases on acceptable terms, and certain of the existing leases are subject to early termination risks

All of the Properties save for Longleat are, in whole or part, owned by the Property Owners on head leases granted by third party landlords. The leases under which Longleat is held are two underleases, the superior lease being held by SPV2 Limited, a subsidiary of CP Cayman Limited Holdings LP, and a headlease in respect of the Keepers Cottage activity centre, but for the purposes of this Offering Circular all three of these leases are referred to as head leases. The head leases for Elveden Forest and Sherwood Forest expire in 2999, the head leases for Longleat expire in 2073 and the head leases for Whinfall Forest expire in 2120.

There is a risk that the landlord of the relevant Property may terminate the head lease (or in the case of Longleat, the superior landlord may forfeit the superior leases causing the two headleases to terminate) before the expiry of the contractual term for failure to pay rent or other breach of tenant obligation. The rent payable under each of the head leases for Whinfall Forest, Elveden Forest and Sherwood Forest is a nominal sum. The yearly rent payable under the head leases for Longleat is currently £642,758 in aggregate subject to upwards-only review every five years by reference to the historic increase in turnover at Longleat. Other tenant obligations in the head leases include an obligation in relation to the repair of the buildings.

Each Obligor has undertaken in the Issuer/Borrower Loan Agreements to pay, when due, all sums payable by it under each head lease, to perform and observe all of its material covenants under each head lease and not to commit a material breach of any head lease. If a landlord were to seek to forfeit a head lease, the Property Owner and the Borrower Security Trustee would have a right to apply to the English courts to seek relief from forfeiture.

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

Title to Center Parcs' villages, comprising both freehold and leasehold properties, has been investigated by Allen & Overy LLP (the **Certificates of Title**). This investigation of title did not reveal any pending compulsory purchase proposals other than for small plots of land at Elveden forming grass verges abutting the highway in respect of which compulsory purchase orders have recently been served. The loss of these plots is unlikely to cause significant disruption to the operation of Elveden. However, any property in the United Kingdom may at any time be compulsorily acquired by a public authority possessing compulsory purchase powers (for instance, local authorities and statutory undertakings (including electricity, gas, water and railway undertakers) in respect of their statutory functions) if it can demonstrate that the acquisition is required.

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

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

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



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

Center Parcs is subject to various national and local regulations that have affected, and will continue to affect, its operations. Each of its holiday villages is subject to national and local licensing and regulation by health, sanitation, food and workplace safety, and other agencies. Its operations are also subject to regulations which govern such matters as the minimum wage, overtime and other working conditions, along with parental leave and a variety of similar laws enacted to govern these and other employment law matters. Center Parcs is also subject to the Equality Act 2010, which gives civil rights protections to individuals with disabilities in the context of employment, public accommodation and other areas. Center Parcs may in the future have to modify its villages to provide service to or make reasonable accommodations for disabled persons. The expenses associated with these modifications could be material. Regulations and laws, or the way in which they are interpreted, may become more stringent over time, which could require new capital expenditures and result in an increase in its operating costs.

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

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

All of Center Parcs' villages are in rural locations. Center Parcs may experience material difficulties or failures in obtaining or renewing the necessary licences or approvals for its holiday villages, which could delay planned holiday centre openings or result in holiday centre or attraction closures or fines. Stringent and varied requirements of local regulators with respect to zoning, land use and environmental factors could also delay or prevent development of new holiday villages in particular locations. In the future, obtaining planning permission for future development or new attractions may be difficult. In addition, there are limited alternative uses for rural sites of the size of the villages where base land values are low and alternative planning permissions are unlikely.

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

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

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

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



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

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

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

Work stoppages and other employee problems could negatively impact Center Parcs' future profits

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

Increased costs of employee health and welfare benefits may reduce Center Parcs' results of operations

Staff costs are a primary cost component in operating Center Parcs. Increased staff costs, due to competition, increased minimum wage or employee benefit costs or otherwise, could adversely impact Center Parcs' operating expenses. Costs of medical benefits may increase significantly as a result of conditions beyond Center Parcs' control.

The Unaudited Combined Summary Historical Financial Information included in this Offering Circular has not been audited and may not be indicative of Center Parcs' results of operations had it operated as a combined commercial group or its future results of operations

For financial reporting purposes, Propco and Opco have not in the past constituted a combined commercial group and as a result Center Parcs has not prepared audited consolidated financial statements for Center Parcs as a single consolidated group. The Unaudited Combined Summary Historical Financial Information included in this Offering Circular is prepared on a basis which aggregates financial data from the Opco financial statements and Propco financial statements. Because the financial reporting periods of Opco and Propco have historically differed, the financial year ends of Propco have been realigned with the financial year ends of Opco for the purposes of the aggregation. See "*Selected Historical Financial Information—Unaudited Combined Summary Historical Financial Information*". The Unaudited Combined Summary Historical Financial Information has limitations given that:

- the Opco financial statements are prepared in accordance with IFRS, whereas the Propco financial statements are prepared in accordance with UK GAAP; and
- the financial years of Opco and Propco differ and the financial year for Propco's financial statements for the financial period ended 28 April 2011 differs from the 31 December year-end for Propco's prior two financial years included in this Offering Circular.

In addition, the Unaudited Combined Summary Historical Financial Information as at and for the periods ended 30 December 2010 and 5 January 2012 is based on information prepared by Center Parcs for internal reporting and strategy purposes and has not been audited or reviewed and, consequently, no audit or review report has been issued for such periods.

Accordingly, the Unaudited Combined Summary Historical Financial Information is provided for illustrative purposes only and does not present what Center Parcs' actual results of operations would have actually been had (i) Center Parcs operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Historical Financial Information and (ii) audited consolidated financial statements of Center Parcs as a consolidated group been prepared for the periods presented in accordance with UK GAAP or IFRS. In addition, the Unaudited Combined Summary Historical Financial Information should not be construed to be indicative of the future operating results or financial position of the Obligor or Center Parcs.

There will likely be variations between Center Parcs' future operating results and the Unaudited Combined Summary Historical Financial Information and such variations may be material

Center Parcs intends to begin preparing audited consolidated financial statements for Center Parcs (Holdings 1) Limited and its consolidated subsidiaries as a group, starting with financial year 2012. Center Parcs will review whether the



accounting policies applied in preparing the Unaudited Combined Summary Historical Financial Information continue to be the most appropriate policies for preparation of the first set of financial statements of Center Parcs following effectiveness of the Reorganisation concurrently with the issuance of the Notes. Accordingly, the accounting policies used as the basis for preparing the Unaudited Combined Summary Historical Financial Information may not be the same as those to be applied in connection with consolidating the financial statements of the Obligor in the future. There may be variations between Center Parcs' future operating results and the Unaudited Combined Summary Historical Financial Information and such variations may be material.

RISKS RELATING TO PROPOSED FIFTH VILLAGE AND OTHER ADDITIONAL VILLAGES

The Fifth Village at Woburn or other additional villages may take significant numbers of guests away from Center Parcs' existing villages, which may have a material adverse effect on the business, financial condition and results of operations of the Obligors

As at 5 January 2012, a majority of bookings at each of Center Parcs' existing villages were from guests located within a 90-minute estimated drive time and the vast majority within a 150-minute drive time. Although Woburn's 90-minute catchment area would cover a largely untapped market for Center Parcs, most households that fall within a 150-minute estimated drive time of the site of the proposed Fifth Village at Woburn would also fall within the catchment areas of one or more of Center Parcs' four existing villages. If and when operational, the Fifth Village at Woburn is therefore likely to attract guests away from Center Parcs' existing villages, particularly at Elveden, Sherwood and, to a lesser extent, Longleat. Any other additional villages that may be developed may have a similar negative effect on taking guests away from the other operating villages, depending on their location relative to Center Parcs' other villages. Reduced occupancy at Center Parcs' existing villages may have a material adverse effect on the financial condition and results of operations of the Obligors. In addition, if one or more competitors acquire the Fifth Village following the enforcement of the security granted in connection with the Fifth Village financing, such a competitor may increase the extent to which the Fifth Village attracts guests from Center Parcs' existing villages.

Noteholders will have recourse to additional villages in the United Kingdom only if and when certain conditions are satisfied following completion of the development of such additional villages. These conditions may not be satisfied when expected, or at all

The Fifth Village will initially be owned, financed and developed by one or more entities that are outside the Obligor Group. Furthermore, the Issuer/Borrower Loan Agreements contain conditions in relation to the accession of additional sites (including the Fifth Village) to the Obligor Group. The revenues derived from any additional village (including the Fifth Village) in the United Kingdom will not benefit the Obligor Group unless and until certain conditions that allow accession of additional sites to the Obligor Group are satisfied to the satisfaction of the Borrower Security Trustee acting reasonably and the formal accession process is completed. Furthermore, the Class A Issuer/Borrower Loan Agreement allows the Obligors, subject to various conditions, to raise further debt in the form of Additional Class A Loans to fund the accession of additional sites to the Obligor Group. For further details of the accession conditions (including the relevant additional borrowing tests) and additional support provided by the Obligors (please see "*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*" and "*Description of the Class B Debt Provisions — Description of the Class B Loan*"). These conditions may not be satisfied within the expected three years of practical completion of the Fifth Village, or at all.

The Issuer/Borrower Loan Agreements provide that the Borrowers must use all reasonable endeavours to procure the accession of the relevant additional village site in the United Kingdom within three years of either the acquisition of the relevant additional village or the additional village becoming operational and starting to receive paying guests, whichever is later. The Issuer/Borrower Loan Agreements further provide (among other things) that if the market conditions are such that the accession of the relevant additional village to the Obligor Group would not be executable in a "commercially reasonable manner (having regard to the then expected pricing for such acquisition)" then the Borrowers will not be required to procure accession at that time but as soon as possible after that time. The risk that the Borrowers may not be able to raise sufficient debt through drawing additional facilities under the Class A Issuer/Borrower Loan Agreement or otherwise to procure the accession of the Fifth Village to the Obligor Group is mitigated by the covenant set out in each of the Issuer/Borrower Loan Agreements providing that the Obligors must procure that no Fifth Site Entity can pay any dividend to the shareholders until such Fifth Site Entity has acceded to the Obligor Group. For further details, see "*Class A Issuer/Borrower Loan Agreement — Additional Site Entities — Accession to the Class A Issuer/Borrower Loan Agreement*" and "*Class A Issuer/Borrower Loan Agreement — Other Covenants*".

In addition, under the Issuer/Borrower Loan Agreements, there is no obligation on the Fifth Village to accede to the Obligor Group if, among other things, the Topco Security is enforced. If the Topco Security was enforced and the Fifth Village did not accede to the Obligor Group, the income derived from the Fifth Village would not benefit the Obligor Group and could not be used to service the Borrowers' payment obligations under the Issuer/Borrower Loan Agreements.

Unless and until the accession conditions are satisfied and the Fifth Village is transferred to the Obligor Group in accordance with the Issuer/Borrower Loan Agreements the business that supports interest and principal on the Notes may be



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negatively impacted by the Fifth Village without receiving any benefits or income expected to be derived from the Fifth Village. Similar risks exist for any additional villages that may be developed in the United Kingdom. Accordingly, development and operation of the Fifth Village or any additional village in the United Kingdom may materially and adversely affect the Obligor's financial condition, results of operations and the Obligor's ability to pay interest and principal on the Notes.

Center Parcs' management is required to provide a variety of support services to help develop and operate the Fifth Village and any additional villages in the United Kingdom, which may present a significant diversion of their time away from the management of the business of the Obligor

The Obligor's management (and, in relation to the Fifth Village, CP Opco's management) will be needed to provide a number of services to help develop and operate the Fifth Village and any additional village in the United Kingdom that may be developed. CP Opco (and in relation to any additional village, the relevant Obligor) will need to provide these services to at least the same standard, scope and quality as is currently provided to the existing four villages. These services will include allowing any additional village to use all Center Parcs' intellectual property and will require CP Opco (and/or any relevant Obligor), on any additional village's behalf, to take bookings via its online booking system and call centre, handle general guest queries and personal injury claims, ensure that property insurance is being taken out, plan for business interruption, provide for employers' liability and product and public liability on the same terms as the other four villages, provide social media activity management, operate central purchasing, provide HR support and provide and manage all employees. Additional services or systems may also be required to be provided to the Fifth Village to the extent that newer additional services or systems are provided to the existing villages.

Although the Fifth Site Management Services Agreement provides that the costs of the services that are specific to the Fifth Village will be borne by the Fifth Village, and CP Opco will be compensated for management's time spent on the Fifth Village in the United Kingdom, these arrangements may not sufficiently compensate CP Opco for the cost of providing such services. Furthermore, the Obligor may also make any payment to, or on behalf of, any Fifth Site Entity in respect of rental income (whether by way of guarantee payments or otherwise) owed to the relevant landlord under the Fifth Site Headlease, provided that such payment does not exceed the relevant rental payment amount as provided under the Fifth Site Headlease. As at the Closing Date, the exposure under such guarantee will be £485,000 per annum but in due course the underlying rent (and therefore the exposure under the guarantee) will increase once the Fifth Village becomes operational and the earnings of CP Woburn Operating Company Limited (the **Fifth Village OpCo**) increase. In addition, if CP Opco breaches any of its obligations under the Fifth Site Management Services Agreement, the Fifth Village OpCo could bring a breach of contract claim against CP Opco. See "*Management Services Agreement*".

Moreover, the broad range of activities which Center Parcs' management may be required to provide in relation to the Fifth Village or any additional village may have an adverse effect on their ability to manage the Obligor Group, if and to the extent that they divert time away from managing the existing four villages. Construction of the Fifth Village and any additional village will require sharing resources with the existing villages, including substantial management time, supply contracts, a substantial work force, equipment and supplies and, possibly, further funding. The development, construction and operation of the Fifth Village and any additional village that may be developed may impose significant additional demands and burdens on the finite resources of Center Parcs' management and support, which may have a material adverse effect on the existing villages and on Center Parcs' financial condition, results of operations and business.

Any adverse impact on the guest perception or expectations of the Fifth Village or any additional village could adversely affect the Obligor

Center Parcs' business depends on the public perception of its brand. Under the Issuer/Borrower Loan Agreements and the Fifth Site Management Services Agreement, the Obligor may provide brand and intellectual property sharing services to any additional villages in the United Kingdom. The Fifth Village will be entitled to use and share the Center Parcs UK brand under a licence arrangement specified in the Fifth Site Management Services Agreement. Similar arrangements are likely to apply to any other additional villages. Any event or circumstance at or relating to the Fifth Village or any additional village that has an adverse impact on guest perception or expectations of Center Parcs could have an adverse effect on the Obligor's business, financial condition and results of operations.

Moreover, use of the Center Parcs UK brand, in connection with the Fifth Village, may be controlled by parties outside the Obligor Group if, for example, there is a default under the financing arrangements for the Fifth Village. If one or more third parties acquires use of the Center Parcs UK brand in conjunction with the Fifth Village following an enforcement of the security granted in connection with the Fifth Village financing, then continued use of the Center Parcs UK brand in conjunction with the Fifth Village by third parties could result in Center Parcs losing existing guests or damage to the Center Parcs UK brand, which could have a material adverse effect on Center Parcs' business, financial condition and results of operations. However, if Fifth Village OpCo and CP Opco are no longer under common control and an action (or an omission) by Fifth Village OpCo has a material adverse effect to the value of the core "Center Parcs" brand and trademarks (taken as a whole), CP Opco may terminate the licence of the intellectual property rights (with immediate effect) and the Fifth Site Management Services Agreement (upon the expiry of a 12-month period from the date of such licence termination). Furthermore, if Fifth Village OpCo ceases to brand the Fifth Village as a "Center Parcs" site, the licence arrangement may be terminated by CP Opco by giving at least three months' notice to Fifth Village OpCo of such termination.



Center Parcs may not realise all of the anticipated benefits of additional villages that may be acquired

Center Parcs may explore opportunities for the acquisition of new villages or other recreational facilities in the future, as was done with Whinfell in 2001. The integration of a new village or facility is a complex and time-consuming process. Center Parcs may not be able to integrate effectively any villages or recreational facilities it acquires or successfully implement appropriate operational, financial and management systems and controls to achieve the benefits expected to result from such developments or acquisitions. Center Parcs may also be subject to unexpected claims and liabilities arising from such acquisitions. These claims and liabilities could be costly to defend, could be material to its financial position and might exceed either the limitations of any applicable indemnification provisions or the financial resources of the indemnifying parties. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of the businesses Center Parcs acquires could negatively impact its business and results of operations. Further, the benefits that it anticipates from these acquisitions may not be realised.

Practical completion of the Fifth Village or any other additional villages in the United Kingdom may be subject to delays, which may further delay the possible accession of the Fifth Village or such additional village to the Obligor Group

Construction of the Fifth Village and any other additional villages will require significant design and construction work. This includes a number of critical activities before construction may begin. In the case of the Fifth Village, these include obtaining approvals to divert traffic to enable a new roundabout entrance to be built, building the new roundabout entrance, public rights of way diversion, site clearance and preparation of approximately 362 acres, tree clearance, civil infrastructure construction including lake filling, landscaping and cleaning work, construction of the village including lodges, ancillary buildings and infrastructure, amenities and attractions including a sub-tropical swimming paradise, sports hall, spa and conference facilities.

In addition, key work contracts will need to be negotiated to implement each of the stages of the development plan for the Fifth Village. If the negotiations of such contracts are not successfully completed on terms satisfactory to Fifth Village OpCo, development and construction activities may be significantly delayed.

Additional factors beyond Fifth Village OpCo's control that may delay these activities include:

- obtaining all necessary planning and other consents and approvals from governmental authorities and third parties;
- the ability of contractors to complete projects in a timely manner;
- unavailability or delays in the delivery of supplies, materials and parts;
- requested changes to technical specifications of the plans or consents and approvals;
- failure to enter into additional arrangements with contractors or suppliers in a timely manner; and
- interruptions in the construction plan due to bad weather, work force unavailability or other events Fifth Village OpCo cannot anticipate.

If there are delays in developing any additional village in the United Kingdom, including the Fifth Village, or otherwise meeting the accession conditions in the Issuer/Borrower Loan Agreements, this may materially adversely affect the timing and cost or ability to achieve practical completion, satisfying the accession conditions and accession of the relevant additional village to the Obligor Group as contemplated by the Issuer/Borrower Loan Agreements. Any such delays may increase the time and resources required of management under the Fifth Site Management Services Agreement and further divert time away from the management of the business of the Obligors.

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

The definition of "Class A Permitted Business" allows for management to devote up to 25% of its time towards any additional villages located outside the United Kingdom and does not require any additional Center Parcs villages that may be developed outside the United Kingdom to accede to the Obligor Group (as is the case for any additional villages in the United Kingdom). None of the Obligors will own assets relating to, or derive revenues from, an additional village outside the United Kingdom. Noteholders will not have recourse to any additional village outside the United Kingdom, its assets, revenues or cash flow. In addition, the development of additional villages outside the United Kingdom could divert management's time from the existing villages or from any additional villages in the United Kingdom and may impose additional burdens on Center Parcs' limited management resources. This could have a material adverse effect on Center Parcs' financial condition, results of operations and business.



RISKS RELATING TO THE FINANCING STRUCTURE

The Obligors' ability to meet their obligations in respect of the Issuer/Borrower Loan Agreements will depend primarily on the performance of their businesses and Center Parcs may not be able to generate sufficient cash flows to meet such obligations

The Obligors' ability to meet their scheduled payment obligations under the Issuer/Borrower Loan Agreements will depend upon the financial condition and performance of the Center Parcs business as a whole and their general financial condition and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond their control. The obligations of the Obligors to make payments under the Issuer/Borrower Loan Agreements are in each case full-recourse obligations and are not limited. Future performance of Center Parcs' business may not be similar to the performance results of operations of Opco and Propco to date described in this Offering Circular.

Unless previously repaid in full, the Borrowers will be required to repay (i) the Class A Loans on the Class A1 Loan Final Maturity Date (in respect of the Class A1 Loan) and the Class A2 Loan Final Maturity Date (in respect of the Class A2 Loan) respectively, and (ii) the Class B Loan on the Class B Loan Final Maturity Date (together with the Class A1 Loan Final Maturity Date and the Class A2 Loan Final Maturity Date, the **Loan Repayment Dates**).

In addition, a failure to repay the Class A Loans within 12 months after the relevant Class A Loan Expected Maturity Date will constitute a Class A Loan Event of Default; however, such failure to repay will not give rise to an obligation on the part of the Borrower Security Trustee to accelerate the Class A Loans which will remain due and payable on their respective Loan Repayment Dates unless the Borrower Security Trustee is instructed by the Issuer Security Trustee to accelerate the Class A Loan pursuant to instruction from the relevant Noteholder Instructing Group. See "*Description of Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*" and "*Intercreditor Agreement*". A failure to repay the Class B Loan on the Class B Loan Expected Maturity Date will give rise to a Share Enforcement Event.

The ability of the Issuer to redeem the Class A Notes and Class B Notes on the applicable Class A Note Expected Maturity Date and the Class B Note Expected Maturity Date (respectively) is dependent on the repayment in full of the corresponding Class A Loans and Class B Loan by the Borrowers. Center Parcs cannot assure holders that its business will generate sufficient cash flow from operations or that future sources of capital will be available to it in an amount sufficient to enable the Obligors to service their indebtedness, including the Class A Loans and Class B Loan, or to fund their other liquidity needs.

The Class B Note Expected Maturity Date falls several years before the Class A2 Note Expected Maturity Date. Furthermore, under the terms of the Class B Issuer/Borrower Loan Agreement, the Borrowers have the right to prepay the Class B Loan (in whole or in part) which would trigger a redemption of the Class B Notes in whole or part. Accordingly, it may be the case that the Class B Notes are refinanced or redeemed before the Class A1 Notes and/or the Class A2 Notes are redeemed.

Retained cash may be released back to the Borrowers

Amounts in the Defeasance Account may be applied to repay the Class A1 Loan and released to the Borrowers

If on any Loan Interest Payment Date in the period from (and including) the Class A1 Loan Expected Maturity Date to (but excluding) the date that is the second Loan Interest Payment Date before the Class A2 Loan Expected Maturity Date (the **Relevant Period**), the Class A1 Loan is outstanding and the Class A FCF DSCR Sequential Ratio Test is not satisfied, then relevant funds will be applied by the Borrower on a *pro rata* basis with respect to their principal amount outstanding (i) to repay any amounts outstanding under the Class A1 Loan until discharged in full and (ii) to defease any amounts outstanding under the Class A2 Loan by depositing the relevant proportion of such funds into the Defeasance Account. If, however, in the Relevant Period, the Class A1 Loan is outstanding and the Class A FCF DSCR Sequential Ratio Test is satisfied, then all relevant funds shall also be applied to repay any amounts outstanding under the Class A1 Loan, and any amounts standing to the credit of the Defeasance Account shall be applied to repay the Class A1 Loan until it is discharged in full. Consequently, in such circumstances, at the Class A2 Loan Expected Maturity Date, there could be a reduction in the amounts available in the Defeasance Account to repay any amounts outstanding under the Class A2 Loan.

Furthermore, if during the Relevant Period, the Class A1 Loan is repaid in full and there are amounts standing to the credit of the Defeasance Account, if the Class A FCF DSCR Sequential Trigger Ratio is satisfied, such amounts may be released to the Borrowers, and if the Class A Restricted Payment Condition is satisfied, such amounts may be used by the Borrowers to make a Restricted Payment. Consequently, in such circumstances, at the Class A2 Loan Expected Maturity Date, there could be reduced or no amounts available in the Defeasance Account to repay any amounts outstanding under the Class A2 Loan.

To mitigate the effects of any depletion of amounts credited to the Defeasance Account prior to the Class A2 Loan Expected Maturity Date, any funds in the Defeasance Account in the period from (and including) the date that is the Second



Loan Interest Payment Date before the Class A2 Loan Expected Maturity Date to (but excluding) the Class A2 Loan Expected Maturity Date, will not be applied to repay the Class A1 Loan or be available to the Borrowers for any other purpose (unless such funds are applied as part of a refinancing to repay the Class A2 Loan in full).

If on the date that is two Loan Interest Payment Dates after the Class A1 EMD, the Class A1 Loan is not repaid in full, a Class A Loan Event of Default will occur and the relevant Noteholder Instructing Group will be entitled to, among other things, instruct the Issuer Security Trustee to require the Borrower Security Trustee to serve a Loan Enforcement Notice and enforce the Borrower Security and/or a Loan Acceleration Notice on the Borrowers and accelerate the Class A Loans. See further “*Description of Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*” and “*Intercreditor Agreement*”.

If the Obligors are unable to generate sufficient cash flow to satisfy their debt obligations, they may have to undertake alternative financing plans, such as refinancing or restructuring their debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital to enable repayment of the Class A Loans and Class B Loan. Any refinancing by the Borrowers is subject to certain conditions (including, without limitation, the then prevailing market conditions for that type of transaction and in particular the availability or absence of liquidity in the corporate bond and/or the term loan markets). No assurance can be given that these conditions will be favourable at the time any refinancing is required. Any such refinancing may not be possible, and assets may need to be sold to cover any shortfall. If assets are sold, the timing of the sales and the amount of proceeds that may be realised from those sales cannot be guaranteed.

Investors should also note that any additional financing may not be obtained on acceptable terms, if at all. The Issuer/Borrower Loan Agreements will regulate the Obligor’s ability to dispose of assets and use the proceeds from any such disposition. The Obligors’ inability to generate sufficient cash flows to satisfy their respective debt obligations, or to refinance any indebtedness on commercially reasonable terms, would materially and adversely affect Center Parcs’ financial condition and results of operations and its ability to pay the principal and interest on its indebtedness and ultimately the repayment of the Notes. Failure of the Borrowers to refinance on or prior to the respective Loan Repayment Dates may result in the Borrowers defaulting on the corresponding Loan. Such a default could result in the enforcement of security and the Noteholders may receive an amount less than the then Principal Amount Outstanding on their Notes. See “*Risks in relation to Security, Enforcement and Insolvency*”.

In addition, the Class A Conditions and Class B Conditions permit the Issuer to incur further indebtedness. Furthermore, terms of the Issuer/Borrower Loan Agreements permit the Obligors to incur a reciprocal amount of further indebtedness to fund the corresponding amount of the Issuer’s new indebtedness and such indebtedness can be used to, among other things, refinance existing debt and/or purchase an Additional Site (including the Fifth Site), subject to satisfaction of certain conditions as well as permit the Obligors to incur other additional indebtedness. Any increase in borrowings as contemplated above could cause Center Parcs to become over-indebted and may cause substantial financial stress to Center Parcs. See further “*Description of the Class A Debt Provisions*”, “*Description of the Class B Debt Provisions*” and “*Description of other Indebtedness*”.

Center Parcs has significant leverage which could adversely affect its financial condition and its ability to service its payment obligations under the Issuer/Borrower Loan Agreements and therefore the ability of the Issuer to service its payment obligations under the Notes

Center Parcs has consolidated indebtedness that is substantial in relation to its shareholders’ equity. After giving pro forma effect to the offering and the application of the proceeds thereof, Center Parcs’ total debt as at the Closing Date will amount to approximately £1 billion (excluding any amounts drawn under the Working Capital Facility). In addition, as stated in the risk factor above, Center Parcs may incur further indebtedness under, or permitted by, the Class A Conditions, the Class B Conditions and the Issuer/Borrower Loan Agreements. Center Parcs’ relatively high level of debt could:

- make it more difficult for Center Parcs to satisfy its obligations with respect to the Issuer/Borrower Loan Agreements and ultimately for the Issuer to satisfy its obligations with respect to the Notes;
- increase Center Parcs’ vulnerability to general adverse economic and industry conditions, including rises in interest rates;
- restrict Center Parcs from making strategic acquisitions or exploiting business opportunities;
- along with the financial and other restrictive covenants under Center Parcs’ indebtedness, limit its ability to obtain additional financing, dispose of assets or pay cash dividends other than as permitted in accordance with the Issuer/Borrower Loan Agreements;
- require Center Parcs to dedicate a substantial portion of its cash flow from operations to service its indebtedness, thereby reducing the availability of its cash flow to fund future working capital, capital expenditures, other general corporate requirements and dividends;
- require Center Parcs to sell or otherwise transfer assets used in its business in order to fund its debt service obligations;



- limit Center Parcs' flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place Center Parcs at a competitive disadvantage compared to its competitors that have less debt; and
- increase its cost of borrowing.

Any failure to pay amounts due and payable under the Issuer/Borrower Loan Agreements could give rise to an event of default or a Share Enforcement Event (in the case of the Class B Loan) and the Borrower Security Trustee may, in such circumstances, elect to declare all amounts outstanding under those agreements to be immediately due and payable and initiate enforcement proceedings against the collateral provided by Center Parcs to secure its obligations under such agreements.

The consequences of a Share Enforcement Event are that the Borrower Security Trustee will be entitled, by notice, to enforce the Topco Share Security in accordance with the Intercreditor Agreement for the benefit of the Class B Noteholders alone. See "*Risks in relation to Security, Enforcement and Insolvency*".

Center Parcs' head office is subject to a first ranking mortgage which will not form part of the security package granted pursuant to the Transaction, and if enforced could result in Center Parcs losing the use of its head office

Pursuant to a term loan facility agreement dated 8 November 2005 made between CP Opco and The Royal Bank of Scotland plc (the **Head Office Loan**), Center Parcs Limited granted a fixed charge dated 8 November 2005 over all of its legal interests in the head office (the **Head Office Mortgage**). As of the date of this Offering Circular approximately £2.4 million remains outstanding under the Head Office Loan. The Head Office Mortgage will not form part of the security package granted pursuant to the Transaction. If CP Opco fails to meet its repayment obligations under the Head Office Loan then the Head Office Mortgage could be enforced, resulting in the sale of the head office to a third party. Center Parcs has in place business interruption procedures to minimise the impact of a loss of its head office; however, should such an event occur there may be administrative and financial implications which will impact on the ability of Center Parcs to meet its payment obligations under the Loans and ultimately for the Issuer to satisfy its obligations with respect to the Notes.

Center Parcs is exposed to the creditworthiness of third party financial institutions

The creditworthiness of many financial institutions may be closely interrelated as a result of credit, derivative, trading, clearing or other relationships among the institutions. As a result, concerns about, or a default or threatened defaults by, one institution (or more) could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This may adversely affect the financial institutions, such as banks and insurance providers, with which Center Parcs interacts on a regular basis, and therefore could adversely affect its ability to raise needed funds or access liquidity. See "*Forward-Looking Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*" and "*Description of other Indebtedness*."

Restrictive covenants in the Transaction Documents governing the Class A Loans and the Class B Loan may adversely affect the operations of Center Parcs

The Transaction Documents to be entered into limit the Obligors' ability, among other things, with respect to:

- the incurrence or guarantee of additional indebtedness;
- the payment of dividends or other distributions on, and the redemption or repurchase of, its equity;
- the making of certain restricted payments and investments;
- the incurrence of certain liens;
- the imposition of restrictions on the ability of subsidiaries to pay dividends and other payments to members of the Group;
- the transfer, lease, sale or other disposition of certain assets;
- the merger, consolidation with, or sale of substantially all of the Group's assets to, other entities;
- the entry into certain transactions with affiliates;
- the payment of dividends by or transfer of any Fifth Site Entity;
- the entry into sale and leaseback transactions; and
- the impairment of the security interest for the noteholders.

In addition, the Class A Issuer/Borrower Loan Agreement includes other more restrictive covenants and may restrict the Obligors' ability to prepay their other indebtedness, including the Class B Loan, while indebtedness under the Class A Loans remain outstanding. The ability to comply with these covenants may be affected by events beyond the Borrowers' control.



The restrictions contained in the Issuer/Borrower Loan Agreements could:

- limit the Obligors' ability to plan for, or react to, market conditions or meet capital needs or otherwise restrict their respective activities or business plans; and
- adversely affect the ability to finance the Obligors' operations, strategic acquisitions, investments or alliances or other capital needs or to engage in other business activities that would be in Center Parcs' interest.

A breach of any of these restrictive covenants or the inability to comply with the minimum FCF DSCR requirement in each of the Issuer/Borrower Loan Agreements could result in a default or a Share Enforcement Event (in the case of the Class B Loan). See "*Description of the Class A Debt Provisions and Description of the Class B Debt Provisions*".

Loan Events of Default may occur without the knowledge of the Borrower Security Trustee if the Borrowers fail to notify the Borrower Security Trustee of such event

The Borrower Deed of Charge provides that the Borrower Security Trustee will be entitled to assume, unless it is otherwise disclosed in any investor report or compliance certificate or the Borrower Security Trustee is expressly informed otherwise, that no Loan Event of Default or Potential Loan Event of Default has occurred and is continuing. The Borrower Security Trustee will not itself monitor whether any such event has occurred. As the Issuer is a special purpose company, it will fall to the Obligors themselves to make these determinations as well as the determinations of the financial and operational positions underlying them, which may be subjective. The Borrower Security Trustee shall not be obliged to make any such determinations and shall be able to conclusively rely on any investor report or compliance certificate provided to it without being obliged to enquire as to the accuracy or validity of any such investor report or compliance certificate.

Certain other payments will rank ahead of the Loans and the Notes in respect of the payment waterfalls under the Intercreditor Agreement

Amounts payable to certain other secured creditors will rank senior to interest and principal payments on the Loans and the Notes. In particular, amounts due with respect to, among other things, the Facility Fees, the Liquidity Facility Agreement and the Working Capital Facility (in certain circumstances) rank senior to interest and principal on the Loans and consequently the Notes. Please see "*Intercreditor Agreement*" in relation to the payment priorities.

Sale of a Propco may have an adverse effect on the ability of the Borrowers to meet their obligations under the Loans and ultimately affect the repayments on the Notes by the Issuer

Under both the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement, the Obligors are permitted, subject to certain conditions, to undertake sale and leaseback transactions in respect of one or more Holiday Parks. In each such case, provided that the relevant conditions are satisfied, the Borrower Security Trustee will be required to give its consent to the disposal, to the release of the property interest held by the relevant Propco, and (if the relevant Propco is also being disposed of at the same time) to the release of the relevant Propco from its obligations, and from the security interests granted by it, under the Transaction Documents.

Under the Class A Issuer/Borrower Loan Agreement, these conditions include (but are not limited to) (a) the requirement to prepay from the relevant Net Sales Proceeds, any amounts required to be paid under the cash sweep provisions of the Working Capital Facility Agreement and, pro rata, the then outstanding Class A Loans, together with any applicable premium payable at that time in respect of a consequential redemption of the Class A Notes and (b) that the Class A Noteholders (voting as a single class) have approved the entry into the relevant transaction in accordance with the terms of the Intercreditor Agreement and the Note Trust Deed. A further condition which must be met is that the Borrower Security Trustee is satisfied (by virtue of a Rating Agency Confirmation or a Ratings Assessment) that the then ratings of the Class A Notes will not be (i) downgraded; (ii) withdrawn; or (iii) publicly placed on review for possible downgrade, as a result of the relevant sale and leaseback transaction. See "*Class A Issuer/Borrower Loan Agreement—Sale and Leaseback*" for a fuller description of the conditions which must be satisfied in order for the Obligors to be entitled to undertake sale and leaseback transactions in respect of the Holiday Parks.

Under the Class B Issuer/Borrower Loan Agreement, the conditions which must be satisfied include a condition that the Fixed Charge Coverage Ratio be greater than 2:1, or that it will not decrease as a result of such sale and leaseback transaction, or that the attributable indebtedness referable to the sale and leaseback transaction would be permitted under the exceptions to the covenant in the Class B Issuer/Borrower Loan Agreement limiting the incurrence of financial indebtedness. There is no requirement for any Rating Agency confirmation or Ratings Assessment in respect of the ratings of the Class B Notes, and no requirement that the consent of the Class B Noteholders (or of the Class B Note Trustee) first be obtained. See "*Description of the Class B Debt Provisions—Description of the Class B Loan*" for a fuller description of the conditions which must be satisfied in order for the Obligors to be entitled to undertake sale and leaseback transactions in respect of the Holiday Parks under the Class B Issuer/Borrower Loan Agreement.



There is a risk that the potential benefits (in particular financial de-leveraging) of any sale and leaseback transaction may not be fully realised as initially anticipated. In particular, there is a risk that rent increases (although required to be capped at an average of 4% per annum) may become a financial burden for the Obligor which eventually affects the Issuer's ability to make payments of principal and interest under the Notes.

Further, there is a risk that following a sale and leaseback of a Propco or a Holiday Park to a third party, such lease might be terminated or forfeited by the relevant landlord with negative consequences for the Obligor. Risks might arise such as the Obligor losing the use of a site and finding difficulty in locating a comparable replacement, loss of income from the relevant Holiday Park and the introduction of competition to the remaining Holiday Parks secured in favour of the Borrower Security Trustee through the development of the forfeited site as an alternative holiday destination.

See "*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*", "*Class A Issuer/Borrower Loan Agreement*" and "*Description of the Class B Debt Provisions — Description of the Class B Loan*".

Reports and valuations given in relation to Center Parcs will not be independently verified by any of the Issuer, the Class A Global Coordinator and Arranger, the Managers, the Class B Global Coordinator and Joint Bookrunner, the Borrower Security Trustee, the Issuer Security Trustee, the Class A Note Trustee or the Class B Note Trustee

In connection with the offering of the Notes, CBRE Limited has produced a report (dated as of 3 February 2012 and set out in Part 2 of Annex 2 of this Offering Circular) valuing the villages at £1,399,100,000 (the 2012 **Valuation Report** and together with the valuation report dated as of 31 May 2011 set out in Part 1 of Annex 2 of this Offering Circular, the **Valuation Reports**). However, there can be no assurance that the market value of a village will continue to be equal to or exceed the valuations given to it in the 2012 Valuation Report. Each valuation is subject to various limitations, qualifications and assumptions. Assumptions often differ from the current facts regarding such matters and are subject to various risks and contingencies, many of which are not within the control of the Issuer, the Class A Note Trustee, the Class B Note Trustee, the Security Trustee or the Obligor. The most significant risks highlighted in the 2012 Valuation Report are:

- all of the sites are in rural locations so that in the future, obtaining planning permission for the addition of new attractions may be difficult;
- should there be a major downturn in performance there may be limited alternative use options for the sites due to their size, which will affect their resale value; and
- each site requires relatively significant capital expenditure. The future success is dependent on high service levels and perceived values and will require an extensive capital expenditure programme.

The assumptions and risks relating to the 2012 Valuation Report are set out in section "*Schedule of Capital Values*" of the 2012 Valuation Report, attached as Part 2 of Annex 2 (Valuation Reports) of this Offering Circular.

Some of the future facts assumed in the 2012 Valuation Report inevitably will not materialise, and unanticipated events and circumstances may occur subsequent to the date of the relevant valuation. Therefore, the actual results achieved may vary from the related valuation and such variations may be material.

A valuation is only an estimate of value and should not be relied upon as a measure of realisable value. Moreover, a valuation seeks to establish the amount a typically motivated buyer would pay a typically motivated seller. Such amount could be significantly higher than the amount obtained from the sale of any of the Properties in a distress or liquidation sale. As the market value of a village may change, there is no assurance that the aggregate market value of the villages will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Loans and therefore such amounts due under the Notes. If a village is sold following a Loan Event of Default under the Issuer/Borrower Loan Agreements, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Loans and therefore such corresponding amounts due under the Notes.

The 2012 Valuation Report and certain other reports delivered in connection with the offering of the Notes will be addressed to, among others, the Issuer, the Managers, the Borrower Security Trustee and the Issuer Security Trustee, each of whom may accordingly rely upon them. None of the Class A Global Coordinator and Arranger, the Managers, the Class B Global Coordinator and Joint Bookrunner, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Liquidity Facility Providers, the Liquidity Facility Agent, the WCF Lenders, the WCF Agent, the Principal Paying Agent, the Issuer Account Bank, the Borrower Account Bank, the Cash Manager, the Issuer Corporate Services Provider and the Issuer Jersey Corporate Services Provider have made any independent investigation of any of the matters stated in these reports. See "*Valuation Reports*".



RISKS RELATING TO TAXATION

Change of tax law and practice might have an adverse effect on the financial position of the Issuer or the Obligors

The structure of the transaction, the issue of the Notes, the ratings that are to be assigned to them and the statements in relation to taxation set out in this Offering Circular are based on current law and the published practice of the relevant authorities in force or applied as at the date of this Offering Circular. Any changes in such law or practice might have an adverse effect on the financial position of the Issuer or the Obligors and no assurance can be given as to the effect of any possible judicial decision or change of law or the administrative practice of any jurisdiction after the date of this Offering Circular.

Potential secondary tax liabilities of the members of the Obligor Group may result in a deterioration of the Borrowers' financial condition which may, in turn, result in a deterioration of the Issuer's financial condition

Where a company fails to discharge certain tax liabilities due and payable by it within a specified time period, UK tax law imposes, in certain circumstances (including where that company has been sold so that it becomes controlled by another person), secondary liability for those overdue taxes on other companies that are or have been members of the same group of companies, or are or have been under common control, for tax purposes with the company that has not discharged its tax liabilities.

CP Cayman Topco, New CP Cayman Interco and the Obligors have each undertaken in the Tax Deed of Covenant that no steps have been or will be taken by it or any other member of the Group which could be expected to give rise to a secondary tax liability for the Borrowers. If any secondary tax liabilities arise in the Borrowers (whether in respect of a primary tax liability of a member of the Obligor Group or of another company with which the Borrowers are or have been grouped or under common control for UK tax purposes), and those secondary tax liabilities are not discharged by CP Cayman Topco, New CP Cayman Interco or any other member of the Obligor Group, and are of significant amounts, the financial condition of the Borrowers could be adversely affected.

As a general matter, where companies are treated as members of a VAT group, any supply of goods or services made by or to any member of the group (other than any such supply which is made by or to another member of the group) is treated as made by or to the representative member of that group. Center Parcs (UK) Group Limited (in its capacity as the representative member of the VAT group) is, therefore, the person required to account to H.M. Revenue & Customs (HMRC) for any VAT chargeable on any supply made by or to any member of the VAT group (to or by any person other than another member of the VAT group). All the other members of the VAT group are jointly and severally liable for any VAT due from Center Parcs (UK) Group Limited to HMRC during their period of membership of the group. Center Parcs (UK) Group Limited (in its capacity as the representative member of the VAT group) has undertaken in the Tax Deed of Covenant that it has paid and will continue to pay all VAT payable by it to HMRC and to comply with all laws and regulations relating to VAT. However, if such payments are not made and are of significant amounts, this may have a material adverse affect on Center Parcs' financial condition and results of operations. No company which is not an Obligor is a member of the VAT Group of which Center Parcs (UK) Group Limited is the representative member.

Borrowers' UK tax position may change which may adversely affect the ability of the Borrowers to repay the Loans and so the ability of the Issuer to repay the Notes

There can be no assurance that UK tax law and practice will not change in a manner (including, for example, an increase in the rate of corporation tax) that would adversely affect the ability of the Borrowers to repay amounts of principal and interest under the Issuer/Borrower Loan. Similarly, UK tax law and practice can be subject to differing interpretations and the Borrowers' interpretation of the relevant tax law as applied to their transactions and activities may not coincide with that of HMRC. As a result, transactions of the Borrowers may be challenged by HMRC and any profits of the Borrowers from their activities in the UK may be assessed to additional tax which may adversely affect the ability of the Borrowers to repay amounts of principal and interest under the Issuer/Borrower Loan Agreements. If, in turn, the Issuer does not receive all amounts due from the Borrowers under the Issuer/Borrower Loan Agreements, the Issuer may not have sufficient funds to enable it to meet its payment obligations under the Notes and/or any other payment obligations ranking in priority to, or equally with, the Notes.

Withholding tax in respect of the Notes

All payments made under the Notes can be made without deduction or withholding for or on account of any UK income tax provided that they are and continue to be officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA States and are admitted to trading on the Irish Stock Exchange (see "Taxation—United Kingdom Taxation" below).

In respect of the Class A Notes, in the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Notes, neither the Issuer nor any Paying Agent nor any other person will be obliged to



pay any additional amounts to Noteholders or, if Definitive Notes are issued, Couponholders, or otherwise to compensate Noteholders or Couponholders (as the case may be) for the reduction in the amounts they will receive as a result of such withholding or deduction.

If, as a result of a change in tax law, a withholding or deduction is required to be made in respect of payments of principal or interest or other amounts due and payable under the Notes, the Issuer will have the option (but not the obligation) of redeeming all (but not some only) of the outstanding Notes in full at the Principal Amount Outstanding together with accrued but unpaid interest. For the avoidance of doubt, none of the Class A Note Trustee, the Class B Note Trustee, Noteholders or Couponholders will have the right to require the Issuer to redeem the Notes in these circumstances.

See “*Taxation*” for further discussion of withholding tax in respect of the Notes.

The payments on the Loans may be subject to withholding tax which may result in a prepayment of the Loans, and so an early redemption of the Notes, and may also impact on the Borrowers’ ability to repay the Loans in full, and so the Issuer’s ability to repay the Notes in full

The Borrowers will be required to make payments of interest to the Issuer under the Issuer/Borrower Loan Agreements without deduction or withholding for or on account of UK income tax if and for so long as the Issuer is and continues to be a person who is entitled to receive such payments gross of such a deduction or withholding. The Issuer has been advised that it will be such a person as at the Closing Date.

In the event that any withholding or deduction for or on account of tax is required to be made from any payment due to the Issuer under the Issuer/Borrower Loan Agreements, the amount of that payment will be increased so that, after such withholding or deduction has been made, the Issuer will receive a cash amount equal to the amount that it would have received had no such withholding or deduction been required to be made.

If a Borrower is obliged to increase any sum payable by it to the Issuer as a result of such Borrower being required to make a withholding or deduction from that payment under an Issuer/Borrower Loan Agreement, the Borrower will have the option (but not the obligation) to prepay all relevant outstanding advances made under that Issuer/Borrower Loan Agreement in full. If the Borrower chooses to prepay the advances made under the Class A Issuer/Borrower Loan Agreement, the Issuer will then be required to redeem the Class A Notes. Such a redemption would be for a redemption price equal to the Principal Amount Outstanding on the Class A Notes together with any accrued but unpaid interest. If the Borrower chooses to prepay the advances made under the Class B Issuer/Borrower Loan Agreement, the Issuer will then be required to redeem the Class B Notes. Such a redemption would be for a redemption price equal to the Principal Amount Outstanding on the Class B Notes together with any accrued but unpaid interest. Investors should be aware that no break costs would be payable to the Noteholders in such circumstances. If the Borrower does not have sufficient funds to enable it either to repay the Issuer/Borrower Loan Agreements or to make increased payments to the Issuer, the Issuer’s ability to make timely payments of interest and principal under the Notes could be adversely affected.

If the Issuer were to cease to qualify as a securitisation company, this may have an adverse effect on the Issuer’s UK tax position, which could adversely affect the Issuer’s ability to make timely payment of interest and principal under the Notes

The Issuer will be incorporated in Jersey and resident for tax purposes in the UK and has been advised that it should be a “securitisation company” for the purposes of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296). Accordingly, the Issuer should be subject to corporation tax in the UK on its “retained profit” only, in accordance with the special regime for securitisation companies as provided for by those regulations.

If the Issuer were to cease to qualify as a securitisation company for the purposes of those regulations, this may have an adverse effect on the Issuer’s UK tax position, which could adversely affect the Issuer’s ability to make timely payment of interest and principal under the Notes.

The Reorganisation and historical tax position of the Obligor Group give rise to certain contingent tax liabilities, which could affect the Borrowers’ ability to meet their payment obligations under the Issuer/Borrower Loan Agreements and could affect amounts realised on enforcement

The Reorganisation and historical tax position of the group give rise to certain contingent tax liabilities, in particular potential substantial “degrouching charges” in respect of (i) the transfers of the Headleases by the existing Propcos to the New Propcos and (ii) the transfer of the shares in CP Opco by Center Parcs (Jersey) 1 Limited to Center Parcs (Holdings 3) Limited. Should these contingent tax liabilities crystallise, they could have an impact upon the ability of the Borrowers to make payments of interest and principal under the Issuer/Borrower Loan Agreements (and so impact upon the ability of the Issuer to make payments of interest and principal on the Notes) and could affect the amounts realised on enforcement.

Broadly speaking, such degrouching charges arise where an asset held, otherwise than as trading stock, has been transferred between members of the same group and the company which acquired the asset then ceases to be a member of that



group within six years of the date of the acquisition. If, when it leaves the group, that company, or another company with which that company is grouped for tax purposes and which is also leaving the group, owns, otherwise than as trading stock, the asset which was transferred intra-group, then the company leaving the group is treated as if, immediately after it acquired the asset intra-group, it had sold and reacquired the asset for market value at that time. The broad effect of this deemed disposal and reacquisition is to bring into charge to tax any gain deferred on the earlier intra-group transfer.

Where two companies cease to be members of the group at the same time, no tax charge will arise in relation to any previous intra-group transfer of assets between those two companies if, broadly speaking, either (i) the companies are both grouped for tax purposes with another company on the date of the acquisition and remain so grouped with that other company until immediately after they cease to be members of the group; or (ii) one of the companies is a subsidiary (as defined for the purpose of the applicable tax legislation) of the other company on the date of the acquisition and remains a subsidiary of the other company until immediately after the companies cease to be members of the group.

Advice has been obtained that these contingent tax liabilities should only crystallise in the event that security is realised by an administrative receiver or liquidator in certain ways in respect of certain assets (including the Headleases and shares referred to above) or in the event that an Obligor fails to discharge a liability to tax for which it is primarily liable. Furthermore, advice has also been obtained as to how security should be realised (to the extent necessary) in order to avoid or mitigate such liabilities. As such, it is expected to be possible to avoid or mitigate these contingent tax liabilities. However, it is possible that realising security in a way which avoids or mitigates these contingent liabilities may, depending on the specific circumstances, have an adverse effect on the amounts realised for the benefit of the Class B Noteholders.

Transfer of the lease of the Fifth Village to Fifth Village OpCo may give rise to certain tax liabilities

As part of the Reorganisation, the lease of the Fifth Village will be transferred by CP Opco to Fifth Village OpCo. Although no chargeable gain is expected to arise to CP Opco on this transfer, if a chargeable gain accrued to Fifth Village OpCo and Fifth Village OpCo fails to pay any tax arising in respect of such gain, then CP Opco could be secondarily liable for such tax. As mentioned above, CP Cayman Topco, New CP Cayman Interco and the Obligors have each undertaken in the Tax Deed of Covenant that no steps have been or will be taken by it or any other member of the Group which could be expected to give rise to a secondary tax liability for CP Opco.

Stamp Duty Land Tax is potentially chargeable on the transfer of the lease of the Fifth Village to Fifth Village OpCo. It is expected, and the Obligors have been advised, that group relief will be available so that no Stamp Duty Land Tax will be chargeable in respect of this transfer. However, if Fifth Village OpCo were to leave the Stamp Duty Land Tax group headed by New CP Cayman InterCo within three years of the transfer of the lease of the Fifth Village, Fifth Village OpCo would be liable to pay the Stamp Duty Land Tax in respect of the original transfer of the lease of the Fifth Village. Should Fifth Village OpCo fail to pay such Stamp Duty Land Tax, CP Opco could become secondarily liable to pay such tax and this could impact upon the ability of CP Opco to make payments of interest and principal under the Issuer/Borrower Loan Agreements (and so impact upon the ability of the Issuer to make payments of interest and principal on the Notes). Fifth Village OpCo has covenanted in the sale and purchase agreement in respect of the lease of the Fifth Village to pay when due any Stamp Duty Land Tax arising on the original transfer of the Fifth Village.

Surrender of tax losses

The Tax Deed of Covenant allows the Obligors to surrender tax losses to Fifth Site Opco, and for Fifth Site Opco to surrender tax losses to the Obligors, for payment of an amount equal to the tax value of the losses surrendered. If, on enforcement, the Obligors and Fifth Site Opco ceased to be grouped for the relevant tax purposes so that the surrender of such losses for payment was not possible, the Obligors could be adversely affected.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the **EU Savings Directive**) on the taxation of savings income, member states of the European Union (each a **Member State**) are required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the end of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Save in respect of the Class B Notes, if a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the



Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. However, the Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

U.S. Foreign Account Tax Compliance withholding may affect payments on Notes

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act (**FATCA**) generally impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to certain non-U.S. financial institutions (including entities such as the Issuer) that do not enter into and comply with an agreement with the U.S. Internal Revenue Service (**IRS**) to provide certain information on the holders of its debt or equity (other than debt or equity interests that are regularly traded on an established securities market). The new withholding regime will be phased in from the beginning of 2014.

The IRS has not yet provided comprehensive guidance regarding FATCA and no assurance can be provided that the Issuer will enter into such an agreement with the IRS. If the Issuer does not enter such an agreement, amounts available to the Issuer to make payments on the Notes may be reduced. In the alternative, if the Issuer determines that it must comply with FATCA in order to receive certain payments free of U.S. withholding tax, holders may be required to provide certain information (or, for certain non-U.S. financial institutions, otherwise comply with FATCA), to avoid withholding on amounts paid to such holder. If a holder does not provide the necessary information or any other non-US financial institution through which payments on the Notes are made is not in compliance with FATCA, amounts paid to Noteholders may be reduced.

FATCA is particularly complex and its application to the Issuer is uncertain at this time. A prospective Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how this legislation might affect each holder in its particular circumstance.

RISKS IN RELATION TO SECURITY, ENFORCEMENT AND INSOLVENCY

Enforcement of the Topco Share Security is subject to certain conditions which if not met could affect the ability of the Class B Noteholders to realise the value of the security

Pursuant to the Topco Share Security Agreement, the enforcement of the Topco Share Security is conditional on the Borrower Security Trustee receiving a tax opinion that confirms that there will not be any actual or contingent tax liability arising in the Obligor Group as a result of such enforcement of more than £10 million. As at the Closing Date, it is not expected that such enforcement would give rise to any tax liability. However, such a liability may arise in the future due to (among other things) a change in tax law or practice. Should a tax opinion not be provided giving the requisite confirmations, the Topco Share Security may only be enforced if the Borrower Security Trustee is provided with sufficient funds, other collateral or other support arrangement to mitigate any such tax liability to the extent it exceeds £10 million. While the structure of the transaction has been established to minimise the risk of this event occurring, no assurance can be given by the Obligors that such conditions will be satisfied at the time of enforcement of the Topco Share Security. As a result the amounts realised by the Class B Noteholders through enforcement may be significantly reduced and/or delayed.

The enforcement and disposal of the Borrower Secured Property by the Borrower Security Trustee may impact the amounts realised by the Noteholders

Pursuant to the term of the Intercreditor Agreement, whilst the Class A Notes are outstanding only the Class A Noteholders are entitled to direct the Class A Note Trustee which in turn will direct the Issuer Security Trustee and then the Borrower Security Trustee with regard to the enforcement of any Borrower Security. Neither the Class A Note Trustee nor the Issuer Security Trustee will be obliged to take into consideration the interests of the Class B Noteholders when acting in accordance with the directions received from the Class A Noteholders or in exercising their discretion in relation to enforcement. Both the Class B Noteholders and any other Secured Creditors will be required to take any action (for example, release security and/or guarantees) that the Class A Noteholders and/or the Class A Note Trustee and/or the Issuer Security Trustee (as the case may be) require of them to enforce the Borrower Security including the extinguishment of all amounts due under the Class B Issuer/Borrower Loan Agreement in connection with an enforcement of the Borrower Security. All amounts realised by the enforcement of the Borrower Security will be applied in accordance with the relevant Priorities of Payments as stipulated in the Intercreditor Agreement. There is therefore a risk that the Class B Noteholders' interests will not be aligned to those of the Class A Noteholders and that the Class B Note Trustee will be directed to act against the wishes of the Class B Noteholders, and without their control for so long as the Class A Notes remain outstanding. See "*Intercreditor Agreement*".

For so long as there are any Class B Notes outstanding, the Borrower Security Trustee may only dispose of any Borrower Secured Property with a value above £10 million if a fairness opinion from a financial advisor is first commissioned. However, the appointment of a financial advisor in such circumstances by the Borrower Security Trustee may be directed by the Issuer Security Trustee on behalf of the Class A Noteholders only, and the Borrower Security Trustee shall not be obliged to take into account the interests of any Secured Creditor (other than the Class A Noteholders) and may only



seek direction from the Issuer Security Trustee on behalf of the Class A Noteholders in relation to the method and timing of the enforcement of such Borrower Secured Property and any matter relating to the fairness opinion. In the event that a fairness opinion is not able to be produced, the disposal of any Borrower Secured Property will be undertaken by way of a competitive marketing and sales process typical for such type of assets. Amounts realised by such a sales process could be less than amounts recovered in a sale by the Borrower Security Trustee.

The fairness opinion will only be required if there are Class B Notes outstanding.

In addition, upon the occurrence of a Loan Event of Default, the Borrower Security Trustee has the power to appoint an administrative receiver who would take control of all the assets of the English Obligors. Such receiver has wide powers that would enable him to control the English Obligors and manage Center Parcs' business in order to repay the secured debt. In relation to the Propcos, the receiver could endeavour to dispose of the properties, in whole or in part, either (1) through the sale of the Borrower Secured Property itself or (2) by the sale of the shares in the Propco through enforcing the share pledge over the shares in the Propco.

In respect of any proposed disposal of the Borrower Secured Property, whether by an administrative receiver appointed in respect of a Propco or otherwise, the relevant Borrower Secured Property could be sold subject to the terms of the relevant headlease and the related documentation.

In respect of Longleat, the related documentation provides that the headleases (except the headlease of the Keepers Cottage activity centre) may be transferred with the consent of the immediate landlord and the superior landlord. However, in the case of the superior landlord, the documentation does not provide that such consent may not be unreasonably withheld or delayed. Prior to any transfer of the Keepers Cottage activity centre headlease, the Borrower Security Trustee is required to offer to surrender the headlease to the superior landlord who has ten working days to accept a surrender of the Keepers Cottage headlease at the price stipulated in the surrender offer. Therefore, a receiver or the Borrower Security Trustee may not be able to dispose of the Longleat Property directly through a sale of the property itself or via an SPV unless the superior landlord was prepared to give its consent to the assignment of the Longleat headleases on reasonable terms and does not exercise its pre-emption right in respect of the Keepers Cottage activity centre. However, there is no restriction on a sale of the shares in the Longleat Propco. Therefore, in such a scenario, the options available to an administrative receiver could be limited and this could adversely affect the value which could be achieved on a sale of the Longleat Property, although, as noted, this would not prevent the disposal of the shares in the Longleat Propco to a purchaser.

Enforcement and/or acceleration of security

The Intercreditor Agreement will provide that the relevant Instructing Group will be entitled to direct the relevant trustee to enforce and/or accelerate the Borrower Security, Issuer Security or Topco Security (as applicable). In the case of any enforcement and/or acceleration of any Borrower Security and Issuer Security, if the Instructing Group is the Class A Noteholders, then a direction may only be given if such direction is in writing by the holders of at least 25% representing in aggregate principal amount outstanding of any class of the Class A Notes then outstanding or if so directed by a Class A Resolution of any class of the Class A Noteholders. In the case of the Topco Security, the Borrower Security and the Issuer Security, if the Instructing Group is the Class B Noteholders, then a direction may only be given if such direction is in writing by the holders representing at least 30% in aggregate principal amount outstanding of the Class B Notes then outstanding. The Intercreditor Agreement will provide that the proceeds of the enforcement of any Borrower Security or Issuer Security may be distributed to the Issuer and the Noteholders in a form other than in cash.

Guarantees and security may constitute a transaction at an undervalue or preference

A liquidator or administrator of a Guarantor incorporated in England could apply to the court to unwind the issuance of its guarantee if such liquidator or administrator believed that issuance of such constituted a transaction at an undervalue. The Obligor Group believes that each guarantee will not be a transaction at an undervalue and that each guarantee will be provided in good faith for the purposes of carrying on the business of each Guarantor incorporated in England and its subsidiaries and that there are reasonable grounds for believing that the transactions will benefit each such Guarantor. However, there can be no assurance that the provision of the guarantees will not be challenged by a liquidator or administrator or that a court would support the Obligor Group analysis.

If the liquidator or administrator can show that any of the Obligor Group or one of the Guarantors have given a "preference" to any person within six months of the onset of liquidation or administration (or two years if the preference is to a "connected person") and, at the time of the preference, that Obligor Group or that Guarantor were technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company's creditors (or a surety or guarantor for any of the company's debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The court may not make an order avoiding a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position. This provision of English insolvency law may affect transactions entered into or payments made by any of the Obligors or any Guarantors during the relevant period prior to the liquidation or administration of such Obligor or the Guarantor.



In addition, if it can be shown that a transaction entered into by an English company was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors. Any person who is a “victim” of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction. The Obligors do not believe that they have entered into any transactions which may be regarded as being for less than fair value or to shield assets from their creditors.

The Borrower Security Trustee may be liable to third parties if recharacterised as a mortgagee in possession

The Borrower Security Trustee may be deemed to be a mortgagee in possession if there is physical entry into possession of any village, a step-in enforcement of security or an act of control or influence which may amount, in effect, to possession.

A mortgagee in possession may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner. The Borrower Security Trustee has the absolute discretion, at any time, to refrain from taking any action under the Transaction Documents, including becoming a mortgagee in possession in respect of a village unless it is satisfied at that time that it is adequately indemnified. Subject to being adequately indemnified under the terms of the Intercreditor Agreement, the Borrower Security Trustee ranks first in respect of the Priorities of Payments, both prior to and following an event of default thereunder, in respect of payment of any amounts owed to it under its indemnity, including in respect of the liabilities described in this paragraph.

Topco and CP Cayman Limited are Cayman companies and the Topco Share Security Agreement is governed by Cayman law; therefore Cayman law is applicable to the enforcement of the Topco Security

Pursuant to the Cayman law-governed Topco Share Security Agreement, shares in CP Cayman Limited (which is incorporated under Cayman law) are charged in favour of the Borrower Security Trustee. Accordingly, insolvency proceedings with respect to Topco and CP Cayman Limited would be likely to proceed under, and be governed by, Cayman insolvency law. Cayman insolvency law may not be as favourable to Class B Noteholders’ interests as the laws of other jurisdictions with which Class B Noteholders are familiar. The application of these laws could adversely affect the ability of the Borrower Security Trustee to enforce its rights under the security interests granted by a Cayman Obligor and limit any amounts that may be received by the Class B Noteholders upon such enforcement.

There is a risk that a Cayman court could deem that the charging of such security is being made with a view to giving creditors a preference if it is a “related party” of the company. A creditor shall be treated as a related party if it has the ability to control the company or exercise significant influence over the company in making financial and operating decisions.

If any business of a company has been carried on with intent to defraud creditors of the company or creditors of any other person or for any fraudulent purpose, the Cayman court may declare that any persons who were knowingly parties to the carrying on of the business are liable to make contributions to the company’s assets as the Cayman court thinks proper.

There is an additional risk in that a Cayman court would not necessarily recognise or enforce security against the relevant secured asset, in this case the shares, in the absence of a court order obtained pursuant to foreclosure proceedings. A Cayman court may treat a purported fixed charge over assets as a floating charge if the Cayman Islands company has sufficient authority to deal with its assets in the course of its business and/or if the holder of security does not exercise sufficient control over the relevant assets. Any charge in the nature of a floating charge will not take priority in ranking over any subsequent fixed mortgage or charge or lien which is created prior to the crystallisation of the floating charge. However, advice has been taken from Cayman counsel that subject to standard reservations and assumptions, the Topco Share Security Agreement will create a valid security interest enforceable before a Cayman court.

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

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

While Center Parcs (Jersey) 1 Limited and Carp (Jersey) 2 Limited (the **Jersey Obligors**) and the Issuer are incorporated in Jersey, they will each be a tax resident in the United Kingdom (from where they will be controlled and all management functions will be operated).



Under the EC Regulation on Insolvency Proceedings 2000 (the **EUR**), “main” insolvency proceedings in respect of a debtor should be opened in the member state in which its centre of main interest (**COMI**) is located. There is a rebuttable presumption in the EUR that a company or legal person’s COMI is in the member state in which its registered office is located. Although, following a recent decision in the European Court of Justice, it is difficult to rebut this presumption (and noting for the avoidance of doubt that Jersey is not a member state for the purposes of EUR), it is nevertheless likely that given the fact that the Issuer and the Jersey Obligors are managed and operated from England, and this is ascertainable to a third party creditor (such that the creditor would assume their COMI was in England), it is likely that the Issuer’s and the Jersey Obligors’ COMI is in England as opposed to Jersey. If this is the case, the Issuer and the Jersey Obligors may be subject to English administration, company voluntary arrangement, and certain liquidation proceedings. Alternatively, English insolvency law may also be applicable to the Issuer and the Jersey Obligors if a request for assistance is made by the Jersey court to the English court under section 426 of the Insolvency Act 1986.

Even if the Issuer’s or the Jersey Obligors’ COMI were in England, or section 426 of the Insolvency Act 1986 applied, it is unlikely that it will be possible to appoint an administrative receiver in respect of the Issuer or the Jersey Obligors in England (so as to prevent the appointment of an English administrator) using the capital market exemption described in more detail above. This is because notwithstanding the fact that their COMI may be in England, none of the Issuer or the Jersey Obligors is likely to be considered to be a “company” for the purposes of section 29 of the Insolvency Act 1986 since it is not formed under one of the UK Companies Acts.

UK Parcs Holding S.à r. l. is incorporated in Luxembourg and will not have tax residency or be controlled or managed within the United Kingdom. In respect of any insolvency proceedings in relation to UK Parcs Holding S.à r.l., the UNCITRAL Implementing Regulations (as defined below) may apply. This may inhibit the ability of the relevant trustee to appoint a receiver in respect of UK Parcs Holding S.à r. l. or may impose a mandatory stay on insolvency proceedings in the English courts which ultimately could lead to a delay in the realisation of security and/or a reduction in the amounts received from such realisation.

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

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

Fixed security interests may be recharacterised as floating security interests due to the degree of control exercised over certain underlying assets, including over bank accounts, and as a result the full proceeds of enforcement may not be available to repay the Notes

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

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

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

Although the various bank accounts are stated to be subject to various degrees of control, there is a risk that, if the Issuer Security Trustee or the Borrower Security Trustee (as applicable) does not exercise the requisite degree of control over the relevant accounts in practice, a court could determine that the security interests granted in respect of those accounts take



effect as floating security interests only and that the security interests granted over the assets from which the monies paid into the accounts are derived also take effect as floating security interests only, notwithstanding that the security interests are expressed to be fixed. In such circumstances, monies paid into accounts or derived from those assets could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant company in whose name the account is held.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors of the relevant Obligor incorporated in England and Wales (or otherwise subject to insolvency proceedings in England and Wales) or, as the case may be, the Issuer in respect of that part of the English Obligor's net property which is ring-fenced as a result of the Enterprise Act 2002 and (ii) certain statutorily defined preferential creditors of the relevant English Obligor, may have priority over the rights of the Borrower Security Trustee or the Issuer Security Trustee, as the case may be, to the proceeds of enforcement of such security in accordance with s176A of the Insolvency Act 1986. To the extent that the assets of the Issuer or any Obligor are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge or the Borrower Deed of Charge may be first used to satisfy any claims of unsecured creditors, up to an amount equal to £600,000 in respect of each relevant Obligor. As a result, the full amount of the proceeds of enforcement of the security may not be available to repay Notes.

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Buchler & Another v Talbot & Ors* [2004] UKHL 9. Accordingly, it is now the case that the costs and expenses of a liquidation (including corporation tax on capital gains) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. As a result of the changes described above, upon the enforcement of the floating charge security granted by an English Obligor, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Issuer Deed of Charge and/or the Borrower Deed of Charge will be reduced by at least a significant proportion of any liquidation expenses.

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

Section 245 of the Insolvency Act 1986 provides that, in certain circumstances, a floating charge granted by a company may be invalid in whole or in part. If a floating charge is held to be wholly invalid then it will not be possible to appoint an administrative receiver of such company and, therefore, it will not be possible to prevent the appointment of an administrator of such company. The risk is, if a liquidator or administrator is appointed to the Issuer or the relevant Obligor within a period of two years (the **relevant time**) commencing upon the date on which the Issuer or that Obligor, as the case may be, grants a floating charge, the floating charge granted by the Issuer or that Obligor, as the case may be, will be invalid pursuant to Section 245 of the Insolvency Act 1986 except to the extent of the consideration received by the relevant chargor at the time of or after the creation of the floating charge. The Issuer will have received consideration (namely, the Issuer will issue Notes on the Closing Date and will receive the subscription monies therefor) and each of the Obligors will have received such consideration (namely, the Borrowers will (on or about the Closing Date) draw under the Issuer/Borrower Loan Agreements. As such, during the relevant time the floating charge granted by the Issuer will be valid to the extent of the amount of Notes issued by the Issuer, the floating charges granted by the Borrowers will be valid to the extent of the amount drawn by the Borrowers under the Issuer/Borrower Loan Agreements and the floating charge granted by each of the other Obligors will be valid to the extent of the fee paid to the other Obligors but not valid for the full amount of the property charged. However, such limitation on the validity of the floating charges will not of itself affect the ability of the Borrower Security Trustee to appoint an administrative receiver in respect of the English Obligors. After the relevant time it will not be possible for the floating charges granted by each of the Issuer, the Borrowers or the English Obligors to be invalidated under Section 245 of the Insolvency Act 1986.

It should be noted that, since the Jersey Obligors, UK Parcs Holding S.à r.l. (together the **Foreign Obligors**) and the Issuer are incorporated in jurisdictions other than England and Wales, it is unlikely that it will be possible to appoint an administrative receiver in respect of these entities in England (so as to prevent the appointment of an English administrator) using the capital markets provisions referred to below. Accordingly, in the event that the Issuer or the Foreign Obligors were to become insolvent and it was not possible to appoint an administrative receiver, the Issuer and the Foreign Obligors could be placed into administration. However, it should be noted that the Issuer is structured to be "bankruptcy remote" so therefore it should not be subject to any insolvency proceedings. The main asset-owning Obligors (namely CP Opco and the Propcos Group) and their immediate parent companies are all English companies so therefore administrative receivership is possible for these companies.

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

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



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The Insolvency Act 1986 contains provisions that continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act 1986) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50,000,000 and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act 1986, but generally a rated, listed or traded debt instrument). Whilst there is no case law, as yet, on how these provisions will be interpreted, it should be applicable to floating charges created by the English Obligors and assigned by way of security to the Borrower Security Trustee. However, as this issue is partly a question of fact, were it not possible to appoint an administrative receiver in respect of one or more of the English Obligors, they would be subject to administration if they were to become insolvent.

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

Certain members of the Obligor Group may fall within the ‘small companies’ threshold allowing them the right to seek a moratorium which could restrict creditors’ ability to enforce security

Certain small companies, as part of the company voluntary arrangement procedure in England, may seek court protection from their creditors by way of a moratorium (which will, amongst other things, restrict a creditor’s ability to enforce security, prevent the appointment of an administrator or liquidator and restrict proceedings being commenced or continued against the company) for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the UK Secretary of State for Business, Enterprise and Regulatory Reform may, by order, extend or reduce the duration of either period).

A “small company” is defined for these purposes by reference to whether the company meets certain tests contained in Section 382(3) of the Companies Act 2006, relating to a company’s balance sheet, total turnover and average number of employees in a particular period. The position as to whether or not a company is a small company may change from period to period, depending on its financial position and average number of employees during that particular period. The UK Secretary of State for Business, Enterprise and Regulatory Reform may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a small company. Accordingly, any of the Obligors may, at any given time, come within the ambit of the small companies provisions, such that any such Obligor may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

Certain companies which qualify as small companies for the purposes of these provisions may, nonetheless, be excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10 million is incurred and which involves the issue of a capital market investment. The definitions of capital market arrangement and capital market investment are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a note trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The UK Secretary of State for Business, Enterprise and Regulatory Reform may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Accordingly, the provisions described above will serve to limit the Borrower Security Trustee’s ability to enforce the Borrower Security to the extent that, first, any of the Obligors fall within the criteria for eligibility for a moratorium at the time a moratorium is sought; second, if the directors of any such Obligor seeks a moratorium in advance of a company voluntary arrangement; and, third, if any such Obligor is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time; in those circumstances, the enforcement of any security by the Borrower Security Trustee will be for a period prohibited by the imposition of the moratorium. In addition, the other effects resulting from the imposition of a moratorium described above may impact the transaction in a manner detrimental to the Noteholders.

RISKS RELATING TO THE NOTES

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular;



- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible economic and interest rate scenarios and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes that are complex financial instruments unless it has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

In addition, the market value of the Notes may fluctuate for a number of reasons including due to prevailing market conditions, current interest rates and the perceived creditworthiness of the Issuer and the Obligor. Any perceived threat of insolvency or other financial difficulties of the Obligor or a less favourable outlook of the holiday industry in the UK could result in a downgrade of ratings and/or a decline in market value of the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) Notes are legal investments for it; (2) the Notes can be used as security for indebtedness; and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Issuer is a special purpose company with no business operations or assets

The Notes will be limited recourse obligations of the Issuer. The Issuer is a special purpose company with no business operations other than the issue of the Notes and the transactions ancillary thereto. The Class A Notes will not be obligations or responsibilities of, or guaranteed by, any other entity. The Class B Notes will not be obligations or responsibilities of, or guaranteed by, any other entity save that they will indirectly benefit from the Topco Payment Undertaking and the Topco Security Documents.

The Class A Notes and the Class B Notes will not be obligations or responsibilities of, and will not be guaranteed by, the Class A Note Trustee, the Class B Note Trustee, the Issuer Security Trustee, the Managers, the Liquidity Facility Providers, the WCF Agent, the WCF Lenders, the Cash Manager, the Paying Agents, the Issuer Account Bank, the Borrower Account Bank, the Borrower Security Trustee, any of the Obligor or any company in the same group of companies as, or affiliated to, the Parent (other than the Issuer itself but without prejudice to the Obligor's obligations to the Issuer under the Issuer/Borrower Loan Agreements). Furthermore, no such person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The ability of the Issuer to meet its obligations under the Notes will be dependent on:

- (a) the receipt by it of funds from the Obligor under the Issuer/Borrower Loan Agreements; and
- (b) the receipt by it of interest (if any) from monies standing to the credit of the Issuer Transaction Account, or otherwise from certain Eligible Investments (each as defined below) made by it or on its behalf.

In the event that the Issuer is unable on any Note Interest Payment Date to pay in full (to the extent required to be paid on any such date) items (1) to (5) (inclusive) of the Issuer Pre-Acceleration Priority of Payments as set out in "Intercréditor Agreement — Issuer Pre-Acceleration Priority of Payments" below, the Issuer will (subject to satisfaction of the conditions for drawing) have available to it funds under the Liquidity Facility (in accordance with the terms of the Liquidity Facility Agreement). In addition, if any Liquidity Facility Provider elects not to renew its facility on the expiry of the 364-day period, the Issuer shall, if it is unable to enter into a substitute liquidity facility in accordance with the terms of the Liquidity Facility Agreement, draw down the available commitment of that Liquidity Facility Provider in full and place such amounts on deposit in the Liquidity Standby Account. Other than the foregoing, the Issuer will not have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or equally with, the Notes.

***The Class B Notes are subordinated to the Class A Notes and rank behind the Class A Notes as to payment and security***

Pursuant to the provisions of the Intercreditor Agreement, payments to be made to the Class B Noteholders in respect of principal and interest in relation to the Class B Notes will be subordinated to payments in respect of the Class A Notes in accordance with the applicable Priorities of Payments. The Obligors are not permitted to pay interest due and payable on the Class B Loan and subsequently the Issuer will not be able to make payments on the Class B Notes in the event that the Class A Restricted Payment Condition is no longer satisfied on any Note Interest Payment Date (unless such payment is made using New Equity Funds received for this purpose).

Furthermore, the Class B Noteholders will have limited ability to call a Class B Note Event of Default and a Class B Loan Event of Default and will rank behind the Class A Noteholders in respect of any amounts realised through the enforcement of security granted under the Issuer Deed of Charge or the Borrower Deed of Charge. There is a risk that the proceeds of an enforcement of security at either the Borrower level or the Issuer level will not be sufficient to meet the Issuer's payment obligations with respect to the Class B Notes following the full repayment of its obligations under the Class A Notes. Furthermore, in certain Class A Loan enforcement scenarios, the Class B Loan may be extinguished — see the section "*Intercreditor Agreement*" below. However, the Class B Notes indirectly benefit from the Topco Payment Undertaking and first ranking security under the Topco Share Security — see the section "*Summary of other Transaction Documents — Topco Payment Undertaking — Topco Share Security Agreement*".

See "*Risks relating to Security, Enforcement and Insolvency*", "*Description of the Class A Debt Provisions — Class A Issuer/Borrower Loan Agreement*" and "*Description of the Class B Debt Provisions — Description of Class B Loan*" for further details.

Risks in relation to the proceeds received from the enforcement of the Topco Security Documents for the Class B Loan and Class B Notes

Pursuant to the Topco Payment Undertaking, Topco will undertake to pay or procure the payment of an amount equal to the aggregate of: (i) the then principal balance of the Class B Loan; (ii) accrued but unpaid interest outstanding in respect of the Class B Loan; (iii) any Additional Amounts; and (iv) all other amounts due and payable under the Class B Issuer/Borrower Loan Agreement, on the earlier of (A) the Class B Loan Expected Maturity Date and (B) the date on which Topco receives a valid demand notice from the Borrower Security Trustee following the occurrence of a Share Enforcement Event and/or a Class B Loan Event of Default. In addition, Topco will grant as security all of its shares in CP Cayman Limited in favour of the Borrower Security Trustee to hold for the benefit of the Issuer under the Topco Security Documents. CP Cayman Limited will then grant as security all of its shares in Center Parcs (Holdings 1) Limited in favour of the Borrower Security Trustee to hold for the benefit of the Issuer under the CP Cayman Security Agreement.

The Borrower Security Trustee on behalf of the Issuer will be entitled to enforce the Topco Security Documents upon any Share Enforcement Event pursuant to the Transaction Documents. Such enforcement by the Borrower Security Trustee will not constitute either a Class A Note Event of Default, or a Class B Note Event of Default. If, for example, upon the occurrence of a Share Enforcement Event, the Class B Noteholders call under the Topco Payment Undertaking and under the CP Cayman Security Agreement and enforce the Topco Security Documents, the Obligor Group could be owned by a different entity. Any such change in ownership of the Obligor Group would not constitute a change of control under the Issuer/Borrower Loan Agreements but may have an adverse effect on the business and administration of Center Parcs may affect the Borrowers' ability to make repayments on the Issuer/Borrower Loan Agreements when they fall due and as such affect the ability of the Issuer to repay both the Class A Notes and the Class B Notes.

No assurance can be given that the proceeds realised as a result of an enforcement of any Topco Security Documents will be sufficient to discharge in full the amounts due on the Class B Loan and as a result the Class B Notes, nor that the Class B Noteholders will not be adversely affected by such realisation or enforcement. See "*Risks relating to Security, Enforcement and Insolvency*".

Center Parcs may not be able to repurchase the Class B Notes upon a Class B Change of Control

If a Class B Change of Control occurs under the Class B Issuer/Borrower Loan Agreement, the Borrowers will be required to make an offer to repurchase all the outstanding Class B Notes at a premium, plus any accrued and unpaid interest to the date of repurchase. In such a situation, the Borrowers may not have enough funds to repurchase all of the Class B Notes. In addition, by virtue of provisions in the Class A Issuer/Borrower Loan Agreement, the Obligors may be prohibited from repurchasing the Class B Notes upon a Class B Change of Control. A Class B Change of Control in this regard may cause disruption to the Center Parcs Group and may also result in a mandatory prepayment under the Class B Loan and agreements governing any future indebtedness. As a result of such events occurring, the Class B Loan and any future indebtedness may be accelerated.



The expected maturity date of each class of the Notes is earlier than the respective final maturity date of each class of the Notes

There is no guarantee that the Issuer will have sufficient funds to redeem each class of Notes on its respective expected maturity date and such redemption is dependent on the repayment in full of the corresponding Loans by the Borrowers.

In the case of the Class A1 Notes, the Class A1 Note Expected Maturity Date is 28 February 2017 and the Class A1 Note Final Maturity Date is 28 February 2042.

In the case of the Class A2 Notes, the Class A2 Note Expected Maturity Date is 28 February 2024 and the Class A2 Note Final Maturity Date is 28 February 2042.

In the case of the Class B Notes, the Class B Note Expected Maturity Date is 28 February 2018 and the Class B Note Final Maturity Date is 28 February 2042.

Each of the Class A Notes will pay a fixed rate of interest for its duration. In the case of an early redemption, pursuant to the Class A Conditions, the Class A Noteholders are only entitled to receive a Make Whole amount in addition to any repayment of principal and interest up to but not including the Class A1 Note Expected Maturity Date (in the case of the Class A1 Notes) and the Class A2 Note Expected Maturity Date (in the case of the Class A2 Notes) respectively. Following the Class A1 Note Expected Maturity Date and the Class A2 Note Expected Maturity Date, the Class A Notes will be repayable at par plus accrued interest. See Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement) of the Class A Conditions for further details.

The Class B Notes will pay a fixed rate of interest of 11.625% per annum until the Class B Note Step-Down Date, after which the interest rate on the Class B Notes will be reduced to 6.25% per annum and, subject to certain exceptions, will be deferred until the earlier of: (a) the date on which the Class A Loans or the Class A Notes are repaid in full; and (b) the Class B Note Final Maturity Date.

The Noteholders will rank behind certain third parties in respect of certain obligations of the Issuer and the Borrowers

Although the Issuer Security Trustee will hold the benefit of the Issuer Security on trust for the Noteholders and the Borrower Security Trustee will hold the benefit of the Borrower Security on trust for the Borrower Secured Creditors, such security interests will also be held on trust for certain third parties. Certain obligations of the Issuer to third parties rank ahead of the Noteholders. Such persons include, among others, the Class A Note Trustee and the Class B Note Trustee (both in their individual capacity), the Issuer Security Trustee (in its individual capacity), the Liquidity Facility Providers, the Paying Agents and the Issuer Account Bank in respect of certain amounts owed to them. To the extent that significant amounts are owing to any such persons, the amounts available to Noteholders will be reduced. Likewise, certain of the Borrowers' obligations to certain third parties will rank ahead of their obligations to the Issuer, including, among others, the WCF Lenders.

In addition, unsecured creditors of the Borrowers, such as trade creditors and suppliers, while subordinate to the Borrower Secured Creditors, are not bound into the financing structure as they are not parties to the Borrower Deed of Charge and so will be able to proceed directly against each of the Borrowers where they fail to pay any unsecured debts as they fall due. For a more detailed description of the Priorities of Payments by the Issuer and by the Borrowers both prior and subsequent to the enforcement of the security thereunder, see "Summary of other Transaction Documents — Issuer Deed of Charge" and "Intercreditor Agreement" below.

The Issuer is dependent on third parties for the provision of certain services in relation to the Notes

The Issuer is a party to contracts with a number of third parties who have agreed to perform certain services in relation to, among other things, the Notes. For example, the Liquidity Facility Providers have agreed to provide the Liquidity Facility, the Issuer Corporate Services Provider and the Issuer Jersey Corporate Services Provider have agreed to provide various corporate services to the Issuer and to the Issuer Parent, and the Cash Manager, the Issuer Account Banks and the Paying Agents have agreed to provide, among other things, payment, administration and calculation services in connection with the Notes. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

Although the Issuer has funds available to it under the Liquidity Facility it may not be sufficient and the Liquidity Facility may not be available

Under the terms of the Class A Issuer/Borrower Loan Agreement, the Obligors must use their reasonable endeavours to ensure that for so long as any Class A Notes remain outstanding, the Issuer has available to it a Liquidity Facility and/or a Liquidity Reserve of an aggregate amount equal to the lower of £80 million and 24 months' peak debt service.



The Issuer will have available to it the funds under the Liquidity Facility Agreement in the amount of £80 million. Pursuant to the terms of the Liquidity Facility Agreement, the Issuer will be entitled to make drawings under the Liquidity Facility Agreement from time to time to cover shortfalls in the amounts available to the Issuer to make payments in respect of items (1) to (6) (inclusive) of the Issuer Pre-Acceleration Priority of Payments.

In the event that one or more of certain events of default by the Issuer is outstanding under the Liquidity Facility Agreement, including non-payment of amounts payable by the Issuer to one or more Liquidity Facility Provider(s), such Liquidity Facility Provider(s) may cancel its commitments to make advances to the Issuer.

The initial Liquidity Facility Agreement will expire 364 days after the Closing Date, although it is extendable. The Liquidity Facility Providers are not obliged to extend or renew the Liquidity Facility at its expiry, but if a Liquidity Facility Provider does not renew or extend the Liquidity Facility on request then the Issuer will, subject to certain terms, be required to make a Standby Drawing and place the proceeds of that drawing on deposit in the relevant Liquidity Standby Account.

The Liquidity Facility Providers will be entitled to receive interest, increased costs and repayments of principal on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Noteholders (which may ultimately reduce the amount available for distribution to Noteholders).

From the Note Interest Payment Date immediately succeeding the fifth anniversary of the Closing Date the rate of interest applicable to any Drawing made in respect of the Liquidity Facility Agreement will increase, every six months, on a cumulative basis by 50 basis points (the **Year 5 Step-Up Margin**) up to a maximum of 5% per annum.

See “Description of other Indebtedness — Liquidity Facility Agreement”.

The interests of Center Parcs’ principal shareholders may conflict with Noteholders’ interests

The interests of Center Parcs’ principal shareholders, in certain circumstances, may conflict with the Noteholders’ interests. As of the date of this Offering Circular, funds managed by Blackstone owned 92.4% of Center Parcs’ shares and RB Investment 1 Limited owned 5.86% of Center Parcs’ shares (see “Principal Shareholders”). As a result, Blackstone has, and will continue to have, directly or indirectly, the power, among other things, to affect Center Parcs’ legal and capital structure and Center Parcs’ day-to-day operations, as well as the ability to elect and change Center Parcs’ management and board of directors, a majority of which are currently Blackstone representatives, and to approve any other changes to Center Parcs’ operations. For example, Blackstone could decide to cause Center Parcs to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Issuer/Borrower Loan Agreements and the Intercreditor Agreement so permit. The interests of the Borrowers’ ultimate shareholders could conflict with the Noteholders’ interests, particularly if they encounter financial difficulties or are unable to pay their debts when due. The incurrence of additional indebtedness would increase Center Parcs’ debt service obligations and the sale of certain assets could reduce Center Parcs’ ability to generate revenue, each of which could adversely affect holders of the Class A Notes and Class B Notes.

There may be conflicts of interest between the holders of the different classes of the Notes and the Issuer may not be able to repay the Notes issued under this Offering Circular

The Class A Note Trustee will be required to have regard only to the interests of the holders of existing Class A Notes and any Class A New Notes issued after the Closing Date and the Class B Note Trustee will be required to have regard to the interests of only the holders of existing Class B Notes and any new Class B Notes issued after the Closing Date as if they formed a single class (of Class A Notes or Class B Notes, as applicable) when exercising his powers, trusts, authorities, duties and discretions (except in certain circumstances as set out in the Note Trust Deed). Noteholders of each class of Notes may find their voting powers diluted by the creation of New Notes and/or any Further Notes of the relevant class. Additionally, where Class A New Notes and/or Class A Further Notes are issued, there is an increased risk that Class B Notes may not be fully repaid by the Issuer.

The Class A Noteholders and Class B Noteholders each indirectly benefit from the covenant package given by the Obligors in relation to each of the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement. Each of the Class A Noteholders and/or Class B Noteholders may waive any breach of covenant specific to those covenants given in their respective Issuer/Borrower Loan Agreement without the consent of the alternate class of Noteholders. There is a risk therefore that the Class A Noteholders may waive or amend the Class A Issuer/Borrower Loan Agreement without regard to the consequences for the Class B Noteholders. Similarly, there is a risk that the Class B Noteholders may waive or amend the Class B Issuer/Borrower Loan Agreement without regard to the consequences for the Class A Noteholders.

Risk in relation to certain decisions by the relevant Note Trustee

The Class A Note Trustee (or following the full redemption of the Class A Notes, the Class B Note Trustee) will be entitled to agree, without the consent of the relevant Class A Noteholders, the Class B Noteholders and any other Issuer



Secured Creditors, with the Issuer and any other relevant party to any of the Issuer Transaction Documents in making any modification to the Class A Conditions, the Class B Conditions, the Note Trust Deed (other than (in the case of (c) and (d) below) in respect of either a Class A Basic Terms Modification or a Class B Basic Terms Modification, the Class A Notes, the Class B Notes or any other Issuer Transaction Documents to which it is a party or over which it has security, or may give its consent to any event, matter or thing, if:

- (a) in its opinion, the interest of the Class A Noteholders would not be materially prejudiced thereby; or
- (b) in its opinion, such modification is required to correct a manifest error or is of a formal, minor, administrative, or technical nature or one in respect of which the English court could reasonably be expected to make a rectification order; or
- (c) to the extent such event, matter or thing relates to an Entrenched Right and in its opinion, such modification is required to correct a manifest error or is of a formal, minor, administrative or technical nature; or
- (d) it is required or permitted, subject to the satisfaction of specified conditions, under the terms of the Class A Conditions, the Class B Conditions or the Issuer Transaction Documents provided such conditions are satisfied.

The Class A Note Trustee (or following the full redemption of the Class A Notes, the Class B Note Trustee) shall be entitled to determine, in its own opinion, for the purposes of exercising any right, power, trust, authority, duty or decision under or in relation to the Class A Notes (or following the full redemption of the Class A Notes, the Class B Note Trustee in relation to the Class B Notes), the Class A Conditions (or following the full redemption of the Class A Notes, the Class B Note Trustee in relation to the Class B Conditions) or any of the Issuer Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Class A Noteholders (or following the full redemption of the Class A Notes, the Class B Noteholders) or any relevant class thereof and in making such a determination shall be entitled to take into account, amongst any other things it may consider necessary and/or appropriate in its absolute discretion, any confirmation by the Rating Agencies (if available) that the then current rating of the Class A Notes (or following the full redemption of the Class A Notes, the Class B Notes), or as the case may be, the relevant class thereof will not be downgraded, withdrawn or qualified, and that, where any original rating of the Class A Notes (or following the full redemption of the Class A Notes, the Class B Notes) has been and continues to be downgraded, restoration of such original rating would not be prevented, as a result of such exercise. For the avoidance of doubt, such rating confirmation or non-receipt of such rating confirmation shall, however, not be construed to mean that any such action or inaction (or contemplated action or inaction) or such exercise (or contemplated exercise) by the Class A Note Trustee (or following the full redemption of the Class A Notes, the Class B Note Trustee) of any relevant right, power, trust, authority, duty or decision under or in relation to the Class A Notes (or following the full redemption of the Class A Notes, the Class B Notes), the Class A Conditions (or following the full redemption of the Class A Notes, the Class B Conditions) or any other Issuer Transaction Documents is not materially prejudicial to the interests of the holders of the Class A Notes or, as the case may be, that Class of Notes and the non-receipt of such ratings confirmation shall not be construed to mean that such exercise by the Class A Note Trustee (or following the full redemption of the Class A Notes, the Class B Note Trustee) as aforesaid is materially prejudicial to the interests of the Class A Noteholders or, as the case may be, the Notes of the relevant Class.

The Class A Note Trustee (or following the full redemption of the Class A Notes, the Class B Note Trustee) may, without the consent or sanction of the Class A Noteholders, the Class B Noteholders or any other Issuer Secured Creditors, authorise or waive any proposed breach of the covenants or provisions contained in the Note Trust Deed, the Class A Notes, the Class B Notes, or any other Issuer Transaction Documents or determine that a Class A Note Event of Default and/or a Class B Note Event of Default shall be treated as such if certain conditions are satisfied (see Class A Condition 14 (Passing of resolutions by Noteholders, Modification and Waiver) in the case of the Class A Notes and Class B Condition 14 (Passing of resolutions by Class B Noteholders, Modification and Waiver) in the case of the Class B Notes).

Entrenched Right and determination of consequential amendments, consents and waivers

The Intercreditor Agreement will provide that in connection with the accession of any Additional Site and issue of any Additional Notes or making any additional Loans, any consequential amendments, consents or waivers required to be made or granted pursuant to any Transaction Document to give effect to such transaction or transactions will not (a) constitute an Entrenched Right and so not require the consent of any Affected Secured Creditor (and such Affected Secured Creditor may be any of the Class A Noteholders or Class B Noteholders (if there are no Class A Notes outstanding)) to effect such changes and (b) will not constitute a General Matter and so will not require the consent of the relevant Instructing Group (and such relevant Instructing Group may be any of the Class A Noteholders or the Class B Noteholders (if there are no Class A Notes outstanding)) to effect such changes. The Issuer Security Trustee and the Borrower Security Trustee will be authorised to execute any documents and to give effect to such changes without incurring any liability for doing so.



The Intercreditor Agreement will provide that the Borrower Security Trustee in respect of a Borrower Transaction Document or a Topco Transaction Document and the Issuer Security Trustee in respect of an Issuer Transaction Document may approve an amendment, waiver or consent in respect of such document if it is of the opinion that the relevant action is formal, minor, administrative or technical, or one in respect of which the English court could reasonably be expected to make a rectification order (**Relevant Action**). In such circumstances, such Relevant Action may be taken without the consent of the Class A Noteholders, the Class B Noteholders, the Issuer Secured Creditors or the Borrower Secured Creditors. The Relevant Action may be taken in respect of an Entrenched Right.

The Issuer Security Trustee, Borrower Security Trustee and Note Trustee are each not liable for the failure by the Clearing Systems to deliver notices to Noteholders in a timely manner.

In addition, pursuant to the Intercreditor Agreement and certain other Transaction Documents, the Issuer Security Trustee and the Borrower Security Trustee each has various powers, authorities and discretions to agree to amendments to certain provisions and to the taking of certain steps by the Obligors without the consent of the Borrower Secured Creditors, the Issuer Secured Creditors or the Topco Secured Creditors (as applicable). See “*Intercreditor Agreement—Amendments, Consents and Waivers—General Procedures*”.

The Intercreditor Agreement will also provide that the Borrower Security Trustee and the Issuer Security Trustee may concur with the Obligor Group Agent in making any amendment to give any consent under, or grant any waiver in respect of, any breach or proposed breach which is not, in the opinion of the Borrower Security Trustee, materially prejudicial to the interests of the Borrower Secured Creditors, or in the opinion of the Issuer Security Trustee (as applicable) is not materially prejudicial to the interests of the Issuer Secured Creditors (and in the case of any Class A Noteholders in their capacity as Issuer Secured Creditors, where the relevant Note Trustee is of the opinion that the relevant amendment, consent or waiver is not materially prejudicial to the interests of the relevant Noteholders).

Additional facilities

Under the terms of the Issuer/Borrower Loan Agreements, the Borrower Security Trustee will not be required to confirm satisfaction of the conditions to the incurrence of any Additional Class A Facilities or Additional Class B Facilities (as applicable).

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in numerous measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in certain securitisation exposures and/or the incentives for certain investors to invest in securities issued under such structures, and may thereby affect the liquidity of such securities.

In particular, Directive 2006/48/EC and Directive 2006/49/EU, in each case as amended (together, the **CRD**) have been amended by Directive 2009/111/EC (the **CRD2**) which, among other things, inserts a new Article 122a into the CRD.

Article 122a provides that an EU credit institution shall only be exposed to the credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain, on an ongoing basis, a material net economic interest in the securitisation of not less than 5% and (b) it is able to demonstrate to its regulator on an ongoing basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position in which it is invested. Failure by an EU credit institution investor to comply with the requirements of Article 122a in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment.

No retention representation of the sort referred to in the preceding paragraph has been made in relation to this transaction.

The Issuer has considered, and obtained legal advice as to, the applicability of Article 122a to this transaction and is of the opinion that the Notes do not constitute an exposure to a “securitisation position” for the purposes of Article 122a. The Issuer is therefore of the opinion that the requirements of Article 122a should not apply to investments in the Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor’s regulator places on the provisions of CRD (as amended by CRD2) and the provisions of national law which implement it. Prospective investors should therefore be aware that should the relevant investor’s regulator interpret the regulations such that Article 122a does apply to an investment in the Notes, significantly higher capital charges may be applied to that investor’s holding. Although market participants have, in consultations relating to these regulatory reforms, requested guidance on the structures captured by the definitions, no definitive guidance has been forthcoming. Therefore some uncertainty remains as to which transactions are subject to Article 122a.

Similar requirements to those set out in Article 122a are expected to be implemented for other EU-regulated investors, including investment firms, insurance or reinsurance undertakings, UCITS and/or certain hedge fund managers.



Investors in the Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Article 122a will be applied to their exposure to the Notes and therefore prospective investors should not rely on the Issuer's interpretation set out above. Further, the Managers do not make any representation in respect of the application of Article 122a to any investment in the Notes. Investors should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Notes.

Article 122a and/or any further changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

In addition, implementation of and/or changes to the regulatory capital framework published by the Basel Committee on Banking Supervision (the **Basel Committee**) in 2006 (the **Basel II framework**) may affect the capital requirements and/or the liquidity of the Notes.

The Basel II framework has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are, or may become, subject to capital adequacy requirements that follow the framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as **Basel III**), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and minimum leverage ratio for credit institutions. In particular, the changes refer to among other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as CRD IV) to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however the proposals allow individual Member States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

Investors in the Notes are responsible for analysing their own regulatory position. Investors should consult their own advisors as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures and other applicable laws and regulations applicable to the investment in, and the holding of, securities such as the Notes including, without limitation, the Solvency II Directive and the Alternative Investment Fund Managers Directive. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

The Notes will be new securities for which there is no established trading market

Application has been made to the Central Bank, as competent authority under the Prospectus Directive, for this Offering Circular to be approved as a prospectus, and to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The Notes are a new issue of securities for which there is currently no market. The Arranger, the Managers and the Class B Global Coordinator and Joint Bookrunner may make a market in the Notes as permitted by applicable laws and regulations; however, the Lead Managers are not obligated to make a market in the Notes and they may discontinue their market-making activities at any time without notice. Therefore, Center Parcs cannot assure any investor as to the development or liquidity of any trading market for the Notes. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of Noteholders;
- the operating performance and financial condition of Center Parcs;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

Historically, the market for non-investment grade debt in the debt capital markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. Center Parcs cannot assure investor that the market, if any, for the Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which the investors may sell the Notes. Therefore, Center Parcs cannot assure investors that they will be able to sell the Notes at a particular time nor that the Notes will receive a favourable price from such sale. Consequently, investors in the Notes should be aware that they may have to hold the Notes until their maturity.



In addition, the market value of the Notes may fluctuate with changes in prevailing rates of interest, market perceptions of the risks associated with the Notes, supply and other market conditions. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of such Notes.

Rating Agency assessments, downgrades and changes to Rating Agencies criteria may result in ratings volatility on the Notes

The ratings assigned to the Notes by S&P and Fitch address the likelihood of full and timely payment to the Noteholders of all payments of interest due on each Note Interest Payment Date and the full repayment of principal of the Notes on or before the relevant final maturity date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the Rating Agencies' judgement, circumstances so warrant. Rating organisations other than the Rating Agencies could seek to rate the Notes and, if such "unsolicited ratings" are lower than the comparable rating assigned to the Notes by the Rating Agencies, such "shadow ratings" could have an adverse effect on the value of the Notes.

In addition, future events, including events affecting Center Parcs, could have an adverse impact on the ratings of the Notes (as to which, see "*Sale of a Propco may have an adverse effect on the ability of the Borrower to meet its obligations under the Loans and ultimately affect the repayments on the Notes by the Issuer*" above.)

Where a particular matter (including the determination of material prejudice by a Trustee) involves each of S&P and Fitch being requested to confirm that a proposed action would not result, in the case of S&P, in a downgrade or a CreditWatch placement, or in the case of Fitch, in the downgrade of the then current rating of the Notes (or a particular Class of Notes), such confirmation is given at the sole discretion of the relevant Rating Agency. Depending on the timing of delivery of the request and any relevant information, there is a risk that the relevant Rating Agency cannot provide its confirmation in the time available or at all. No Rating Agency will be responsible for the consequences of any failure to deliver a Ratings Assessment or confirmation on any particular timescale.

Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the Notes form part since the Closing Date. A confirmation of ratings represents only a restatement of the opinions given at the Closing Date, and cannot be construed as advice for the benefit of any parties to the transaction or as confirmation that an event or amendment is in the best interest of, or not materially prejudicial to the interests of, the Noteholders. No assurance can be given that a requirement to seek a ratings confirmation will not have a subsequent impact upon the business of the Issuer.

In particular, for a sale and leaseback to take place, a Ratings Assessment is required from each Rating Agency in respect of the Class A Notes. A **Ratings Assessment** (from, for example, Fitch) is a point-in-time assessment which does not constitute a credit rating (by Fitch); nor will either of S&P or Fitch monitor the Obligors such that a rating will not be updated to reflect changed circumstances of the Issuer or the Obligors; neither does any Rating Assessment take into account any other matters that may impact on the decision of the Noteholders to continue to hold the Notes. A Rating Agency will issue its Ratings Assessment only on the basis that the Issuer Security Trustee, the Borrower Security Trustee and the Noteholders are deemed to acknowledge and agree to matters set out in this paragraph.

Under the terms of the Intercreditor Agreement, each of the Security Trustees will acknowledge that they do not have any right of recourse to or against either Rating Agency in respect of a Ratings Assessment which either Security Trustee relies upon.

Reliance by the Issuer Security Trustee or the Borrower Security Trustee on any Ratings Assessment will not create, impose on or extend to either Rating Agency any actual or contingent liability to any person (including, without limitation, the Issuer Security Trustee, the Borrower Security Trustee and/or any Noteholder) or create any legal relations between Fitch and the Issuer Security Trustee, the Borrower Security Trustee, any Noteholder or any other person whether by way of contract or otherwise.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

Meaning of Ratings Assessment

In respect of a disposal of a New Propco or a Holiday Park owned by a New Propco made pursuant to the Class A Issuer/Borrower Loan Agreement, a Ratings Assessment is required to be obtained from each of S&P and Fitch. If either Rating Agency delivers such a Ratings Assessment, such Ratings Assessment will be prepared and delivered by either Rating Agency on the following limited basis:

- (a) a Ratings Assessment will be a point-in-time assessment which:
 - (i) will not constitute a credit rating by either Rating Agency;



- (ii) will not be monitored by either Rating Agency and therefore will not be updated to reflect changed circumstances or information that may affect the Ratings Assessment; and
- (iii) will not address other matters that may be of relevance to the Noteholders,

and such Ratings Assessment will be issued on the basis that the Issuer Security Trustee, the Borrower Security Trustee and each Noteholder will be deemed to have acknowledged and agreed to the above terms;

- (b) none of the Issuer Security Trustee, the Borrower Security Trustee or any Noteholder will have any right of recourse to or against either Rating Agency in respect of a Ratings Assessment which is relied upon by the Issuer Security Trustee or the Borrower Security Trustee; and
- (c) reliance by the Issuer Security Trustee or the Borrower Security Trustee on any Ratings Assessment will not create, impose on or extend to either Rating Agency any actual or contingent liability to any person (including, without limitation, the Issuer Security Trustee, the Borrower Security Trustee and/or any Noteholder) or create any legal relations between either Rating Agency and the Issuer Security Trustee, the Borrower Security Trustee, any Noteholder or any other person whether by way of contract or otherwise.

Definitive Notes not having denominations in integral multiples of the minimum authorised denomination may have difficulty in trading in the secondary market

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000 up to £199,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Notes in book-entry form will be subject to the rules of Euroclear and Clearstream respectively, which may not be adequate to ensure the owners their timely exercise of rights under the Notes

The Notes will initially only be issued in global form and deposited with a common depository for Euroclear and Clearstream, Luxembourg. Interests in the Global Notes and Global Note Certificates will trade in book-entry form only. The common depository, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole holder of the Global Notes and Global Note Certificates representing the Notes. Accordingly, owners of book-entry interests must rely on the procedures of Euroclear and Clearstream, Luxembourg, and non-participants in Euroclear or Clearstream, Luxembourg must rely on the procedures of the participant through which they own their interests, to exercise any rights and obligations of a holder of Notes.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Notes.

Repayment of the Notes in the event that the UK becomes a participating member state in the European Economic and Monetary Union

It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating member state in the European Economic and Monetary Union and the euro may become the lawful currency of the United Kingdom. In that event: (a) all amounts payable in respect of any Notes denominated in sterling may become payable in euro; (b) applicable provisions of law may allow or require the Issuer to re-denominate such Notes into euro and take additional measures in respect of such Notes; and (c) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom would have on investors in the Notes.

Prepayment of the Loans may negatively affect the projected yield to maturity of the Notes

The yield to maturity of the Notes of each Class will depend on, amongst other things, the amount and timing of repayment and prepayment of principal on the Loans and the price paid by the Noteholders. Such yield may be adversely



affected by a higher or lower than anticipated rate of prepayment on the Loans. The rate of prepayment of the Loans cannot be predicted and will be influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the UK holiday centre market, the availability of alternative financing and local and regional economic conditions. Therefore, no assurance can be given as to the level of prepayment that will be experienced.

Purchase of the Class A Notes by the Class B Noteholders in the event that the Class B Noteholders exercise the Class B Call Option may negatively affect the yield to maturity of the Class A Notes

Any one or more of the Class B Noteholders shall, following the occurrence of a Class B Call Option Trigger Event, be entitled to purchase all, and not some, of the Class A Notes within the Class B Call Option Period in return for the payment of the Class B Call Option Purchase Price in immediately transferable funds to the existing Class A Noteholders. For further details in relation to the Class B Call Option, please see the section "*Intercreditor Agreement — Class B Call Option*" below. This section sets out a fuller description of the conditions and circumstances which must be satisfied in order for the Class B Noteholders to be able to exercise the Class B Option and purchase the Class A Notes. Any such exercise by the Class B Noteholders of the Class B Call Option may impact the yield to maturity on the Class A Notes.

The risk that the Class A Noteholders may be obliged to sell their Class A Notes to the Class B Noteholders following the exercise of the Class B Call Option is mitigated by the Class B Call Option only being capable of being exercised in each of the following circumstances: (a) if the Class A Note Trustee intends to dispose of all or any of the Holiday Parks following an enforcement of the Borrower Security by the Borrower Security Trustee pursuant to any Class A Loan Event of Default; and (b) the occurrence of the last occurring Class A Note Expected Maturity Date.

Changes of law may have a negative impact on the ability of the Issuer to meet its payment obligations under the Notes

The transactions described in this Offering Circular (including the issue of the Notes) and the ratings which are to be assigned to the Notes are based on the relevant law and administrative practice in effect as at the date hereof, and having regard to the expected tax treatment of all relevant entities under such law and practice. It is possible that, whether as a result of case law or through statute, changes in law or regulations, or their interpretation or application after the date of this Offering Circular, may result in either the Issuer's, Center Parcs' or the Obligor Group's debt financing arrangements as originally structured no longer having the effect anticipated or which could have a material adverse effect on the Issuer's, Center Parcs' or the Obligor Group's business, financial condition and results of operations and/or could adversely affect the rights, priorities of payments and/or treatment of holdings in Notes of the Noteholders.



USE OF PROCEEDS

The estimated proceeds (net of transaction fees and expenses) from the issuance of the Notes will be £992.4 million.

The Issuer will on-lend an amount equal to the gross proceeds from the issuance of Notes to the Borrowers. Each Borrower will apply the proceeds of such loans together with additional funds from intra-group loans (made in accordance with the Issuer/Borrower Loan Agreements) to refinance directly or indirectly the existing debt of certain of the Obligors, pay issue expenses (including to the Issuer) and for general corporate purposes.

The following table describes the sources and uses in connection with the Transaction as at the Closing Date. The actual amounts as compared with those set forth in the table and in the accompanying footnotes are subject to adjustments and may differ at the date of consummation of the Transaction depending on several factors, including differences from the estimation of fees and expenses. The issuance of the Class A Notes and the Class B Notes are dependent upon each other.

<u>Sources</u>	<u>Amount</u> <u>£millions</u>	<u>Uses</u>	<u>Amount</u> <u>£millions</u>
Class A Facilities	740.0	Existing facilities ⁽¹⁾	1,028.3
Class B Facility	280.0	Hedge break/termination ⁽³⁾	165.1
Balance Sheet Cash	32.4	Transaction fees and expenses, including	
Contribution from shareholders ⁽²⁾	168.6	original issue discount	27.6
Total sources	<u>1,221.0</u>	Total uses	<u>1,221.0</u>

- (1) The existing facilities consist of a £750 million facility (current balance: £746 million), which accrues interest at LIBOR plus 2.98% per annum, and a £282 million facility, which accrues interest at LIBOR plus 3.5% per annum, both of which will mature in October 2013.
- (2) Contribution from shareholders does not necessarily represent a direct equity contribution of funds. Instead it represents a combination of new funds contributed to the Obligor Group and/or assumption of existing hedging liabilities within the Obligor Group by/from the existing shareholders. In addition, it will vary according to (i) the swap rates applicable to existing hedges as referred to in note (3) below and (ii) any amount of cash drawn down on the Closing Date under the Working Capital Facility Agreement.
- (3) Hedge break/termination comprises accrued interest, break costs and hedging termination costs. It will vary according to the swap rates applicable as at the Closing Date.



CAPITALISATION

The following table sets out the capitalisation and the cash and cash equivalents of Center Parcs as of 5 January 2012 (i) based on the Unaudited Combined Summary Historical Financial Information and (ii) as adjusted to reflect the Transaction, including the application of the net proceeds of the offering of the Notes and borrowings under the Issuer/Borrower Loan Agreements each as described in “Use of Proceeds”.

This table should be read in conjunction with “Use of Proceeds”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, the Unaudited Combined Summary Historical Financial Information, the basis of preparation for the Unaudited Combined Summary Historical Financial Information described in “Selected Historical Financial Information” and the Opco financial information and the Propco financial information included elsewhere in this Offering Circular.

	As at 5 January 2012	
	Unaudited Combined	As adjusted
	£millions	£millions
Capitalisation		
Cash and cash equivalents	18	6
Current and non-current financial borrowings ⁽²⁾	1,031	2
Working Capital Facility ⁽¹⁾	—	12
Class A Facilities	—	740
Class B Facility	—	280
Capitalised finance costs	—	(28)
Total third party debt	1,031	1,006
Amounts owed to related parties ⁽³⁾	148	86
Total debt	1,179	1,092
Total net invested capital	(113)	98
Total capitalisation	1,066	1,190

- (1) The Working Capital Facility is a £30 million facility with a three year maturity which will be reduced to £15 million in February 2013. For further detail, see “Description of other indebtedness — Working Capital Facility Agreement”. Center Parcs may draw on the Working Capital Facility depending on its working capital position on the Closing Date.
- (2) Current and non-current financial borrowings comprise a mortgage over Center Parcs’ head office, the existing Class A Facility and the existing Class B Facility.
- (3) Amounts owed to related parties refer to amounts owed by the Obligor Group to non-Obligor Group companies. The reduction in the as adjusted amount is a result of capitalisation arising from the Reorganisation. See “Overview — Reorganisation”.



SELECTED HISTORICAL FINANCIAL INFORMATION

The tables set forth below, for the periods indicated, are based on the following selected historical financial information, including:

- an unaudited aggregation of profit and loss statements, balance sheets and cash flows of each of Opco and Propco and their respective consolidated subsidiaries prepared in accordance with the basis of preparation set out in “— the Basis of Preparation” below;
- an unaudited aggregation of the profit and loss statements and specific balance sheet and cash flow line items of each of Opco and Propco and their respective subsidiaries as at and for the 36-week periods ended 5 January 2012 and 30 December 2010 prepared in accordance with the basis of preparation set out in “— the Basis of Preparation” below;
- the audited consolidated Opco financial statements as at and for the 53-week period ended 28 April 2011, the 52-week-period ended 22 April 2010 and the 53-week period ended 23 April 2009, in each case prepared in accordance with IFRS; and
- the audited consolidated Propco financial statements as at and for the 70-week period ended 28 April 2011, the year ended 31 December 2009 and the year ended 31 December 2008, each prepared in accordance with UK GAAP.

PricewaterhouseCoopers LLP audited and issued an auditor’s report in respect of each of the consolidated financial statements of Opco and Propco, respectively. The financial statements, the notes thereto and the auditor’s reports included in Annex 1 to this Offering Circular, have been extracted from the signed statutory annual reports and financial statements of CP Comet Holdings Limited and Forest Holdco Limited for the periods stated above, although page references have been modified solely for the convenience of the reader.

The Unaudited Combined Summary Historical Financial Information should be read in conjunction with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Presentation of Financial Information”.

The selected historical financial information set forth below should be read in conjunction with the auditor’s reports and the Opco financial statements and Propco financial statements and notes thereto contained in this Offering Circular and the sections entitled “Capitalisation” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. The information below is not necessarily indicative of the results of future operations. See “Risk Factors — Risks Relating to Center Parcs’ Business and Industry — The Unaudited Combined Summary Historical Financial Information included in this Offering Circular has not been audited and may not be indicative of Center Parcs’ results of operations had it operated as a combined commercial group or its future results of operations”.

Basis of Preparation for the Unaudited Combined Summary Historical Financial Information

General

The Unaudited Combined Summary Historical Financial Information is presented for illustrative purposes only and does not present what Center Parcs’ actual results of operations would have actually been had (i) Center Parcs operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Historical Financial Information and (ii) audited consolidated financial statements of Center Parcs as a consolidated group been prepared for the periods presented in accordance with UK GAAP or IFRS. Center Parcs will prepare consolidated financial statements for, and with effect from, each financial year beginning with and subsequent to the financial year ending 26 April 2012. As a result of the Reorganisation, Center Parcs’ management may need to review whether the current accounting policies applied in preparing the Unaudited Combined Summary Historical Financial Information continue to be the most appropriate policies for preparation of the first set of consolidated financial statements of Center Parcs and its subsidiaries. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Changes in Accounting Policies” and “Risk Factors — Risks Relating to Center Parcs’ Business and Industry — The Unaudited Combined Summary Historical Financial Information included in this Offering Circular has not been audited and may not be indicative of Center Parcs’ results of operations had it operated as a combined commercial group or its future results of operations”.

Opco and Propco have not in the past constituted a combined commercial group. The Unaudited Combined Summary Historical Financial Information included in this Offering Circular is, therefore, prepared on a basis which aggregates the profit and loss statements, balance sheets and cash flows of each of Propco and Opco and their respective subsidiaries. The Unaudited Combined Summary Historical Financial Information contains profit and loss statements, balance sheet and cash flow information only and does not include other primary statements or related notes.



The Unaudited Combined Summary Historical Financial Information for the periods ended 23 April 2009, 22 April 2010 and 28 April 2011

The Unaudited Combined Summary Historical Financial Information sets out the combined balance sheets as at 23 April 2009, 22 April 2010 and 28 April 2011 and combined profit and loss statements and combined cash flows for the 53 weeks ended 23 April 2009, 52 weeks ended 22 April 2010 and 53 weeks ended 28 April 2011 for Propco and Opco.

Unaudited Combined Summary Historical Financial Information for the periods ended 30 December 2010 and 5 January 2012

The Unaudited Combined Summary Historical Financial Information sets out specific combined balance sheet line items as at 30 December 2010 and 5 January 2012 and combined profit and loss statements and specific cash flow line items for the 36-week periods ended 30 December 2010 and 5 January 2012. The Unaudited Combined Summary Historical Financial Information presented as at and for the 36-week periods 30 December 2010 and 5 January 2012 is based on the unaudited Propco and Opco management accounts prepared by Center Parcs for internal reporting and strategy purposes.

Accounting Policies

The audited historical consolidated financial statements of Opco have been prepared in accordance with IFRS. The historical consolidated financial statements of Propco have been prepared in accordance with UK GAAP. For the purposes of the Unaudited Combined Summary Historical Financial Information, the accounting policies applied are those as set out in the consolidated financial statements of Opco for the 53 weeks ended 28 April 2011, included in Annex 1 of this Offering Circular, except that for the financial years 2009 and 2010 property owned by Propco is carried at a valuation amount that is determined annually by management on the basis of the current and future rental streams, whereas for the financial year-end 2011, property is carried at cost determined by reference to management's valuation of the property as at 31 December 2009.

Basis of Aggregation

In financial years 2008 and 2009, the financial year-end of Propco was 31 December 2008 and 31 December 2009 respectively. To align the financial year-ends of Propco and Opco, Propco's financial year-end in financial year 2011 was extended to 28 April 2011, resulting in a 70-week financial period for Propco and its subsidiaries. For the purposes of the aggregation, the financial year-ends of Propco have been realigned with the financial year-ends of Opco.

In addition, the following adjustments have been made for the purposes of the Unaudited Combined Summary Historical Financial Information:

Opco

- a portion of the accumulated depreciation on fixed assets, accounted for historically, is based on the term of the inter-company lease contract between Opco and Propco rather than the useful economic lives of the assets normally used in calculating the depreciation charge when the assets are not leased. This portion of the accumulated depreciation has been reversed to reflect that this lease would not exist on a combined basis;
- historically, the deferred tax liability related to property owned by Opco was determined based on the assumption that the economic value of property would be recovered through use. In determining the deferred tax liability related to property on a combined basis, management assumes that the economic value of property will be recovered through sale. This change has been reflected in all the periods presented; and
- the accumulated depreciation on buildings, accounted for historically, is reversed to reflect the assumption that the residual value of the buildings represents 100% of the cost of buildings.

Propco

- the accumulated amortisation of goodwill has been reversed in accordance with the accounting policies of Opco;
- property owned by Propco has historically been carried at valuation. For financial year 2011 the revaluation of property has been reversed to reflect that property will be carried at cost (using management's valuation of the property as at 31 December 2009) in the first set of consolidated financial statements;
- deferred tax has been recalculated in accordance with the accounting policies of Opco; and
- derivative financial instruments have been measured at their fair values with changes in the fair value recognised in the profit and loss statement in accordance with the accounting policies of Opco.



In preparing the Unaudited Combined Summary Historical Financial Information, transactions and balances between entities included within the Unaudited Combined Summary Historical Financial Information have been eliminated.

Unaudited Combined Summary Historical Financial Information

The following Unaudited Combined Summary Historical Financial Information is provided for illustrative purposes only and does not present what Center Parcs' actual results of operations would have actually been had (i) Center Parcs operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Historical Financial Information and (ii) audited consolidated financial statements of Center Parcs as a consolidated group been prepared for the periods presented in accordance with UK GAAP or IFRS.

Unaudited Combined Profit and Loss Statement Information

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Revenue					
Accommodation	157,205	158,206	165,091	117,634	123,447
On-site	119,663	121,769	125,448	86,252	86,724
Total	276,868	279,975	290,539	203,886	210,171
Cost of sales	(35,080)	(35,304)	(36,337)	(23,873)	(23,126)
Gross profit	241,788	244,671	254,202	180,013	187,045
Village overheads	(98,998)	(102,171)	(106,058)	(73,203)	(77,695)
Central overheads	(54,695)	(20,022)	(20,468)	(13,071)	(26,489)
Depreciation and amortisation	(24,697)	(24,070)	(22,584)	(15,578)	(17,041)
Operating profit	63,398	98,408	105,092	78,161	65,820
Finance costs	(78,615)	(82,031)	(81,711)	(55,123)	(55,703)
Finance income	3,681	2,788	2,873	2,153	2,232
Movement in fair value of derivative financial instruments ⁽¹⁾	(86,814)	8,832	(11,247)	(16,910)	(78,029)
(Loss)/profit before tax	(98,350)	27,997	15,007	8,281	(65,680)
Tax	10,630	(3,587)	(4,435)	(1,310)	12,999
(Loss)/profit for the period	(87,720)	24,410	10,572	6,971	(52,681)

(1) The movement in fair value of derivative financial instruments relates to interest rate swaps and caps which will be fully settled as part of the Transaction.



Unaudited Combined Balance Sheet Information

	As at		
	23 April 2009	22 April 2010	28 April 2011
	£'000	£'000	£'000
	(unaudited)	(unaudited)	(unaudited)
Assets			
Non-current assets			
Goodwill	157,493	157,493	157,493
Other intangible assets	128,651	125,644	126,213
Property, plant and equipment ⁽¹⁾	984,485	1,039,491	1,066,132
Retirement benefit surplus	—	—	968
Derivative financial instruments	—	—	164
Deferred tax assets	1,986	1,080	791
	1,272,615	1,323,708	1,351,761
Current assets			
Inventories	3,605	3,670	3,720
Trade and other receivables	4,913	4,435	5,483
Derivative financial instruments	376	977	—
Cash and cash equivalents	35,558	39,810	51,743
Current tax assets	—	785	1,288
Deferred tax assets	167	—	—
	44,619	49,677	62,234
Liabilities			
Current liabilities			
Financial borrowings	(267)	(267)	(267)
Trade and other payables	(95,404)	(84,365)	(88,134)
Amounts owed to related parties	(33,688)	(33,688)	(33,688)
Derivative financial instruments	(85,402)	(77,171)	(87,604)
Deferred tax liability	(2,237)	(2,810)	—
Provisions	(213)	(142)	—
	(217,211)	(198,443)	(209,693)
Net current liabilities	(172,592)	(148,766)	(147,459)
Non-current liabilities			
Financial borrowings	(1,029,628)	(1,034,710)	(1,034,266)
Trade and other payables	(1,011)	(876)	(740)
Amounts owed to related parties	(103,073)	(95,323)	(106,807)
Retirement benefit obligations	(657)	(500)	—
Deferred tax liability	(122,008)	(134,900)	(129,262)
	(1,256,377)	(1,266,309)	(1,271,075)
Net (liabilities)/assets	(156,354)	(91,367)	(66,773)
Net invested capital	(156,354)	(91,367)	(66,773)

(1) Included within property, plant and equipment are assets relating to the Fifth Village. The values are £13.1 million, £8.0 million and £4.6 million as at 28 April 2011, 22 April 2010 and 23 April 2009, respectively.

Selected Unaudited Balance Sheet Information

	As at	
	30 December 2010	5 January 2012
	£'000	£'000
	(unaudited)	(unaudited)
Property, plant and equipment ⁽¹⁾	1,053,424	1,080,597
Cash and cash equivalents	46,401	18,019
Total assets	1,407,144	1,418,456
Total net debt ⁽²⁾	988,266	1,012,703

(1) Included within property, plant and equipment are assets relating to the Fifth Village. The values are £17.2 million and £9.7 million as at 5 January 2012 and 30 December 2010, respectively.

(2) Total net debt is current and non-current financial borrowing less cash and cash equivalents, and excludes amounts owed to related parties of £149.0 million and £136.7 million as at 5 January 2012 and 30 December 2010, respectively.



Unaudited Combined Cash Flow Information⁽¹⁾

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Cash flows from operating activities			
Operating profit	63,398	98,408	105,092
Depreciation and amortisation	24,697	24,070	22,584
EBITDA	88,095	122,478	127,676
Exceptional items: impairment of property	35,218	—	—
Other exceptional items and owners' costs	2,537	2,984	2,576
Adjusted EBITDA	125,850	125,462	130,252
Other exceptional items and owners' costs	(2,537)	(2,984)	(2,576)
Movement in working capital and provisions	(16)	9,989	(1,375)
Loss/(profit) on disposal of equipment	3	—	(66)
Difference between the pension charge and the contributions	(57)	(65)	(141)
Cash generated from operations	123,243	132,402	126,094
Corporation tax paid	—	(1,006)	(503)
Net cash from operating activities	123,243	131,396	125,591
Cash flows from investing activities			
Disposal of property, plant and equipment	13	—	165
Purchase of intangible assets — software	(1,852)	(1,123)	(2,623)
Purchase of property, plant and equipment	(52,667)	(19,860)	(44,940)
Net cash used in investing activities	(54,506)	(20,983)	(47,398)
Cash flows from financing activities			
Interest received	4,536	2,716	2,894
Interest paid	(70,740)	(66,019)	(68,887)
Arrangement costs of new bank facilities	—	(13,076)	—
Dividends paid	—	(24,500)	—
Loan repayment	(5,792)	(5,016)	—
Repayment of borrowings	(267)	(266)	(267)
Net cash used in financing activities	(72,263)	(106,161)	(66,260)
Net (decrease)/increase in cash and cash equivalents	(3,526)	4,252	11,933
Cash and cash equivalents at beginning of period	39,084	35,558	39,810
Cash and cash equivalents at end of period	35,558	39,810	51,743

(1) The unaudited combined cash flow information set out herein presents interest received and interest paid within cash flows from financing activities, reflecting the presentation that will be adopted for Center Parcs' consolidated financial statements. The Opco financial statements include interest received in cash flows from investing activities and interest paid in cash flow from operating activities.

Selected Unaudited Cash Flow Information

	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)
Cash flows from operating activities	68,805	50,959
Cash flows from investing activities	(29,306)	(33,430)
Cash flows from financing activities	(32,908)	(51,253)
Net (decrease)/increase in cash and cash equivalents	6,591	(33,724)
Cash and cash equivalents at beginning of period	39,810	51,743
Cash and cash equivalents at end of period	46,401	18,019



Selected Audited Historical Financial Information for Opco

<u>Opco Profit and Loss Information</u>	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011
	£'000	£'000	£'000
Revenue	276,868	279,975	290,539
Cost of sales	(35,080)	(35,304)	(36,337)
Gross profit	241,788	244,671	254,202
Administrative expenses excluding exceptional items	(202,945)	(205,589)	(209,920)
Operating profit before exceptional items	38,843	39,082	44,282
Exceptional items	(419)	(320)	(566)
Operating profit	38,424	38,762	43,716
Movement in fair value of derivative financial instruments	(1,497)	1,160	(46)
Finance income	3,490	1,238	1,263
Finance expense	(23,736)	(16,447)	(16,064)
Profit before taxation	16,681	24,713	28,869
Taxation	(22,392)	(4,433)	(6,844)
(Loss)/profit for the period attributable to equity shareholders	(5,711)	20,280	22,025

<u>Opco Balance Sheet Information</u>	As at		
	23 April 2009	22 April 2010	28 April 2011
	£'000	£'000	£'000
Assets			
Non-current assets			
Goodwill	141,148	141,148	141,148
Other intangible assets	128,651	125,644	126,213
Property, plant and equipment ⁽¹⁾	191,968	183,444	204,294
Retirement benefit surplus	—	—	968
Trade and other receivables	5,700	6,073	6,432
Derivative financial instruments	—	—	164
Deferred tax assets	1,986	1,080	791
	469,453	457,389	480,010
Current assets			
Inventories	3,605	3,670	3,720
Trade and other receivables	48,913	56,002	53,565
Derivative financial instruments	376	889	—
Cash and cash equivalents	35,555	39,715	40,645
Current tax assets	—	785	1,288
Deferred tax assets	167	—	—
	88,616	101,061	99,218
Liabilities			
Current liabilities			
Financial borrowings	(267)	(267)	(267)
Trade and other payables	(205,927)	(192,865)	(203,525)
Derivative financial instruments	(1,841)	(1,194)	(515)
Deferred tax liability	(731)	(704)	—
Provisions	(213)	(142)	—
Net current liabilities	(120,363)	(94,111)	(105,089)
Non-current liabilities			
Financial borrowings	(294,141)	(295,430)	(295,163)
Trade and other payables	(37,440)	(36,288)	(26,387)
Retirement benefit obligations	(657)	(500)	—
Deferred tax liability	(36,677)	(37,539)	(36,852)
	(368,915)	(369,757)	(358,402)
Net (liabilities)/assets	(19,825)	(6,479)	16,519
Equity			
Ordinary shares	20,000	20,000	20,000
Retained earnings	(39,825)	(26,479)	(3,481)
Total equity	(19,825)	(6,479)	16,519

(1) Included within property, plant and equipment are assets relating to the Fifth Village. The values are £13.1 million, £8.0 million and £4.6 million for financial years ended 28 April 2011, 22 April 2010 and 23 April 2009, respectively.



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<u>Opco Cash Flow Information⁽¹⁾</u>	53 weeks ended 23 April 2009 £'000	52 weeks ended 22 April 2010 £'000	53 weeks ended 28 April 2011 £'000
Cash flows from operating activities			
Operating profit	38,424	38,762	43,716
Depreciation and amortisation	28,738	28,865	28,376
EBITDA	67,162	67,627	72,092
Exceptional items and owners' costs	2,537	2,984	2,576
Adjusted EBITDA	69,699	70,611	74,668
Exceptional items and owners' costs	(2,537)	(2,984)	(2,576)
Movement in working capital	11,994	11,941	(11,407)
Loss/(profit) on disposal of equipment	3	—	(66)
Difference between the pension charge and the contributions	(57)	(65)	(141)
Cash generated from operations	79,102	79,503	60,478
Corporation tax paid	—	(1,006)	(503)
Net cash from operating activities	79,102	78,497	59,975
Cash flows from investing activities			
Sale of property, plant and equipment	13	—	165
Purchase of intangible assets — software	(1,852)	(1,123)	(2,623)
Purchase of property, plant and equipment	(52,667)	(19,860)	(44,940)
Net cash used in investing activities	(54,506)	(20,983)	(47,398)
Cash flows from financing activities			
Interest received	1,833	865	904
Interest paid	(23,800)	(20,725)	(12,284)
Arrangement costs of new bank facilities	—	(3,712)	—
Dividends paid	—	(24,500)	—
Loan from related party	4,428	—	—
Loan repayment	—	(5,016)	—
Repayment of borrowings	(267)	(266)	(267)
Net cash used in financing activities	(17,806)	(53,354)	(11,647)
Net increase in cash and cash equivalents	6,790	4,160	930
Cash and cash equivalents at beginning of period	28,765	35,555	39,715
Cash and cash equivalents at end of period	35,555	39,715	40,645

(1) The cash flow information set out herein presents interest received and interest paid within cash flows from financing activities, reflecting the presentation that will be adopted for Center Parcs' consolidated financial statements. The Opco financial statements include interest received in cash flows from investing activities and interest paid in cash flow from operating activities.

Selected Audited Historical Financial Information of Propco

<u>Propco Group Profit and Loss Information</u>	Year ended 31 December 2008 £'000	Year ended 31 December 2009 £'000	70 weeks ended 28 April 2011 £'000
Turnover	49,948	53,011	71,139
Administrative expenses	(1,094)	(1,238)	(1,317)
Operating profit before exceptional items	48,854	51,773	69,822
Exceptional items	(959)	—	—
Operating profit	47,895	51,773	69,822
Provision against investment properties	(35,218)	—	—
Interest receivable and similar income	2,663	2,002	2,562
Interest payable and similar charges	(53,653)	(51,812)	(97,091) ⁽¹⁾
(Loss)/profit on ordinary activities before taxation	(38,313)	1,963	(24,707)
Tax credit on (loss)/profit on ordinary activities	151	2,694	4,573
(Loss)/profit for the financial period	(38,162)	4,657	(20,134)

(1) The interest payable and similar charges figure of £97,091,000 for the 70 weeks to 28 April 2011 includes exceptional costs of £12,063,000.



Propco Balance Sheet Information

	As at		
	31 December 2008	31 December 2009	28 April 2011
	£'000	£'000	£'000
Fixed assets			
Intangible assets	14,203	13,386	12,317
Tangible assets	782,282	841,031	937,983
	<u>796,485</u>	<u>854,417</u>	<u>950,300</u>
Current Assets			
Debtors	49,303	59,019	59,732
Cash at bank and in hand	18,346	19,820	11,098
	<u>67,649</u>	<u>78,839</u>	<u>70,830</u>
Creditors: amounts falling due within one year	<u>(63,576)</u>	<u>(60,417)</u>	<u>(55,070)</u>
Net current assets	<u>4,073</u>	<u>18,422</u>	<u>15,760</u>
Creditors: amounts falling due after more than one year	<u>(842,089)</u>	<u>(850,362)</u>	<u>(862,951)</u>
Deferred taxation	(1,505)	(2,107)	(5,921)
	<u>(843,594)</u>	<u>(852,469)</u>	<u>(868,872)</u>
Net (liabilities)/assets	<u>(43,036)</u>	<u>20,370</u>	<u>97,188</u>
Capital and reserves			
Called up share capital	1	1	1
Share premium account	9,999	9,999	9,999
Revaluation reserve	—	23,531	120,483
Profit and loss account	(53,036)	(13,161)	(33,295)
Total shareholders' (deficit)/funds	<u>(43,036)</u>	<u>20,370</u>	<u>97,188</u>

Propco Cash Flow Information

Propco Cash Flow Information	Year ended 31 December 2008	Year ended 31 December 2009	70 weeks ended 28 Apr 2011
	£'000	£'000	£'000
Operating profit	47,895	51,773	69,822
Amortisation	817	817	1,069
EBITDA	48,712	52,590	70,891
Exceptional items	959	—	—
Adjusted EBITDA	49,671	52,590	70,891
Exceptional items	(959)	—	—
Movement in working capital	(4,004)	(6,760)	(3,303)
Net cash inflow from operating activities	44,708	45,830	67,588
Returns on investments and servicing of finance			
Interest received	2,272	1,917	2,949
Interest paid	(47,772)	(46,273)	(79,259)
Net cash outflow from returns on investments and servicing of finance	(45,500)	(44,356)	(76,310)
Net cash flow before financing	(792)	1,474	(8,722)
Financing			
Net repayment of loan from related party	(10,220)	—	—
(Decrease)/increase in cash	(11,012)	1,474	(8,722)



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

Unless otherwise indicated, the financial data in this discussion of financial condition and results of operations is based on, and should be read in conjunction with, the Unaudited Combined Summary Historical Financial Information of Center Parcs as at and for the financial years ended 28 April 2011, 22 April 2010 and 23 April 2009 and for the 36-week periods ended 5 January 2012 and 30 December 2010. See "Selected Historical Financial Information". Investors should also read the following discussion together with:

- the Opco financial statements as at and for the financial years 2011, 2010 and 2009 prepared in accordance with IFRS included elsewhere in this Offering Circular; and
- the Propco financial statements as at and for the 70-week financial period ended 28 April 2011, the year ended 31 December 2009 and the year ended 31 December 2008 prepared in accordance with UK GAAP included elsewhere in this Offering Circular.

Since Center Parcs has not operated as a consolidated group before the issuance of the Notes, Center Parcs has prepared the Unaudited Combined Summary Historical Financial Information, which it believes is the most meaningful financial presentation available to allow investors to gain an understanding of the financial condition and results of operation of Center Parcs as a combined commercial group. The Unaudited Combined Summary Historical Financial Information is prepared on a basis which aggregates financial data from the Opco financial statements and Propco financial statements. Because the financial reporting periods of Opco and Propco differ, the financial year-ends of Propco have been realigned with the financial year-ends of Opco for the purposes of the aggregation. See "Selected Historical Financial Information — Basis of preparation for the Unaudited Combined Summary Historical Financial Information".

The Unaudited Combined Summary Historical Financial Information has limitations given that:

- Opco's financial statements are prepared in accordance with IFRS, whereas Propco's financial statements are prepared in accordance with UK GAAP; and
- the financial years of Opco and Propco differ, as described above.

In addition, the Unaudited Combined Summary Historical Financial Information is not audited and the Unaudited Combined Summary Historical Financial Information as at and for the periods ended 30 December 2010 and 5 January 2012 is based on information prepared by Center Parcs for internal reporting and strategy purposes and has not been audited or reviewed and consequently, no audit or review report has been issued for such periods. The Unaudited Combined Summary Historical Financial Information is provided for illustrative purposes only and does not present what Center Parcs' actual results of operations would have actually been had (i) Center Parcs operated as a combined commercial group during the periods presented in the Unaudited Combined Summary Historical Financial Information and (ii) audited consolidated financial statements of Center Parcs as a consolidated group been prepared for the periods presented in accordance with UK GAAP or IFRS. In addition, the Unaudited Combined Summary Historical Financial Information should not be construed to be indicative of (i) the future operating results or financial position of Center Parcs or (ii) the accounting policies that management will apply to the future consolidated financial statements of Center Parcs as a single consolidated group, which management will prepare for, and as of, the financial year ended 26 April 2012.

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

As a result of the Reorganisation, Center Parcs may need to review whether the current accounting policies applied to the Unaudited Combined Summary Historical Financial Information continue to be the most appropriate policies for preparation of the first set of financial statements of Center Parcs as a single consolidated group. See "— Changes in Accounting Policies". As a result, the accounting policies used as the basis for the Unaudited Combined Historical Financial Information may not be the same as those used to prepare the audited consolidated financial statements of Center Parcs. See "Summary — Transaction Structure Overview".

OVERVIEW

Center Parcs is the leading provider of fully self-contained forest village short-break holidays in the UK, attracting over 1.6 million guests in the financial year 2011. Center Parcs operates four specially constructed holiday villages in the United Kingdom: Sherwood Forest in Nottinghamshire, Longleat Forest in Wiltshire, Elveden Forest in Suffolk and Whinfell Forest in Cumbria. Each village is set in a forest environment amongst approximately 400 acres of forest and lakes and is open 365 days per year. Each village provides approximately 850 high quality accommodation units occupied by approximately 4,500 guests per stay. The villages provide a comfortable, quiet, car-free and family-friendly environment. Villas and lodges are



distributed throughout the village, typically within easy walking or cycling distance of key attractions. In addition, each village offers an extensive range of over 100 sports and leisure activities, including many outdoor activities, tree trekking and ten-pin bowling and numerous other facilities such as restaurants, bars, retail outlets and spas.

The villages provide what Center Parcs believes to be premier quality facilities, with a primary guest base of affluent families.

During financial years 2009, 2010 and 2011, Center Parcs' villages had an average occupancy of 95.5%, 97.3% and 96.3%, respectively, combined revenues of £276.9 million, £280.0 million and £290.5 million, respectively, and Adjusted EBITDA of £125.9 million, £125.5 million and £130.3 million, respectively. During the 36-week periods ended 5 January 2012 and 30 December 2010, Center Parcs' villages had an average occupancy of 96.9% and 96.6%, respectively, combined revenues of £210.2 million and £203.9 million, respectively, and Adjusted EBITDA of £99.3 million and £95.9 million, respectively.

Center Parcs is proposing to develop and build the Fifth Village at Woburn in Bedfordshire with a targeted catchment area that includes all London households (which Center Parcs believes is primarily an untapped market for short breaks). Initially, the Fifth Village will be owned and financed separately from the Obligor and will become part of the Obligor only if and when certain accession conditions are satisfied. See “— *Key Factors Affecting Results of Operations* — *Other Key Factors Affecting Results of Operations — The Proposed Fifth Village*”.

The following tables set out certain key performance indicators as well as Center Parcs' revenue and Adjusted EBITDA attributable to each of Center Parcs' existing four villages during the periods indicated:

	<u>53 weeks ended</u> <u>23 April 2009</u>	<u>52 weeks ended</u> <u>22 April 2010</u>	<u>53 weeks ended</u> <u>28 April 2011</u>	<u>36 weeks ended</u> <u>30 December 2010</u>	<u>36 weeks ended</u> <u>5 January 2012</u>
Certain Operating Data	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Average number of villas	3,380	3,380	3,386	3,383	3,401
Number of available villa nights (thousands)	1,254	1,230	1,256	853	857
Occupancy (%)	95.5%	97.3%	96.3%	96.6%	96.9%
ADR (£)	131.34	132.19	136.49	142.90	148.66
RevPAV (£)	125.36	128.59	131.43	137.97	144.04
	<u>53 weeks ended</u> <u>23 April 2009</u>	<u>52 weeks ended</u> <u>22 April 2010</u>	<u>53 weeks ended</u> <u>28 April 2011</u>	<u>36 weeks ended</u> <u>30 December 2010</u>	<u>36 weeks ended</u> <u>5 January 2012</u>
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Revenue⁽¹⁾					
Total accommodation revenue	157,205	158,206	165,091	117,634	123,447
Total on-site revenue	119,663	121,769	125,448	86,252	86,724
Total revenue	276,868	279,975	290,539	203,886	210,171
Revenue by Village⁽¹⁾					
Sherwood	72,490	73,148	75,541	52,660	54,689
Elveden	70,947	70,640	74,126	51,997	53,944
Longleat	68,206	68,693	71,233	49,713	52,215
Whinfell	65,225	67,494	69,639	49,516	49,323
Total	276,868	279,975	290,539	203,886	210,171
Adjusted EBITDA⁽¹⁾⁽²⁾					
Sherwood	38,740	39,154	40,073	28,572	29,511
Elveden	36,718	36,132	37,905	27,295	28,253
Longleat	35,058	34,700	35,915	25,700	26,934
Whinfell	32,273	32,515	34,251	25,243	24,652
Total Village Adjusted					
EBITDA⁽³⁾	142,790	142,500	148,144	106,810	109,350
Central overheads ⁽⁴⁾	(16,940)	(17,038)	(17,892)	(10,889)	(10,031)
Total Adjusted EBITDA	125,850	125,462	130,252	95,921	99,319
Adjusted EBITDA margin	45.5%	44.8%	44.8%	47.0%	47.3%

(1) The above data is unaudited and has been extracted from internal management accounts.

(2) For a discussion of Adjusted EBITDA, see “*Summary—Unaudited Combined Summary Historical Financial Information—Other Combined Financial, Operating and As Adjusted Data*”.

(3) Excluding head office and other central overheads.

(4) Excluding owners costs and exceptional items.



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KEY FACTORS AFFECTING RESULTS OF OPERATIONS*Key Factors Affecting Revenue**Overview*

Revenue is principally comprised of accommodation revenue generated from stays at Center Parcs' accommodation, and on-site revenue, comprised of amounts invoiced predominately for the sale of food and beverages, retail items, leisure activities and spa-related activities. Accommodation revenue is recognised when the short break is taken. On-site revenue is recognised at the point the guest undertakes the relevant activity or receives the relevant service.

For each of the three financial years 2011, 2010 and 2009, approximately 40% of the available villa nights for the relevant financial year had been booked by the beginning of that financial year. Center Parcs collects 30% of the accommodation cost at the time of booking if the booking is made more than ten weeks in advance of the short break. The balance of the cost is collected ten weeks prior to the start of the break that has been booked. If a guest books less than ten weeks prior to the arrival date, the accommodation cost is payable in full on booking. Similarly, leisure activities available at the villages can be pre-booked and pre-paid prior to arrival. In financial year 2011, over 60% of leisure revenue from the villages was pre-booked and pre-paid prior to arrival.

Seasonality and Yield Management

Center Parcs' villages are open for 365 days of the year, comprising 104 breaks per year at each village. Although guest demand tends to be highest during school and bank holidays, Center Parcs' occupancy rates historically have remained close to or above 90% at all villages for virtually every individual break throughout the year.

To maximise revenue levels for each break, Center Parcs applies "yield management" strategies to actively adjust accommodation prices to reflect the demand and seasonality. Center Parcs has a dedicated pricing team to constantly monitor forward occupancy and adjust prices for accommodation during the year according to expected guest demand.

On-site prices are generally more uniform over the year than accommodation prices. However, the villages attract more high-spending guests during peak periods, which typically results in higher per-guest on-site expenditure. In addition, during off-peak periods Center Parcs may engage in more promotional activities to fill available spaces on activities.

Key Performance Indicators

To measure and maximise yields, Center Parcs uses the following key performance indicators:

Occupancy: A key driver of Center Parcs' accommodation and on-site revenue is occupancy rates. Occupancy is the average number of villas occupied as a percentage of the total number of villas available. Average occupancy rates were above 95% for each of the three financial years to 28 April 2011 and the 36-week periods ended 5 January 2012 and 30 December 2010, varying from 95.5% in financial year 2009 to 97.3% in financial year 2010 and 96.3% in financial year 2011 and 96.9% and 96.6% in the 36-week periods ended 5 January 2012 and 30 December 2010, respectively. In the three financial years to 28 April 2011, an average of approximately 43% of Center Parcs' total revenue was from on-site expenditure. As a result, Center Parcs is focused on driving occupancy levels in order to optimise the number of guests, which in turn optimises on-site expenditure.

ADR: One of the key performance indicators Center Parcs uses to help measure and maximise its yield is the average daily rate (ADR). ADR is the average rent (excluding VAT) achieved based on total rental income for the period divided by the total number of villa nights sold. Due to yield management adjustments, ADR can vary substantially between low and peak periods. ADR for financial year 2011 was £136.49, compared with £132.19 and £131.34 for financial years 2010 and 2009, respectively. ADR for the 36-week periods ended 5 January 2012 and 30 December 2010 was £148.66 and £142.90, respectively. The increased ADR over the years is primarily a result of inflationary price increases, improved mix of villas following refurbishment and yield management improvements.

RevPAV: Rent per available villa night (RevPAV) is the average rent (excluding VAT) achieved based on total rental income divided by the total available number of villa nights. RevPAV can also be calculated as ADR multiplied by occupancy. RevPAV for financial year 2011 was £131.43, compared with £128.59 and £125.36 for financial years 2010 and 2009, respectively. RevPAV for the 36-week periods ended 5 December 2012 and 30 December 2010 was £144.04 and £137.97, respectively. The scale of the increases in RevPAV over the years primarily reflects those factors discussed for ADR above. Center Parcs' management believe RevPAV to be the most meaningful key performance indicator because RevPAV takes into account both occupancy and ADR.

Forward Bookings: Management believes that forward bookings as a percentage of available capacity on a 12-month rolling basis provide good visibility of future occupancy levels. Bookings at 28 April 2011 represented 38.2% of available capacity for financial year 2012, compared with 38.9% as at 22 April 2010 for financial year 2011.



Key Factors Affecting Operating Costs/Expenses

Center Parcs' principal operating costs are cost of sales, village overheads and central overheads. The following table sets forth cost of sales, village overheads and central overheads for the periods indicated:

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Cost of sales	(35,080)	(35,304)	(36,337)	(23,873)	(23,126)
Village overheads	(98,998)	(102,171)	(106,058)	(73,203)	(77,695)
Central overheads	(54,695)	(20,022)	(20,468)	(13,071)	(26,489)
Total	(188,773)	(157,497)	(162,863)	(110,147)	(127,310)

Cost of Sales

Cost of sales represents variable direct expenses incurred from revenue-generating activities. The expenses of food and beverages and retail merchandise are the principal expenses recognised in cost of sales. These costs generally vary according to changes in revenue. Center Parcs continually evaluates and renegotiates supply agreements and aims to apply best practices throughout the group.

Village Overheads

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

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Village overheads			
Personnel costs	59,591	59,248	62,361
Maintenance costs	7,321	7,307	7,148
Energy costs	8,581	9,429	9,275
Insurance/rent/rates	10,813	12,780	14,503
Other costs	12,692	13,407	12,771
Total	98,998	102,171	106,058

The largest cost within village overheads is in respect of personnel costs. Center Parcs utilises visibility of forward bookings to optimise the efficiency of personnel across the village by matching staffing levels to expected demand in various areas of the business. Center Parcs seeks to keep increases in personnel costs at or below inflation.

Center Parcs seeks to manage other village overheads through strong cost controls.

Central Overheads

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

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Central overheads			
Personnel costs	8,023	8,680	9,198
Marketing costs	6,861	5,975	6,371
Other costs	2,056	2,383	2,323
	16,940	17,038	17,892
Owners' costs	2,118	2,664	2,010
Exceptional costs			
Property impairment	35,218	—	—
Other exceptional costs	419	320	566
	35,637	320	566
Total	54,695	20,022	20,468

Central overheads primarily include two main ongoing costs: central and head office personnel costs and marketing costs. Personnel costs are subject to annual increases, which Center Parcs seeks to keep at or below inflation.



Marketing costs are controlled through the use of cost-efficient marketing channels such as television and internet advertising. Marketing campaigns are planned annually with a significant concentration around the peak booking season of January and February.

Exceptional costs include a property impairment charge of £35.2 million in financial year 2009. This charge resulted from the prevailing economic climate at that time, which impacted property yields and hence the valuation applied. The property valuation subsequently increased by £58.7 million for financial year 2010. This increase is reflected through the net invested capital of Center Parcs rather than as a credit to the profit and loss statement.

Other Key Factors Affecting Results of Operations

Finance Income

Finance income comprises interest earned on the cash balances of the group.

Finance Costs

Finance costs comprise interest paid on outstanding debt and loans, primarily bank debt and loans from related parties together with the amortisation of costs incurred in the raising of finance.

Movement in Fair Value of Derivative Financial Instruments

Under IFRS, the fair values of financial instruments are required to be shown in the balance sheet. Any movement in these fair values during the year is shown in the profit and loss statement. Center Parcs' derivative financial instruments chiefly comprise certain interest rate swaps and interest rate caps to hedge interest rate exposures. See the notes to the Opc financial statements and the Propco financial statements included in Annex 1.

Tax

Management defines effective tax rate as income tax expense over profit before tax for a given period. The level of Center Parcs' effective tax rates is influenced by a number of factors, including profitability, capital allowances, the deductibility of certain expenses and the availability of tax credits and other tax benefits to offset against profits so as to reduce tax expense. Center Parcs anticipates that it will move from being a non-tax-paying entity to a tax-paying entity in future years as profits increase.

Center Parcs' Investment Programme

Center Parcs incurs capital expenditure for (a) maintenance, which includes maintaining and refurbishing existing assets, and (b) investment, which is aimed at improving existing assets and introducing new facilities and features, with an aim to generate attractive returns on these investments.

During the three financial years ended 28 April 2011, Center Parcs invested approximately £120 million in accommodation and facilities at the villages, upgrading and refurbishing approximately 800 villas and building 16 new lodges. The investment programme has also included the opening of Zilli Café at Elveden, Sherwood and Longleat, the extension to the Starbucks Café at Whinfell and a major refurbishment of the leisure bowling centre at Sherwood. Major maintenance capital has included a significant upgrade of the roof of the subtropical swimming paradise at Sherwood.

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

- *Refurbishment*: approximately every eight years, each unit needs to be refurbished to maintain an acceptable standard, which typically ensures existing levels of ADR are maintained; and
- *Upgrade*: following the refurbishment cycle there is typically a further eight years before a unit is upgraded, which includes a full refurbishment of the unit and also an upgrade of the standard to add new features and to modernise the style of the unit. The ADR achieved on upgraded accommodation is typically 15% higher than the equivalent non-upgraded accommodation.

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



Center Parcs plans to complete the upgrade of all of its villas within the next four years. This involves the upgrade of the remaining 1,670 units across its villages to new “Woodland” style accommodation. In addition, Center Parcs has obtained planning permission to build approximately 37 new lodges across its villages. Center Parcs currently estimates that this investment programme through April 2015 is likely to cost between £70 million and £85 million. See “— *Liquidity and Capital Resources — Capital Expenditures*” and “*Risk Factors — Risks Relating to Center Parcs’ Business and Industry — The management of each village is relatively capital intensive and Center Parcs’ future growth depends on continued maintenance capital expenditure and investment capital expenditure, which may be significant. Also, a failure to make the requisite maintenance capital expenditure in a timely manner could have a material adverse effect on Center Parcs’ business, financial condition and results of operations*”.

The Proposed Fifth Village

Occupancy in all Center Parcs villages has been close to or above 90% on average per year since 1987. In addition, Center Parcs also experiences “over-demand” during the calendar year, especially during peak times such as school breaks and holidays. Accordingly, Center Parcs’ management believe that the historical performance and occupancy level of its four villages suggest that there is sufficient demand to support an additional village.

Center Parcs’ guest concentration is currently highest around the north-eastern home counties, including Essex and Nottinghamshire. Center Parcs’ management therefore believe a Fifth Village at Woburn in Bedfordshire offers significant potential to grow Center Parcs’ business by increasing Center Parcs’ overall guest numbers and operating profit if the Fifth Village becomes part of the Obligors in accordance with the accession provisions of the Issuer/Borrower Loan Agreements, given that:

- Center Parcs currently has relatively low penetration of guests in London. The Fifth Village would be the only Center Parcs village located within an estimated average 90-minute drive time for the estimated ten million people living in the London Greater Metropolitan Area; and
- the Woburn catchment area is greater in population and concentration than that of any existing village.

However, Center Parcs expects that successful completion of the Fifth Village is initially likely to slightly decrease occupancy at the existing villages, particularly at Elveden, Sherwood and, to a lesser extent, Longleat, due to the novelty effect. The Fifth Village is, therefore, likely to temporarily reduce Center Parcs’ operating profit, at least in the initial years following practical completion of the Fifth Village, which is expected to be during 2014. Based on Center Parcs’ historical experience with opening Longleat in 1994 and re-opening Elveden in 2003, Center Parcs expects that these decreases are unlikely to adversely affect Center Parcs’ ability to meet its obligations under the Notes and that the impact of these decreases will no longer be material from the second financial year of the Fifth Village being operational, with operating profits reverting back to at least the levels prior to the Fifth Village opening.

The Fifth Village will be financed, owned and developed outside the Obligor Group. Noteholders will not, therefore, be exposed to the Fifth Village construction risk or have recourse to the assets relating to the Fifth Village or receive any revenues from the completed Fifth Village unless and until certain accession conditions specified in the Issuer/Borrower Loan Agreements are satisfied. These conditions may not be satisfied when expected or at all. There is a risk that if the accession conditions are not satisfied, then, Center Parcs may experience the above-mentioned initial negative impacts of successful completion of the Fifth Village without the benefits of including revenues expected to be derived from the successful operation of the Fifth Village. See “*Risk Factors — Risks Relating to Proposed Fifth Village and Other Additional Villages*”. Although there is a risk that the negative impact of the Fifth Village may be significantly greater than Center Parcs expects, Center Parcs believes the development and successful operation of the Fifth Village is a significant opportunity to grow Center Parcs’ business, if and when the Fifth Village becomes part of the Obligor Group in accordance with the accession conditions of the Issuer/Borrower Loan Agreements.



RESULTS OF COMBINED OPERATIONS

The following table sets out Center Parcs' combined profit and loss statement from the Unaudited Combined Summary Historical Financial Information for the periods indicated:

	53 weeks ended 23 April 2009	52 weeks ended 22 April 2010	53 weeks ended 28 April 2011	36 weeks ended 30 December 2010	36 weeks ended 5 January 2012
	£'000	£'000	£'000	£'000	£'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue					
Accommodation	157,205	158,206	165,091	117,634	123,447
On-site	119,663	121,769	125,448	86,252	86,724
Total	276,868	279,975	290,539	203,886	210,171
Cost of sales	(35,080)	(35,304)	(36,337)	(23,873)	(23,126)
Gross profit	241,788	244,671	254,202	180,013	187,045
Village overheads	(98,998)	(102,171)	(106,058)	(73,203)	(77,695)
Central overheads	(54,695)	(20,022)	(20,468)	(13,071)	(26,489)
Depreciation and amortisation	(24,697)	(24,070)	(22,584)	(15,578)	(17,041)
Operating profit	63,398	98,408	105,092	78,161	65,820
Finance costs	(78,615)	(82,031)	(81,711)	(55,123)	(55,703)
Finance income	3,681	2,788	2,873	2,153	2,232
Movement in fair value of derivative financial instruments	(86,814)	8,832	(11,247)	(16,910)	(78,029)
(Loss)/profit before tax	(98,350)	27,997	15,007	8,281	(65,680)
Tax	10,630	(3,587)	(4,435)	(1,310)	12,999
Net (loss)/income for the period	(87,720)	24,410	10,572	6,971	(52,681)

See "Selected Historical Financial Information" for further information on the Unaudited Combined Summary Historical Financial Information.

36 week Period Ended 5 January 2012 Compared with the 36 week Period Ended 30 December 2010

Revenue

Revenue increased by £6.3 million or 3.1% in the 36 weeks ended 5 January 2012 to £210.2 million from £203.9 million in the 36 weeks ended 30 December 2010. Accommodation revenue increased by 4.9% to £123.4 million in the 36 weeks to 5 January 2012, compared to £117.6 million in the 36 weeks ended 30 December 2010, due primarily to inflationary price increases, the mix of accommodation and yield management. On-site revenue increased by 0.5% to £86.7 million in the 36 weeks to 5 January 2012, compared to £86.3 million in the 36 weeks ended 30 December 2010, primarily due to price increases.

Average occupancy increased to 96.9% for the 36 weeks ended 5 January 2012, from 96.6% for the 36 weeks ended 30 December 2010. The average number of villas was 3,401 during the 36 weeks ended 5 January 2012, an increase of 0.5% from 3,383 in the 36 weeks ended 30 December 2010. The number of available villa nights was 857,000 during the 36 weeks ended 5 January 2012, an increase of 0.5% from 853,000 in the 36 weeks ended 30 December 2010. The increase in available villa nights was attributable to the corresponding increase in the average number of villas.

ADR increased by 4.0% in the 36 weeks ended 5 January 2012 compared with the 36 weeks ended 30 December 2010, primarily due to inflationary price increases, the mix of accommodation and yield management. ADR in the 36 weeks ended 30 December 2010 was 4.7% higher than that achieved for the 53 weeks ended 28 April 2011. The first 36 weeks of the Center Parcs' financial year generally benefits from more peak booking breaks than the remainder of the year. RevPAV also increased correspondingly.

Cost of Sales

Cost of sales decreased to £23.1 million in the 36 weeks ended 5 January 2012 from £23.9 million in the 36 weeks ended 30 December 2010 and decreased as a percentage of revenue to 11.0% in the 36 weeks ended 5 January 2012 from 11.7% in the 36 weeks ended 30 December 2010 as a result of sales mix and good cost management.



Village Overheads

Village overheads were £77.7 million in the 36 weeks ended 5 January 2012, an increase of 6.1% compared to the 36 weeks ended 30 December 2010, which was due primarily to significant increases in business rates following the five-year review in 2010, as well as increases in energy costs and insurance charges. Excluding the impact of these increases, village overheads increased by 3.3%.

Central Overheads

Central overheads increased by £13.4 million, or 102.7%, in the 36 weeks ended 5 January 2012 from the 36 weeks ended 30 December 2010. Included within central overhead is a £15.1 million charge in respect of the settlement of a one-off legal dispute which Center Parcs had in respect of certain of its property interests. That dispute was settled to the satisfaction of all parties and has no ongoing impact on the business. Before exceptional costs and owners costs central overheads decreased by £0.9 million, or 7.9%.

Depreciation and Amortisation

Depreciation and amortisation increased by £1.5 million, or 9.4%, in the 36 weeks ended 5 January 2012 from the 36 weeks ended 30 December 2010, due primarily to the increased levels of capital expenditure in financial years 2011 and 2012 on lodge refurbishment and new builds.

Finance Costs

Finance costs have increased by £0.6 million, or 1.1% to £55.7 million in the 36 weeks ended 5 January 2012 from £55.1 million in the 36 weeks ended 30 December 2010.

Movement in Fair Value of Derivative Financial Instruments

During the 36 weeks ended 5 January 2012 the movement in interest rates was such that a £78.0 million cost was shown that was attributable to the movement in the fair value of certain interest rate swaps and interest caps to hedge interest rate exposures that will be fully settled as part of the Transaction. This charge is an accounting entry only and no cash left the business as a result.

Tax

Center Parcs' effective income tax rate was 19.8% and 15.8% for the 36 weeks ended 5 January 2012 and the 36 weeks ended 30 December 2010 respectively. With capital allowances and other deductibles no corporation tax was payable for financial year 2011 and Center Parcs anticipates that no cash tax will be payable in respect of financial year 2012.

(Loss)/Profit for the Period

As a result of the above factors, Center Parcs had a net loss for the 36 weeks ended 5 January 2012 of £52.7 million compared to a profit of £7.0 million for the 36 weeks ended 30 December 2010.

Financial Year 2011 Compared with Financial Year 2010

Revenue

Total revenues increased by £10.6 million, or 3.8%, to £290.5 million in financial year 2011 from £280 million in financial year 2010. Accommodation revenue increased by 4.4% to £165.1 million in financial year 2011, compared with £158.2 million in financial year 2010, due predominately to inflationary price increases, the mix of accommodation, yield management and a 53-week financial year in 2011 compared with a 52-week financial year in 2010. On-site revenue increased by 3.0% to £125.4 million in financial year 2011, compared with £121.8 million in financial year 2010, primarily due to price increases and the above-mentioned extra week in the 2011 financial year.

Average occupancy decreased to 96.3% for financial year 2011, from 97.3% for financial year 2010. The decreased occupancy in financial year 2011 was a result of a strong performance of the business in financial year 2010 coupled with no villas being refurbished (but still included in the calculation of occupancy) in financial year 2010. The average number of villas was 3,386 during financial year 2011, an increase of 0.2% from 3,380 during financial year 2010. The number of available villa nights was 1.26 million during financial year 2011, an increase of 2.1% from 1.23 million during financial year 2010. The increase in available villa nights was primarily attributable to a 53-week financial year in 2011 as compared with a 52-week financial year in 2010.

***Cost of Sales***

Cost of sales increased to £36.3 million in financial year 2011 from £35.3 million in financial year 2010, and slightly decreased as a percentage of revenue to 12.5% in financial year 2011 from 12.6% in financial year 2010 as a result of strong cost management.

Village Overheads

Village overheads were £106.1 million in financial year 2011, an increase of 3.8% compared with financial year 2010. The biggest driver of this increase was in relation to staff costs which increased broadly in line with inflation. In addition, Center Parcs was subject to an above-inflationary increase in business rates costs at all four villages as a result of the business rating assessment which took place in 2010.

Central Overheads

Central overheads increased by £0.4 million, or 2.2%, in financial year 2011 from financial year 2010. This increase was primarily due to increased costs in respect of a new television commercial expensed during the year.

Depreciation and Amortisation

Depreciation and amortisation decreased by £1.5 million, or 6.2%, in financial year 2011 from financial year 2010. This decrease was primarily due to the reduced capital expenditure in financial year 2010.

Finance Costs

Finance costs decreased by £0.3 million, or 0.4%, to £81.7 million, in financial year 2011 from £82.0 million in financial year 2010. This was as a result of increased interest charges arising from the refinancing in April 2010, which was offset by a reduction in refinancing costs as all costs related to the April 2010 refinancing were written off in financial year 2010.

Movement in Fair Value of Derivative Financial Instruments

During financial year 2011 the movement in interest rates was such that an £11.2 million cost was shown that was attributable to the movement in the fair value of certain interest rate swaps and interest rate caps to hedge interest rate exposures. The movement in fair value of derivative financial instruments relates to a swap that will be fully settled as part of the Transaction.

Tax

Center Parcs' effective income tax rate was 29.6% and 12.8% for financial year 2011 and financial year 2010, respectively. While payments on account for corporation tax were made during financial year 2010 and 2011, these are anticipated to be recovered in full as a result of capital allowances and other deductibles that reduced taxable income to nil, in turn resulting in no cash tax payable in respect of financial year 2010. Center Parcs, however, anticipates corporation tax will be payable in future years as profits increase.

(Loss)/Profit for the Period

As a result of the foregoing factors, Center Parcs had net income of £10.6 million in financial year 2011 compared with £24.4 million in financial year 2010.

Financial Year 2010 Compared with Financial Year 2009***Revenue***

Total revenues increased by £3.1 million, or 1.1%, to £280.0 million in financial year 2010 from £276.9 million in financial year 2009, primarily reflecting increases in both accommodation revenue and on-site revenue. Accommodation revenue increased by 0.6% to £158.2 million in financial year 2010, compared with £157.2 million in financial year 2009, primarily due to price increases and improved yield management offset by the difference of a 52-week financial year in 2010 compared with a 53-week financial year in 2009. On-site revenue increased by 1.8% to £121.8 million in financial year 2010, compared with £119.7 million in financial year 2009, due to inflationary price increases, partially offset by one less trading week.

Average occupancy increased to 97.3% for financial year 2010, from 95.5% for financial year 2009. The increase is a result of the cessation of the refurbishment programme of villas during financial year 2010. The average number of villas



was 3,380 during each of financial years 2010 and 2009. The number of available villa nights was 1.23 million during financial year 2010, a decrease of 1.9% from 1.26 million during financial year 2009. The decrease in available villa nights was attributable to a 52-week financial year in 2010 as compared with a 53-week financial week in 2009.

Cost of Sales

Cost of sales increased by £0.2 million, or 0.6%, to £35.3 million in financial year 2010, from £35.1 million in financial year 2009, and slightly decreased as a percentage of revenues to 12.6% in financial year 2010 from 12.7% in financial year 2009.

Village Overheads

Village overheads were £102.2 million in financial year 2010, an increase of 3.2% compared with financial year 2009 largely reflecting annual pay increases.

Central Overheads

Central overheads decreased by £34.7 million or 63.4% during financial year 2010 from £54.7 million in financial year 2009, primarily due to a one-off property impairment of £35.2 million in financial year 2010 resulting from a lower property valuation during the financial year. See “— *Key Factors Affecting Operating Costs/Expenses — Central Overheads*”. Excluding exceptional items such as the impairment of property, owners’ costs and redundancy costs, central overheads increased by £0.1 million, or 0.6%, in financial year 2010 from financial year 2009.

Depreciation and Amortisation

Depreciation and amortisation decreased by £0.6 million, or 2.5%, in financial year 2010 from financial year 2009.

Finance Costs

Finance costs increased by £3.4 million, or 4.3%, to £82.0 million, in financial year 2010 from £78.6 million in financial year 2009, mainly due to costs of the refinancing undertaken in April 2010 being written off in full in financial year 2010, offset by a reduction in interest costs as the overall interest rate for outstanding debt in financial year 2010 decreased.

Movement in Fair Value of Derivative Financial Instruments

During financial year 2010 the movement in interest rates was such that an £8.8 million credit to the profit and loss statement was shown, as compared with an £86.8 million charge in financial year 2009.

Tax

Center Parcs’ effective income tax rate was 12.8% for financial year 2010 compared with a rate of 10.8% for financial year 2009. While payments on account for corporation tax were made during financial year 2010, these are anticipated to be recovered as a result of the utilisation of capital allowances and other tax deductibles resulting in nil taxable profits.

(Loss)/Profit for the Period

As a result of the foregoing factors, Center Parcs had net income of £24.4 million in financial year 2010 compared with a net loss of £87.7 million in financial year 2009.

LIQUIDITY AND CAPITAL RESOURCES

Center Parcs’ principal uses of cash have been operating expenses, capital expenditures and debt service. Center Parcs has historically funded operations and capital expenditures with cash flow from operations. As of 28 April 2011 and 5 January 2012, Center Parcs had cash and cash equivalents of £51.7 million and £18.0 million, respectively, and negative working capital of £71.1 million and £40.1 million, respectively. Working capital is defined as the net value of the combined entity’s inventories, trade and other receivables and current trade and other payables (excluding capital and interest accruals). See “— *Working Capital*” below.

Following the Transactions, Center Parcs expects to meet its working capital and capital expenditure requirements for the next 12 months principally from cash flows from operations and amounts available to CP Opco under the Working Capital Facility Agreement. Center Parcs also, from time to time, seeks other sources of funding, which may include debt or equity financings depending on its financing needs and market conditions.



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Cash Flows

The following table provides certain cash flow information for Center Parcs from the Unaudited Combined Summary Historical Financial Information for the periods indicated:

Cash Flow Data	53 weeks ended	52 weeks ended	53 weeks ended	36 weeks ended	36 weeks ended
	23 April 2009	22 April 2010	28 April 2011	30 December 2010	5 January 2012
	£'000	£'000	£'000	£'000	£'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities	123,243	131,396	125,591	68,805	50,959
Cash flows from investing activities	(54,506)	(20,983)	(47,398)	(29,306)	(33,430)
Cash flows from financing activities	(72,263)	(106,161)	(66,260)	(32,908)	(51,253)
Net (decrease)/increase in cash and cash equivalents	(3,526)	4,252	11,933	6,591	(33,724)
Cash and cash equivalents at beginning of period	39,084	35,558	39,810	39,810	51,743
Cash and cash equivalents at end of period	35,558	39,810	51,743	46,401	18,019

Net cash from operating activities was £125.6 million, £131.4 million and £123.2 million in financial year 2011, 2010 and 2009, and £51.0 million and £68.8 million in the 36 weeks ended 5 January 2012 and 30 December 2010, respectively. The primary reasons for the decrease in cash flow from operations for the 36 weeks ended 5 January 2012 as compared with the 36 weeks ended 30 December 2010 were in relation to settlement of a one-off legal dispute. The primary reasons for the decrease in cash flow from operations for financial year 2011 as compared with financial year 2010 were in relation to working capital, predominantly with trade receivables increasing and accruals and trade creditors decreasing. This resulted in a small cash outflow from working capital compared with an inflow in the prior year. The primary reasons for the increase in cash flow from operations for financial year 2010 as compared with financial year 2009 were mainly related to the increase in operating profit.

Net cash used in investing activities was £47.4 million, £21.0 million and £54.5 million in financial year 2011, 2010 and 2009, and £33.4 million and £29.3 million in the 36 weeks ended 5 January 2012 and 30 December 2010, respectively. The primary reasons for the increase in cash used in investing activities for the 36 weeks ended 5 January 2012 as compared with the 36 weeks ended 30 December 2010 were in relation to increased capital expenditure on new builds and the ongoing villa refurbishment programme. The primary reason for the increase in cash used in investing activities for financial year 2011 as compared with financial year 2010 was the resumption of the villa refurbishment programme which temporarily ceased for 2010 due to the prevailing uncertain economic conditions. The primary reason for the decrease in cash flow used in investing activities for financial year 2010 as compared with financial year 2009 was the temporary cessation of the refurbishment programme in respect of villas.

Net cash used in financing activities was £66.3 million, £106.2 million and £72.3 million in financial year 2011, 2010 and 2009, and £51.3 million and £32.9 million in the 36 weeks ended 5 January 2012 and 30 December 2010, respectively. The primary reasons for the increase in cash used in financing activities for the 36 weeks ended 5 January 2012 as compared with the 36 weeks ended 30 December 2010 were in relation to an extra interest payment being due during the 36 weeks ended 5 January 2012 as compared with the 36 weeks ended 30 December 2010 as well as repayment of certain loans. The primary reasons for the decrease in cash used in financing activities for financial year 2011 as compared with the prior year were the absence of dividends paid and re-financing costs of £13.1 million in 2010. The primary reasons for the increase in cash used in financing activities with financial year 2010 as compared with financial year 2009 were dividends paid and the costs of refinancing the debt of the group.

As part of the Transactions, Center Parcs will repay its existing secured financing. After repayment of the existing secured financing, Center Parcs' debt will primarily consist of its obligations under the Issuer/Borrower Loan Agreements and the Working Capital Facility. For further information, see "Description of the Class A Debt Provisions", "Description of the Class B Debt Provisions" and "Description of other Indebtedness".

Capital Expenditures

Management continuously plans expenditure for the development of villages, amenities and facilities, both in respect of upgrading and refreshing existing villas and facilities, building new villas and adding new facilities and amenities. Capital investments are organised around significant, regular planned maintenance and capital expenditure that is intended to maintain high occupancy levels and drive revenue growth through improved product appeal. Such expenditure includes adding new facilities and amenities; replacing old features with new, more up-to-date ones; and general maintenance of existing attractions (including ensuring health and safety standards are met or exceeded).



Capital expenditures are planned on an annual basis with the major accommodation refurbishments typically undertaken between September and March. Capital expenditures made in the financial year may differ materially from amounts identified with a particular operating season because of timing considerations such as weather conditions, site preparation requirements and required planning permissions, which may result in accelerated or delayed expenditures.

The covenants under the Issuer/Borrower Loan Agreements require the Obligors to spend a minimum of £15 million per year in relation to maintenance capital expenditure. In addition, the Obligors are required to spend on average a further £6 million per year on investment capital expenditure.

Center Parcs' capital expenditure was £47.6 million, £21.0 million, £33.5 million and £29.3 million for financial years 2011 and 2010 and the 36-week periods ended 5 January 2012 and 30 December 2010, respectively. Historically, changes in capital expenditure have been driven primarily by amounts spent on investment capital expenditure (including villa refurbishment) with underlying maintenance capital expenditure remaining relatively stable. To date, Center Parcs, through its capital expenditure programme to upgrade villas across its villages, has upgraded over 50% of total villa stock, driving continued growth in ADR. This programme was suspended during the 2010 financial year and re-started in the 2011 financial year. Center Parcs currently estimates that it will incur costs of between £70 million and £85 million to complete its upgrade programme and complete its existing new build programme at its existing four villages from the start of the 2012 financial year to the end of the 2015 financial year.

Center Parcs estimates that its investment capital expenditure between 1998 and 2011 has averaged £17.5 million per year. In addition, management estimates that during that period maintenance capital expenditure and one-off capital expenditure has averaged £13.3 million and £4.2 million per year, respectively. Center Parcs' one-off capital expenditure during this period was principally incurred between 2002 and 2003, in relation to the re-build of Elveden in 2002 and 2003 following the fire in April 2002.

Working Capital

Center Parcs has negative working capital requirements largely arising from the payment by guests for their short breaks in advance of arrival. Center Parcs' trade receivables are primarily composed of corporate sales made through its business-to-business division and inventories primarily composed of stock in Center Parcs retail and food and beverage outlets. Center Parcs' trade and other payables primarily relate to advance villa rentals received from guests, trade creditors, and its other working capital primarily consists of payroll, taxation and social security creditors.

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

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

Management believes (a) the net proceeds from the Notes; (b) cash flow from operations; and (c) amounts available under the Working Capital Facility will be sufficient to meet Center Parcs' currently anticipated working capital requirements through financial year 2012. However, depending upon its rate of growth and profitability, Center Parcs may require additional equity or debt financing to meet working capital requirements or capital expenditure needs. There can be no assurance that additional financing, if needed, will be available when required or, if available, on terms satisfactory to Center Parcs.

CONTRACTUAL COMMITMENTS

Center Parcs has no material contractual obligations with the exception of the headleases on the Longleat property. The total current annual rental on this lease is approximately £650,000. The unexpired term of this lease is approximately 61 years (ending 2073). This rent is subject to review, based on an increase in turnover, every five years. The next such review is due in July 2014.

OFF-BALANCE SHEET ARRANGEMENTS

The notes to the Propco financial statements disclose that the fair value of the interest rate swap was a swap liability of £87.1 million as at 28 April 2011 that, in accordance with UK GAAP, was not required to be reflected in the Propco balance sheet as at 28 April 2011. However, in accordance with the Basis of Preparation, the value of the interest rate swap is reflected in the balance sheet of the Unaudited Combined Summary Historical Financial Information as at 28 April 2011. This swap will be fully settled on closing of the Transaction.

Concurrently or shortly after the issuance of the Notes, the site for the Fifth Village will be transferred outside the Center Parcs Group to facilitate the development and financing of the Fifth Village outside the Obligor Group. Therefore, the



Fifth Village will not be reflected in the audited financial statements of Center Parcs unless and until it becomes a part of the Obligor in accordance with the accession conditions of the Issuer/Borrower Loan Agreements. If and when the Fifth Village so accedes to the Obligor, then all the assets and ordinary course liabilities of the owner of the Fifth Village (Fifth Village OpCo) will be reflected in Center Parcs' financial statements, with effect from the financial year in which that accession occurs. The development plan for the Fifth Village currently contemplates that, based on several significant assumptions, the Fifth Village will be completed during 2014.

The development plan includes the following assumptions:

- that the Fifth Village will be constructed and be made operational from 2014 onwards within Center Parcs' cost plan budget;
- that the ADR growth will rise in line with inflation;
- that expenditure per guest at the Fifth Village will be at an assumed premium to the average expenditure per guest at Longleat given the higher-income demographic population in the targeted catchment area;
- as to the extent to which the Fifth Village will cause occupancy rates and net profit to decrease at Center Parcs' existing villages;
- as to the incremental increase in corporate overhead, pre-opening costs and inefficiencies;
- as to various financial and operating metrics, including projected stabilised EBITDA and EBITDA margins; and
- various other operating and performance metrics.

Although these assumptions are based on Center Parcs' experience in constructing and operating its existing villages, actual experience and outcomes could be significantly different from those assumed. Those differences may have a material adverse effect on the financial condition and results of operations of Fifth Village OpCo and its ability to pay interest and principal, and otherwise meet its obligations, in connection with the financing relating to the Fifth Village. See "*Risk Factors — Risks Relating to Proposed Fifth Village and other Additional Villages*". Accordingly, the Fifth Village may not be completed and the Fifth Village may not accede to the Obligor Group when anticipated, or at all.

DISCLOSURES ABOUT MARKET AND CREDIT RISKS

The directors regularly review the financial requirements of Center Parcs and the risks associated therewith. Center Parcs is exposed to market risks, including interest rate, credit and liquidity risks. Center Parcs finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. In addition to these primary financial instruments, Center Parcs has other financial instruments such as debtors, prepayments, trade creditors and accruals that directly arise from Center Parcs' operation.

Risk management practices are determined by the directors and senior management team in accordance with documented internal control procedures. All significant transactions are authorised by the board.

Market Risk

The disposable income of Center Parcs' guests and their holiday preferences are and will continue to be affected by the general economic environment, adverse changes in which may result in a fall in the number of guests or a decrease in on-site expenditure. Center Parcs regularly reviews its product offering and engages with guests in its aims to meet guest expectations.

Interest Rate Risk

The primary debt of Center Parcs arises from long-term, sterling-denominated, floating-rate borrowings. Management's overall policy in respect of interest rates is to reduce exposure to floating rates. Center Parcs utilises interest rate swaps and interest rate caps to limit exposure to fluctuations in interest rates. Management's policy is not to actively trade in derivative financial instruments.

For further information on Center Parcs' borrowings, see "*Description of other Indebtedness*".

Liquidity Risk

Management's policy on liquidity risk is to maintain flexibility in funding by keeping a minimum specific amount of liquid resources available. Management produces cash forecasts to identify liquidity requirements for at least the next 12 months and to manage exposure to liquidity risk through maintaining a diversity of funding resources.



Credit Risk

Center Parcs is subject to credit risk from derivative instruments and deposits with banks. Center Parcs deposits funds with institutions management deems to be well-established, with high credit ratings.

Currency Risk

Center Parcs is exposed to limited currency risk through foreign currency transactions. Center Parcs do not operate hedging facilities to manage the currency risks as they are considered to be insignificant.

While no borrowings are denominated in foreign currencies, a number of suppliers are exposed to the euro and U.S. dollar. Accordingly, wherever possible, Center Parcs undertake supply contracts denominated in sterling.

CHANGES IN ACCOUNTING POLICIES

Center Parcs (Holdings 1) Limited intends to prepare audited consolidated financial statements for Center Parcs as a consolidated group, with the first such statements being for financial year 2012. As a result of the Reorganisation, the directors will review whether the current accounting policies applied to the Unaudited Combined Summary Historical Financial Information continue to be the most appropriate policies for preparation of Center Parcs' first set of consolidated financial statements. Any new accounting policies adopted by Center Parcs may differ from those used in preparing the financial statements of Opco, Propco and the Unaudited Combined Summary Historical Financial Information.

CRITICAL ACCOUNTING POLICIES

The Opco and Propco financial statements and the accompanying notes contain information that is pertinent to this discussion and analysis of Center Parcs' financial position and results of operations. The preparation of financial statements in conformity with IFRS and UK GAAP, as applicable, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions.

For a description of accounting policies, see note 1 to the Opco consolidated annual accounts as of and for financial year ended 28 April 2011 included elsewhere in this Offering Circular. For a detailed description of Propco's accounting policies, see note 1 to the Propco consolidated annual accounts as of and for the financial year ended 28 April 2011 included elsewhere in this Offering Circular. See also "*Selected Historical Financial Information — Basis of Preparation for the Unaudited Combined Summary Historical Financial Information*" for a discussion of the adjustments made to prepare the Unaudited Combined Summary Historical Financial Information.



INDUSTRY

OVERVIEW OF THE UK HOLIDAY MARKET

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

As the table below shows, based on Mintel's analysis of Office for National Statistics data, the recent difficult economic environment saw the total volume of holidays taken by UK residents decrease from 98.6 million in 2006 to an estimated 95.5 million in 2011. However, the domestic market, in which Center Parcs is present, has been growing by 10.9% in number of holidays over the same period, driving an increase of 20.5% in domestic expenditures to £13.1 billion in 2011. In 2011, domestic holidays represented 61.9% of total holidays, an increase of eight percentage points from 2006.

Domestic and Total Holidays and Expenditure, 2006-11

	<u>Domestic holidays</u>	<u>Domestic expenditure⁽¹⁾</u>	<u>Total holidays</u>	<u>Total expenditure</u>
	m	£m	m	£m
2006	53.3	10,906	98.6	34,206
2007	53.7	11,465	99.1	35,414
2008	52.0	11,388	97.5	36,914
2009	60.7	12,612	99.2	34,399
2010	56.6	12,072	93.0	34,064
2011 ⁽²⁾	59.1	13,146	95.5	34,378

(1) Includes transport.

(2) Provisional.

Source: Office For National Statistics, IPS/UKTSMINTEL from *Holiday Review* (January 2012) and *Camping and Caravanning report* (April 2011)

Note: Due to a change of methodology in the annual UKTS survey, pre-2006 figures are not comparable. More information can be found on <http://www.visitengland.org>

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

UK Holiday Market Trends

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

Economic Outlook

According to Mintel, while the UK economy is currently recovering from the economic downturn, consumers remain cautious given the measures implemented by the government to reduce its debt, including the recent increase in VAT and forecasts for a slow recovery. However, the more affluent socio-economic categories (Center Parcs' core guest base) appear to have been least affected by the recession in terms of their attitude to holiday-taking.

Change in Guests: Socio-Economic Profile

Changes in socio-economic groups (SEG) and in particular the growth in the ABC1 category have historically benefited holiday centre operators and are likely to continue to do so in the medium term. SEGs are based on the chief income earner and are defined as follows:

<u>SEG</u>	<u>Occupation of Chief Income Earner</u>
A	Higher managerial, administrative or professional
B	Intermediate managerial, administrative or professional
C1	Supervisory or clerical and junior managerial, administrative or professional
C2	Skilled manual workers
D	Semi-skilled and unskilled manual workers
E	Dependent on the state long-term due to sickness, unemployment, old age or other reasons

The ABC1 socio-economic groups form the core target base for Center Parcs. The evolution of the proportion of ABC1 among the UK population effectively translates into the evolution of Center Parcs' key guest base.



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Forecast Adult Population Trends, by Socio-Economic Group, 2006-15

	2006	2011 ⁽¹⁾	2016 ⁽²⁾	% change 2006-11	% change 2011-16 ⁽²⁾
	'000	'000	'000		
AB	12,944	13,927	14,759	+7.6	+6.0
C1	14,410	14,901	15,141	+3.4	+1.6
C2	10,340	11,058	11,913	+6.9	+7.7
D	8,082	7,721	7,388	-4.5	-4.3
E	4,074	4,151	4,268	+1.9	+2.8
Total	49,850	51,758	53,469	+3.8	+3.3

Source: Office For National Statistics/TGI/MiNTEL (from Mintel Holiday Review, January 2012)

- (1) Estimated.
- (2) Projected.

ABC1 socio-economic groups currently represent 55% of the UK population. This share has been growing steadily over the last years, principally at the expense of the D socio-economic group, as the UK economy has been shifting away from manufacturing type jobs to white collar and service industry roles. Mintel forecasts that this trend will continue for the next four years to 2016, with ABC1 socio-economic groups expected to grow by 3.8% between 2011 and 2016, compared with 3.3% in the overall UK population.

The UKTS 2009 survey shows that the AB socio-economic group is the most likely to go on holiday and take multiple trips throughout the year and is the most lucrative guest group for holiday operators. This group is also considered to have the highest standards and expectations, which would benefit operators such as Center Parcs.

Changes in Demographics

Mintel believes that the growth in demand for holiday centres in the UK has been and will continue to be driven by demographic changes, including in particular a rise in the number of families with young children, with the number of children aged nine years and under increasing by 5.4% over the next five years from 4 million in 2011 to 7.8 million in 2016.

In addition, an increasing number of young adults (25-34 year olds), from an estimated 8.4 million in 2011 to a forecast 9.3 million in 2016 (a 10.4% increase), is expected to increase the birth rate beyond 2014. This will likely benefit the UK holiday centre market as it increases the number of prime target guests for holiday centres in the United Kingdom.

Trends in the Age Structure of the UK Population, 2006-16

	2006		2011 ⁽¹⁾		2016 ⁽²⁾		% change 2006-11	% change 2011-16 ⁽²⁾
	'000	%	'000	%	'000	%		
0-4	3,496	5.8	3,883	6.2	3,898	6.0	+11.1	+0.4
5-9	3,490	5.8	3,508	5.6	3,892	6.0	+0.5	+10.9
10-14	3,751	6.2	3,500	5.6	3,515	5.4	-6.7	+0.4
15-19	3,996	6.6	3,832	6.1	3,571	5.5	-4.1	-6.8
20-24	4,024	6.6	4,359	7.0	4,182	6.5	+8.3	-4.0
25-34	7,897	13.0	8,385	13.4	9,257	14.3	+6.2	+10.4
35-44	9,262	15.3	8,660	13.8	8,081	12.5	-6.5	-6.7
45-54	7,834	12.9	8,705	13.9	9,095	14.0	+11.1	+4.5
55-64	7,150	11.8	7,330	11.7	7,428	11.5	+2.5	+1.3
65-74	4,971	8.2	5,501	8.8	6,344	9.8	+10.7	+15.3
75-84	3,440	5.7	3,540	5.7	3,829	5.9	+2.9	+8.2
85+	1,276	2.1	1,446	2.3	1,681	2.6	+13.3	+16.3
Total	60,588	100.0	62,649	100.0	64,773	100.0	+3.4	+3.4

Source: Office For National Statistics/Gad/Mintel (from Mintel Holiday Review, January 2012)

- (1) Estimated.
- (2) Projected.



Multiple Holiday Taking

According to the February 2010 Mintel report, the trend towards taking a higher number of shorter-term breaks during the year is accelerating. In 2009, 53.9% of the UK population took more than one break in the year, while only 30.5% did so in 2000. In comparison, the proportion of holiday-takers in the population increased only from 61.2% in 2000 to 64.8% in 2009.

According to Mintel, a growing number of consumers now expect to supplement their main summer holiday with extra trips throughout the year, which creates significant opportunities for holiday centres which appear as one of the strongest short-break propositions. This will likely continue to sustain demand for Center Parcs' offering as a short-break family oriented provider.

Consumer Spending

Despite recessionary concerns in the United Kingdom, holidays remain a high priority for consumers. Mintel's Holiday Review (January 2011) shows travel occupying the top two places in guests' spending priorities. Spending on the home, renovations and improvements, which in 2005 was the top spending priority of guests, has been replaced in recent years by spending on personal time and priorities, as shown in the table below. In addition to holidays, there has been an increase in people wishing to spend more on leisure activities, while those wanting to spend on the home, garden or savings have declined.

UK Spending Priorities 2005-2010

	2005	2006	2007	2008	2009	2010	% change 2005-10
	%	%	%	%	%	%	
Taking a major foreign holiday	18	25	23	23	20	25	+7
Taking more short breaks	14	18	22	22	21	23	+9
Eating and drinking out	17	17	20	17	17	22	+5
Buying new clothes and shoes	16	19	20	15	16	21	+5
Doing small repair, maintenance or improvement (RMI) tasks around the home	25	24	19	18	15	19	-6
Improving the garden	18	15	17	14	10	14	-4
Visiting cinema and theatre	9	10	9	9	11	14	+5
Increase savings and investments	13	13	12	11	13	13	—
Paying off credit card debt	15	16	14	13	18	12	-3
Buying a new or second hand car	9	11	12	9	12	11	+2
Buying new furniture/carpets	16	13	12	10	11	11	-5
Membership of a health and fitness club	5	6	11	10	8	9	+4

Source: NOP/Mintel (from Mintel Holiday Review, January 2011).

OVERVIEW OF THE UK HOLIDAY CENTRES MARKET

The UK holiday centres market has grown year on year between 2006 to 2010 in terms of both volume and value. As shown in the table below, the UK holiday centres market grew from 6.2 million holidays in 2006 to an estimated 6.7 million in 2010 (a 2.8% CAGR) as a result of growth in domestic market as well as increase in penetration of holiday centres as a domestic holiday destination. As a result, the UK holiday centres market increased in value at a 3.2% CAGR from £1.2 billion in 2006 to an estimated £1.4 billion in 2010, compared to a 1% growth in nominal GDP. Whilst the overall domestic holiday market in the UK declined with respect to volume between 2009 and 2010, the holiday centres market has continued to experience volume and value growth, reflecting the strength of this sub-segment of the industry and the increase in penetration of the UK holiday market.

Volume and Value of the UK Holiday Centres Market 2006-10⁽¹⁾

	Number of Holidays		Value ⁽²⁾		Average Spend	
	'000		£m		£	
	UK Holiday Centres	Center Parcs	UK Holiday Centres	Center Parcs	UK Holiday Centres	Center Parcs
2006	6,167	323	1,205	253	195	784
2007	6,294	319	1,239	262	197	822
2008	6,388	342	1,297	277	203	809
2009 (est)	6,931	342	1,388	280	200	819
2010 (est)	6,695	346	1,353	291	202	841
2006-10 CAGR	2.8%	1.7%	3.2%	3.6%	0.5%	1.8%

Source: Mintel (from Mintel Holiday Centres, October 2008, updated figures provided by Mintel holiday market analyst in June 2011)

- (1) Data for Center Parcs is based on closest April financial year-end (i.e. 2006 numbers compared with April 2007 financial year for Center Parcs).
- (2) Value represents total revenues (i.e. accommodation and on-site spend)



Market Segmentation and Product Offering

The UK holiday centres market which, according to Mintel, accounts for approximately 12% and 11% of the UK domestic holiday market in volume and value, respectively, is divided into three distinct segments: (a) traditional holiday centres, (b) holiday parks (large caravan/chalet parks offering an extensive range of holiday centre facilities), and (c) forest villages. These segments compete with each other to a certain extent within the UK holiday centres market. However, while traditional holiday centres and holiday parks tend to be coastal sites, dominated by guests mainly from the C1-C2 socio-economic category, forest villages are based in large forest sites and have succeeded in attracting mainly ABC1 families, who form over two-thirds of their guest base. Center Parcs is the only forest village operator in the United Kingdom to date and the leading holiday centre operator in revenue.

Leading Holiday Centre and Holiday Park Operators in the United Kingdom

<u>Operator</u>	<u>Product Offering</u>	<u>Revenue⁽¹⁾ (2010 £m)</u>	<u>Target SEG</u>	
<u>Traditional Holiday Centres</u>				
Butlins	3 resorts, 2 hotels	184.6	C1-C2	<ul style="list-style-type: none"> • Lower budget holidays (less affluent SEG) • Assets 1/5th the size of Center Parcs • Narrow range of leisure activities
Warner	9 hotels, 4 resorts	110.2	ABC1	<ul style="list-style-type: none"> • Coastal resorts (chalet accommodation) • Adult-only offering • Wide range of leisure activities
<u>Holiday Parks</u>				
Parkdean Holidays	24 holiday parks	119.1	C1-C2	<ul style="list-style-type: none"> • Family-oriented holiday parks in coastal, countryside and woodlands locations
Park Resorts	37 caravan parks	158.8	C1-E	<ul style="list-style-type: none"> • Low budget holidays for families • Limited entertainment offering
<u>Forest Villages</u>				
Center Parcs	4 forest villages	290.5	ABC1	<ul style="list-style-type: none"> • UK short-break holiday specialist • Wide range of leisure activities • On-site retail, food and beverage, and spa offering

Source: Company information, Capital IQ

(1) All financials are as of December 2010, except Center Parcs (April 2011), Parkdean Holidays (January 2011) and Park Resorts (March 2011).

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

Holiday parks constitute the largest sector within the UK holiday centres market, both by number of locations and volume of holidays sold. However, within the holiday park segment, it is difficult to distinguish between what are essentially larger caravan parks with few facilities, and those parks with a level of amenities and activities that are sophisticated enough to be categorised as a traditional holiday centre. As consumer expectations grow, there is more pressure on caravan site owners to remain competitive by providing a greater range of value-added services such as pools, restaurants, a children’s club and entertainment. This will likely lead to a further softening of the distinction between caravan parks and traditional holiday centres. Holiday parks can cater for three types of customers: (a) the hiring of mobile homes or fixed caravans, (b) the sale of these mobile homes, and (c) space for towed caravans and tent campers. Although they vary considerably in size, holiday parks are generally smaller in scale than the traditional holiday centres. Holiday parks are usually situated in coastal locations, often in scenic areas and address C1-C2 and below socio-economic groups.



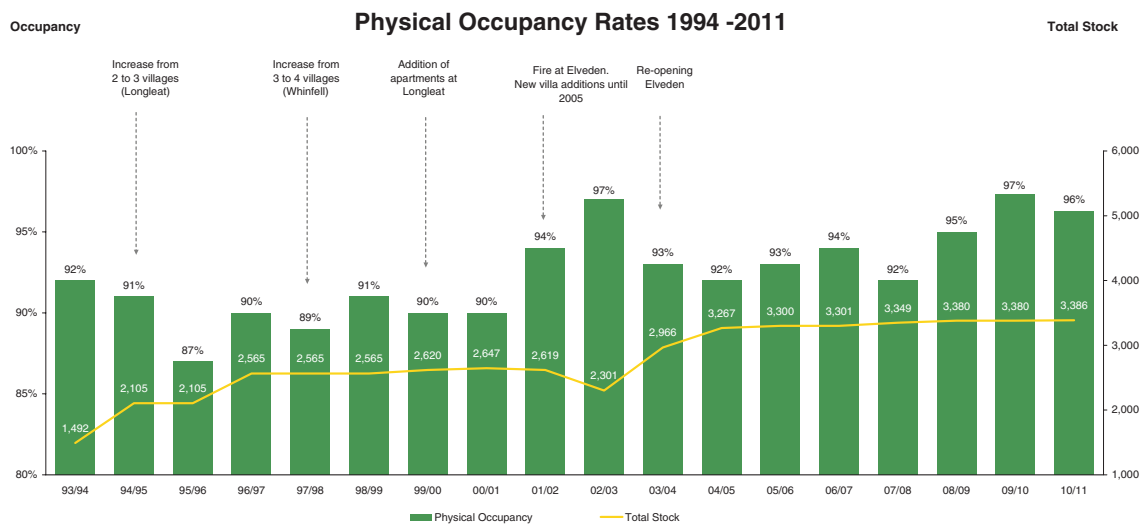
Forest villages differ from traditional holiday centres and holiday parks, both of which are part of the tradition of the British seaside holiday. Forest villages are based inland, in woodland and water settings, with an explicitly environmental ethos (a car-free, family-friendly environment) and a more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



BUSINESS

Center Parcs is the leading provider of fully self-contained forest village short-break holidays in the UK, attracting over 1.6 million guests in financial year 2011. Center Parcs operates four specially constructed holiday villages in the United Kingdom: Sherwood Forest in Nottinghamshire, Longleat Forest in Wiltshire, Elveden Forest in Suffolk and Whinfell Forest in Cumbria. Each village is set in a forest environment amongst approximately 400 acres of forest and lakes and is open 365 days per year. Each village provides approximately 850 high quality accommodation units occupied by approximately 4,500 guests per stay. The villages provide a comfortable, quiet, car-free, family-friendly environment. Villas and lodges are distributed throughout the villages, typically within easy walking or cycling distance of key attractions. Each village offers an extensive range of over 100 sports and leisure activities, including many indoor and outdoor activities, cycle hire, ten-pin bowling and numerous other facilities such as restaurants, bars, retail outlets and spas. Woodland, water and a natural environment are the essential elements of a Center Parcs break. The focal point and key attraction of each village is a weatherproof, transparently covered dome that houses a pool (the sub-tropical swimming paradise) incorporating a selection of water activities, including a wave pool, river slides and rides, children’s pools and jacuzzis. The villages provide what Center Parcs believes to be premier quality facilities, with a primary guest base of affluent families.

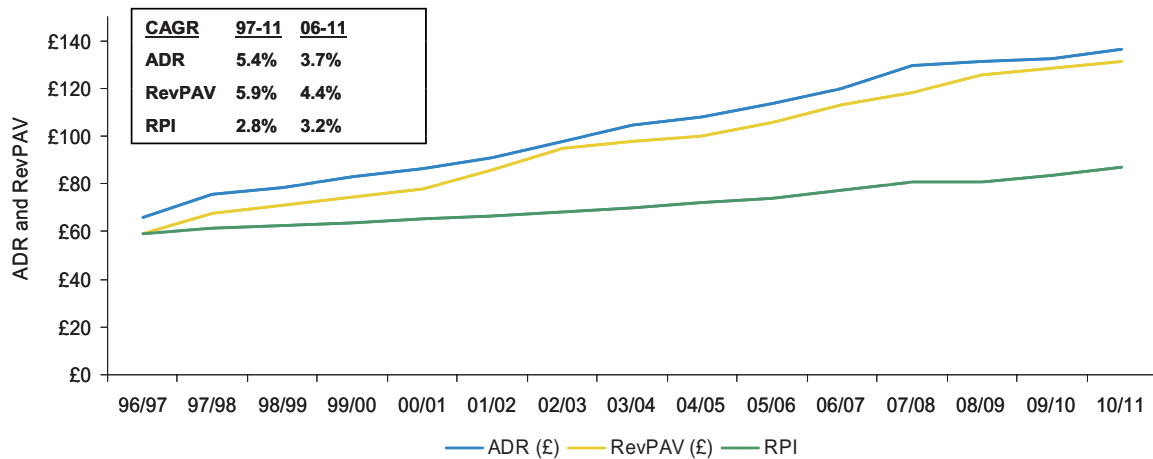
Center Parcs’ villages typically draw on a regional population of guests who are attracted by the convenience of being within a relatively short driving distance from home. The majority of Center Parcs’ guests live within a two hour drive of the village they choose to visit. Center Parcs believes that the proximity of the majority of guests to the villages combined with the easy accessibility of the villages by car makes Center Parcs a resilient holiday option. Despite the recent economic downturn, the occupancy levels at Center Parcs have remained high: 96.3% in financial year 2011; 96.5% in the 53-week period ended 5 January 2012 and typically over 90% per year in the past 20 years despite new openings and the expansion of existing accommodation offerings at Center Parcs’ villages. The following graph shows Center Parcs’ physical occupancy rates for the financial years 1994 to 2011.⁷



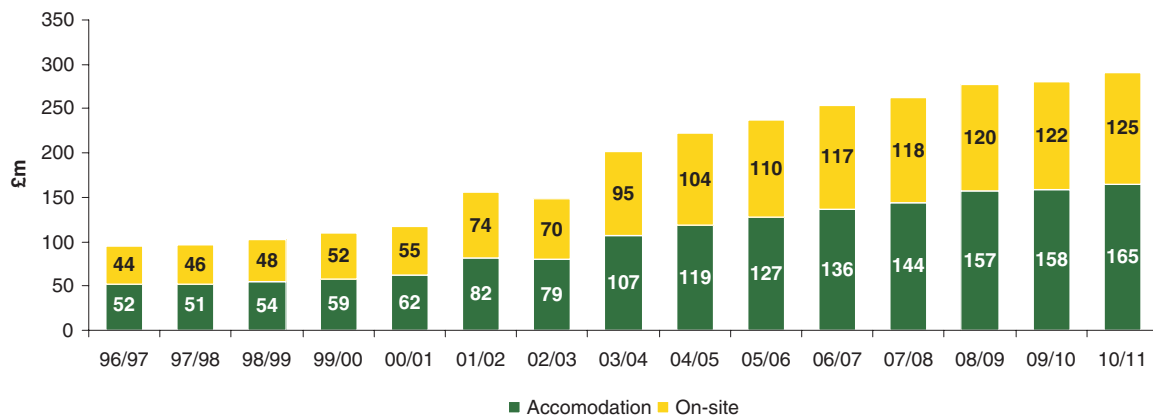
⁷ The graph includes Oasis village opened by Rank in 1998, which was acquired by Center Parcs in 2001 and renamed Whinfell village. The very high occupancy in 2003 was a direct result of a fire in Elveden. The very high occupancy in 2010 was due to no villas being refurbished.



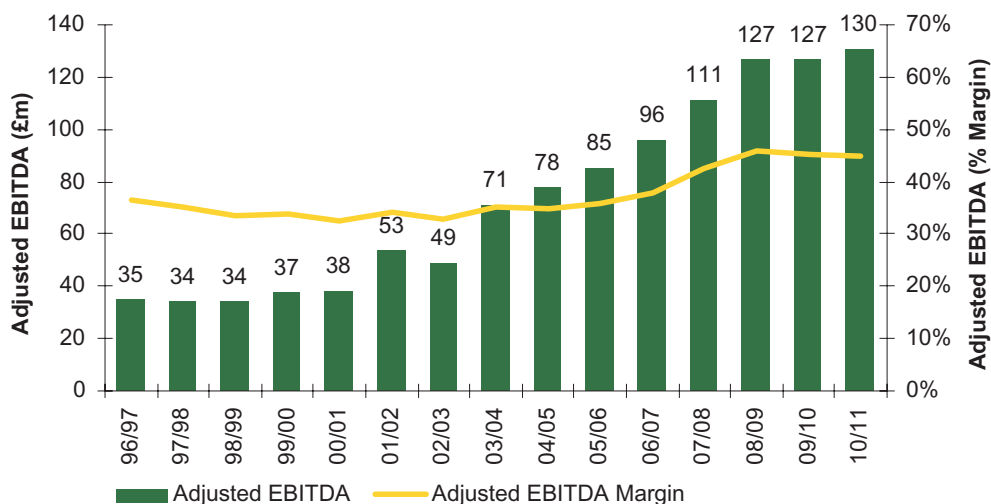
The following graph shows Center Parcs' ADR, RevPAV and RPI for financial years 1997 to 2011.



The following graph sets forth Center Parcs' revenue for financial years 1997 to 2011.



The following graph sets forth Center Parcs' Adjusted EBITDA and Adjusted EBITDA margin for financial years 1997 to 2011.⁸

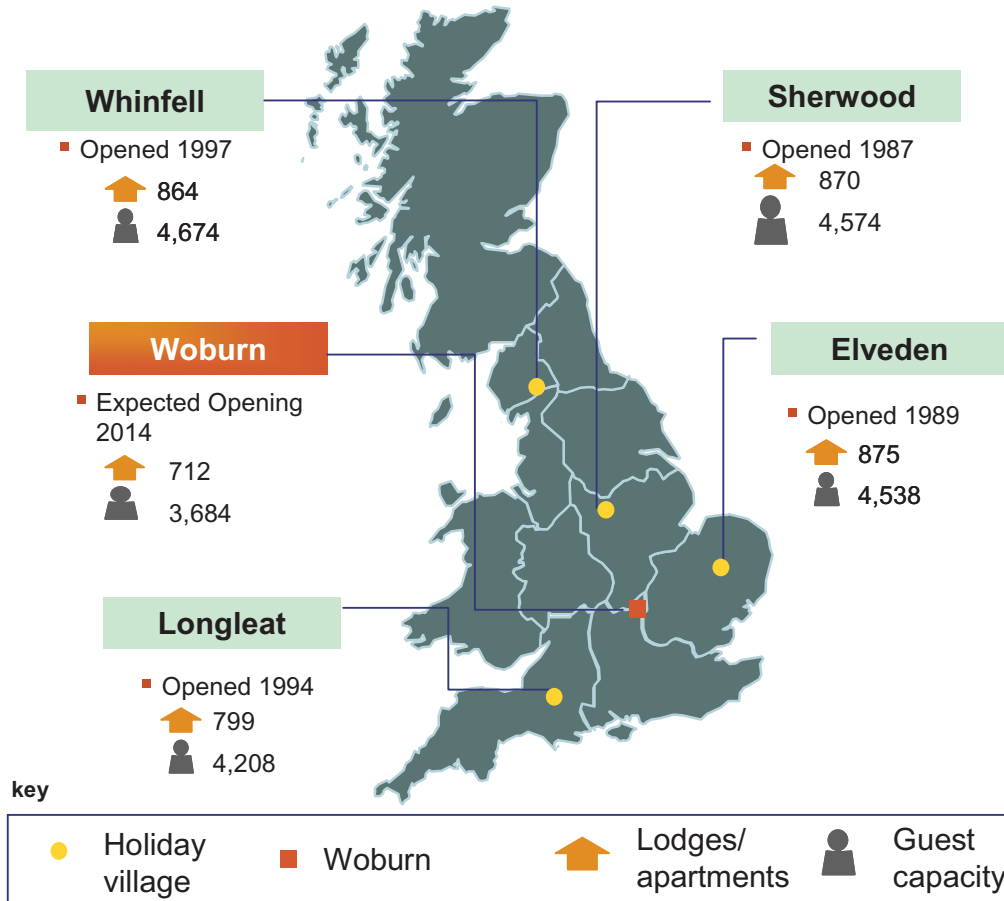


⁸ Adjusted EBITDA and Adjusted EBITDA margin are not measured under UK GAAP or IFRS. See "Presentation of Financial Information — Unaudited Combined Summary Historical Financial Information — Non-UK GAAP and Non-IFRS Financial Measures".



Center Parcs' head office is located in New Ollerton, Nottinghamshire, approximately three miles to the northeast of the village at Sherwood and manages Center Parcs' overall operations. Management of the villages is organised along the functional lines of Food and Beverage, Leisure, Retail, Technical Services, Housekeeping and General Administration.

Center Parcs earns revenue through the rents it receives in respect of accommodation and through its other revenue generating village amenities. Center Parcs' revenues and adjusted EBITDA were £290.5 million and £130.3 million, respectively, in financial year 2011, and £296.8 million and £133.7 million, respectively, in the 53-week period ended 5 January 2012.



In November 2010, Center Parcs received reserved matters planning approval of its plan to develop and build the Fifth Village situated near Woburn in Bedfordshire with a catchment area that includes all London households, which management believes is largely untapped by Center Parcs. Initially the Fifth Village will be owned and financed separately from the Obligor and will become part of the Obligor Group if and when certain accession conditions are satisfied. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—The Proposed Fifth Village” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Off-Balance Sheet Arrangements”.

Brief History

The Center Parcs concept was pioneered by Dutchman Piet Derksen in the late 1960s in the Netherlands as a new kind of self-catering, high-comfort, holiday village, complemented with heated bungalows, open fires, central heating, colour TVs and covered swimming pools. Derksen expanded the chain over the course of the following two decades into Belgium, France and Germany, and, in 1987, the first Center Parcs opened in the United Kingdom at Sherwood. The first British village was closely followed by a second at Elveden in 1989 and, in 1990, Derksen sold the business to Scottish & Newcastle. In 1994, Center Parcs further expanded with the creation of the third village, Longleat near Bath. Following the sale of the business to DB Capital partners in 2001, Center Parcs acquired the Oasis Holiday Village (now called Whinfell) in the northwest of England from the Bourne Leisure Group, thus enhancing Center Parcs’ geographic coverage of the UK.

In April 2002, a fire caused significant damage to part of the central buildings at Center Parcs in Elveden. The subsequent insurance claim covered the costs of rebuilding the parts of the village destroyed in the fire and the related business interruption. Elveden reopened on time and on budget on 15 July 2003 with occupancy of 95% in its first year of operation.



In November 2002, a sale-and-leaseback structure was put in place for the Sherwood, Whinfell and Longleat properties. This was followed by a sale-and-leaseback of the Elveden property to Sun CP Properties Limited in September 2003. In January 2006, The Royal Bank of Scotland plc acquired control and complete ownership of the four village properties having previously built up a minority interest in a series of transactions, the first of which was during the first quarter of 2004. In December 2003, the operating business of Center Parcs UK was publicly floated, and commenced trading on the Alternative Investment Market (AIM) before moving to the London Stock Exchange's main list in 2005. Blackstone, Center Parcs' current owner, bought the operating business in May 2006 and all four village properties in June 2006 and de-listed the operating company from the main stock market. The overall combined business was refinanced in December 2006. Since the refinancing, Center Parcs has implemented a programme to refurbish accommodation as well as a programme to update and expand on-village offerings.

The Center Parcs group will undergo a reorganisation in order to facilitate the Transactions. This reorganisation will involve, amongst other things, transfer of shares, properties and leases between certain members of the Center Parcs Group. The reorganisation will also involve the restructuring of the operational leases that were put in place as part of the sale-and-leaseback in 2002, with the exception of the operational lease for Longleat where the freeholder's consent is required. They are full repairing and insuring leases with contractual expiry dates falling in 2046, subject to a tenant option to renew for a further 35 years. In the case of Longleat the expiry date of the lease is 12 November 2017. Since Blackstone purchased the landlord and the tenant companies under the leases in 2006, these companies are now members of the Center Parcs Group and, consequently, these leases are intra-group leases. The security granted by the landlord and tenant companies includes fixed charges over their respective interests in the villages and the leases.

Key Strengths

Center Parcs believes it has the following competitive advantages:

Well-invested and diversified asset base provides strong asset coverage. Center Parcs has a well-invested and diversified asset base and an ongoing capital expenditure programme with over £250 million spent since 2006, resulting in high levels of occupancy and consistent ADR growth. Revenue and EBITDA are broadly evenly split between the four existing villages, located in different parts of England, reflecting both the individual strength of each village and the diversity of Center Parcs' asset base. With the villages having remaining lease terms of between 61 years and 987 years, the assets have a long life, providing a stable asset base. The report of CBRE included elsewhere in this Offering Circular estimates the market value of Center Parcs' properties at approximately £1.399 billion.

High revenue visibility, resilient performance and consistent stable occupancy levels. For each of the three financial years 2009, 2010 and 2011, approximately 40% of the available villa nights for the relevant financial year had been booked by the beginning of that financial year, approximately 60% by the end of the first quarter, 80% halfway through the financial year, and nearly 100% two months before the end of the financial year. As at 5 January 2012, over 85% of capacity had already been booked for financial year 2012. In financial year 2011, over 60% of leisure activities available at the villages were pre-booked and pre-paid prior to arrival, providing for high revenue visibility. Center Parcs collects 30% of the accommodation cost at the time of booking if completed more than ten weeks in advance of the short break. The balance of the cost is collected ten weeks prior to the start of the break. If a guest books less than ten weeks prior to the arrival date, the accommodation cost is payable in full on booking. As a result, Center Parcs typically benefits from a working capital inflow for the business. In addition, with 99% of guests being domestic UK holidaymakers, Center Parcs is protected from volatility in international tourism. Resilient performance through economic cycles, during both downturns and recoveries, has resulted in Center Parcs' occupancy levels averaging over 92% since 1993, with recent occupancy levels as high as 95.5%, 97.3% and 96.3% in 2009, 2010 and 2011, respectively and 96.5% in the 53-week period ended 5 January 2012. ADR for Center Parcs has also consistently grown above inflation for the past 15 years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Key Factors Affecting Revenue—Key Performance Indicators—Forward Bookings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Working Capital".

Stable cash generation. High EBITDA margins for every year since 1997 have been underpinned by high occupancy levels and consistent growth in compound ADR. Over the past eight years, cumulative EBITDA for the four villages has grown significantly. EBITDA margins and Adjusted EBITDA margins grew from 31.8% and 45.5%, respectively, in 2009 to 43.7% and 44.8%, respectively, in 2010 and 43.9% and 44.8%, respectively, in 2011. Between financial years 2009 and 2011, Center Parcs generated a compound annual growth rate (CAGR) of 2.4% in RevPAV, and a CAGR of 1.9% in ADR which, together with the negative working capital characteristics of its business, has enabled it to consistently generate cash.

Center Parcs' success is difficult to replicate. The Center Parcs villages are characterised by a number of qualities that make it difficult to replicate Center Parcs' success. There is a scarcity of appropriate locations for new competing villages, which require large coniferous forested areas near major population centres. Developing new villages requires significant lead time due to the stringent requirements for obtaining planning permits (for example, a lead time of six years for the Fifth Village). Additionally, highly specific operational expertise is required and the development costs are very high, at around £250 million per village.



Unique product offering and concept. Center Parcs believes it provides a unique product in the UK holiday market in terms of scale, quality and standard of accommodation and amenities. Each Center Parcs village is situated on around 400 acres of forests and lakes, with numerous retail and food and beverage offerings, as well as a range of outdoor and indoor activities and a sub-tropical swimming paradise. Center Parcs believes that it is the only large-scale UK business offering this type of family-focused, year-round, all-weather short-break package, in a forest environment.

High level of repeat and satisfied guests. Center Parcs' unique product offering has resulted in strong brand recognition. Recent guest surveys commissioned by Center Parcs show prompted brand awareness of Center Parcs of 99%. Center Parcs' strong brand awareness in the UK is a driver of interest in the villages and guest numbers. Center Parcs has an active guest base of approximately 700,000 households, with approximately 35% of guests returning within a year and approximately 60% returning over a three-year period. Center Parcs believes its high guest loyalty levels and strong brand recognition are due to its unique offering of family oriented short-break holidays in a natural environment.

Experienced management team and shareholders. Center Parcs has an experienced management team with a proven ability to execute its business plans and achieve results. With an average length of service by individual members of its management team well in excess of ten years, the management team is highly experienced in providing the services that set Center Parcs apart from other UK leisure and holiday providers. Additionally, Blackstone, the majority shareholder, has extensive experience in owning and managing leisure facilities and hotels and has used this experience to leverage additional growth in revenue for Center Parcs.

Strategy

Center Parcs believes that due to its market positioning and the difficulties replicating its success in its market segment, it is well positioned to remain the leading short-break operator in the UK, while continuing to fund upgrading of village facilities, accommodation and amenities and moving forward with the construction of the Fifth Village. The key elements of its business strategy are:

Maintain market-leading position in the UK. Center Parcs has implemented a number of strategies to accomplish its long-term goal of remaining the leading forest village short-break operator in the UK. Center Parcs intends to continue to focus on raising and maintaining service standards to fulfil and exceed guest expectations, as well as on adapting its offerings to meet changes in guest expectations. For example, as part of this strategy employees continue to undergo training to ensure that they provide guests with the best service possible. In addition, Center Parcs will continue to use its investment programme to upgrade the accommodation and amenities for the four villages, with additional features such as Starbucks and other brand-name offerings, which are very popular with guests.

Continue to grow organically through upgrades of central facilities and accommodation. Center Parcs intends to continue to upgrade its four villages through its investment programme. Through these upgrades, Center Parcs believes it can provide a better holiday experience for the affluent families that form its core guest base. Since 2007, 105 new units have been opened, and over 1,800 units (accounting for over 50% of total units) have been significantly upgraded, with the remainder expected to be upgraded by the end of 2015. Center Parcs plans to continue to add new facilities, particularly to its signature sub-tropical swimming paradise, and intends to make small-scale additions to accommodation types, such as increasing the number of tree houses at various villages. Center Parcs' investment programme has allowed Center Parcs to grow its ADR by a CAGR of 5.4% since 1997, increase its profitability and maintain a high level of occupancy.

Generate growth in profit before tax and enhance value. By increasing ADR and RevPAV through the addition of new facilities and the upgrading of existing facilities, Center Parcs intends to increase its profitability. ADR has increased from £108.26 in 2005 to £136.49 in the financial year 2011 and to £140.02 in the 53-week period ended 5 January 2012, largely through higher tariffs as a result of the upgrading of accommodation. Center Parcs will continue to focus on increasing accommodation rates and onsite revenues through yield management, including flexible pricing and capacity management. Moreover, Center Parcs will seek to generate greater cost savings through increased efficiency at each village and at Center Parcs' head office, as well as continuing to improve upon and streamline online booking options. Revenue and EBITDA have increased continuously across the four villages during the period from 1997 to 2011.

Expand offering with the building of the Fifth Village. In November 2010, Center Parcs received reserved matters approval from Bedfordshire County Council in respect of plans to build a holiday village in Woburn, Bedfordshire with up to 787 units. This Fifth Village will be owned, developed and financed outside the Obligor Group. Center Parcs anticipates that the Fifth Village will become part of the Obligor Group within three years of becoming operational and starting to receive paying guests if certain accession conditions are met. Center Parcs believes that demographic and holiday trend indicators combined with a strong brand and premium product offering will contribute to the success of the Fifth Village. The Fifth Village will include all of London in its targeted catchment area, which Center Parcs believes will enable it to reach out to a largely untapped market with a large population of its target demographic that has not previously visited one of the villages. Center Parcs currently intends to open the Fifth Village during 2014, subject to funding and development, with a planned 712 units of accommodation in the initial phase, and the remaining 75 units to be built at a later date.



Product Offering

Center Parcs' primary focus is on the short-break holiday market. Accommodation is available by either a four-night break (Monday to Friday) or a three-night break (Friday to Monday), although it is also possible to book two consecutive breaks and stay for a week. Accommodation is charged on a per-break rather than per-sleeper or per-night basis.

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

In financial year 2011, Center Parcs generated approximately 57% of its total revenue from accommodation and approximately 43% of its total revenue from on-site expenditure by guests. Management estimates that around half of Center Parcs' cost structure is variable. Center Parcs' occupation rates have averaged well over 90% since the establishment of the first UK village, with typically around 40% of total villa nights for the next 12 months already booked at the start of each financial year.

ADR for the 2011 financial year and the 53-week period ended 5 January 2012 was £136.49 and £140.02, respectively, while occupancy averaged 96.3% and 96.5%, respectively, despite approximately 2% of accommodation being unavailable for occupation due to refurbishment but still being accounted for in the occupancy calculation.

Accommodation

Accommodation is a critical part of the overall guest experience at Center Parcs and the key financial driver, comprising 58% of total revenue in the 53-week period ended 5 January 2012. Investment, maintenance and refurbishment are ongoing to keep all accommodation up to date, fresh and contemporary. Accommodation comprises a range of one to four bedroom villas and lodges, and one and two bedroom apartment styles at each village, all with self-catering facilities. Elveden also has an 88 room hotel. Center Parcs offers approximately 3,400 units of accommodation across its four villages, approximately 63% of which are classified as standard accommodation and 37% as executive accommodation. In 2007, a new accommodation strategy was developed, which resulted in an upgrade programme for Center Parcs' units. Since 2007, Center Parcs has refurbished over 50% of all accommodation units to the new lodge standard. Center Parcs plans to complete the refurbishment of all units by the end of 2015. Historically, accommodation upgrades have typically resulted in an increase in accommodation revenues for upgraded accommodation compared with unrefurbished accommodation. For example, the completion of the refurbishment programme in 2011 resulted in a 15% increase in accommodation revenues for the upgraded accommodation.

Center Parcs villages offer a range of different grades of villa and lodge accommodation, from the entry level comfort villas to exclusive villas and treehouses with jacuzzis, steam rooms and other premium facilities. The different grades of accommodation are Comfort/Comfort Plus Villas; Woodland Lodges; Executive Villas; New Style Executive Villas; Exclusive Lodges; New Style Exclusive Lodges and Treehouses. There are also a small number of apartments and hotel rooms available.

The following table shows a breakdown of the types of accommodation offered across Center Parcs' villages as of 5 January 2012.

<u>Type</u>	<u>Standard of Accommodation</u>				
	<u>Sherwood</u>	<u>Elveden</u>	<u>Longleat</u>	<u>Whinfell</u>	<u>Total</u>
Standard					
Comfort	145	26	90	108	369
Comfort +	139	106	138	100	483
Woodland Lodge	311	398	224	370	1,303
Total Standard	595	530	452	578	2,155
Executive					
Apartment/Hotel rooms	30	88	60	79	257
Old Style Executive	27	138	105	82	352
Executive Lodge	169	60	151	105	485
New Style Executive	32	34	8	11	85
Exclusive	14	16	15	9	54
New Style Exclusive	—	5	5	—	10
Spa Suites	—	4	—	—	4
Treehouses	3	—	3	—	6
Total Executive	275	345	347	286	1,253
Total	870	875	799	864	3,408



Comfort/Comfort Plus Villas (existing entry level)

This is the existing base entry level accommodation which offers practicality and good value for money with all the basic essentials in a sociable open plan setting. The Comfort Plus Villa offers a DVD player and dishwasher. Refurbishment programmes will upgrade this standard to Woodland Lodge specification. It is expected that by the end of financial year 2015, all Comfort/Comfort Plus Villas will have been re-modelled to the Woodland lodge standard.

Woodland Lodges (new entry level standard)

This new level of accommodation has been designed exclusively by Tara Bernard from Target Living. The Woodland lodges feature oak style flooring with new furnishings, features and appliances. The effect is to bring inside the natural forest environment.

Executive Villas

This level of accommodation offers an overall higher level of functionality and furnishings. The majority of the three to four bedroom Executive Villas have saunas as well as the additional benefits of en suite bathrooms and daily housekeeping service. Refurbishment programmes will upgrade this standard to the New Style Executive Lodge specification. It is expected that by the end of financial year 2015, all original Executive Villas will have been upgraded to the New Style Executive specification.

New Style Executive Villas

New Style Executive Villas incorporate all the features of the Woodland Lodges, and include extra luxuries to make a guest's stay even more memorable, including maid service, en suite bathrooms for every bedroom with rainforest showers, LCD TVs in the lounge and all bedrooms, free wi-fi access, fully equipped kitchens with breakfast bars, private patios and built-in BBQs. The new four bedroom New Style Executive Villas also benefit from having a games room with a pool table and a games console.

Exclusive Lodges

As the luxury version of the Executive Villas, this accommodation is the top of the range, comprising two storey, four bedroom, detached lodges designed for families or groups who desire the privacy of their own spa area and enclosed garden. The Exclusive Lodges also include a steam room, sauna and outdoor hot tub. New Style Exclusive Lodges also include a games room with a pool table.

Spa Suites

The Spa Suites are a new concept to Center Parcs, introduced in November 2011 with the opening of four units at Elveden. They are luxurious one bedroom units adjacent to the Aqua Sana Spa and provide direct access to the Spa facilities with entry included as part of the tariff. Unlike all other accommodation types they are sold on a hotel per night basis.

Treehouses

The new two storey Treehouses are designed for families or friends who want the ultimate Center Parcs experience with views of the forest and a balcony to every bedroom. Three new Treehouses opened at Sherwood in December 2010, and a further three opened at Longleat in late 2011. The accommodation consists of four en suite bedrooms, an infrared sauna room, a balcony hot tub, as well as a separate games den with pool table.

Apartments and Hotel Rooms

Sherwood, Longleat and Whinfell have apartment style accommodation of an Executive standard with self-catering facilities. Elveden has an 88 bedroom room hotel, the Lakeview.

On-site Amenities/Leisure Activities

Center Parcs offers more than 100 different activities to guests at each of its villages. These range from passive and gentle to active and high adrenaline. Excluding the Aqua Sana spa, leisure activities comprised 11% of total revenue in the 53-week period ended 5 January 2012.

Sub-tropical Swimming Paradise

The sub-tropical swimming paradise is the core leisure offer of the Center Parcs villages and is free to guests. The pools in all villages have slides, a "jungle river" and a variety of other new features, including a popular raft ride facility at Sherwood. The pool complex averages over 5,500 sq m in size, with an average capacity of over 1,400 people in the pool and



changing areas. There have been upgrades to rapids, sprudle pools and changing room facilities at the villages. New children's areas have been added at Sherwood and Elveden in recent years. Various activities are available, including "Baby Dolphins", offering exclusive early use for pre-school children, scuba diving and aqua jetting.

Center Parcs is currently undertaking a strategic review of the pool offer (Project Atlantis), covering plant and maintenance as well as future development opportunities to add new exciting features. In the 2012 calendar year, Center Parcs is expected to introduce a new unique raft ride at Elveden which along with completely refurbished changing room facilities which have recently re-opened at Whinfell, will have an estimated total cost of approximately £5 million.

Outdoor Activities

Outdoor activities offered by Center Parcs vary from adventure golf and nature walks to high adrenaline activities like high ropes, tree trekking and a range of water sports. Each of the villages has an outdoor activity centre which provides activities, including paint balling, quad biking and laser combat.

In recent years, outdoor activities have seen significant growth in popularity and revenues. Tree trekking was rolled out in 2006 and has proved to be very successful, both from a financial point of view and from guest feedback. Focus on capacity management has allowed extra sessions for guests, further increasing profitability.

Cable-ski was launched at Elveden in 2008 and is proving popular with both amateur and more experienced water sport enthusiasts. Meanwhile traditional activities on the lake like pedalo and canoe hire remain popular.

Indoor Activities

Traditional activities, including badminton, ten pin bowling, snooker, pool, table tennis and squash, generate consistent revenue streams. Tuition and classes are also provided for activities such as aerobics, fencing, climbing, water colour painting and pottery, with all age groups catered for.

Ten pin bowling is a key revenue generator. An additional six lanes were built at Sherwood and opened in December 2007, and its original Leisure Bowl re-opened in December 2009, following a major refurbishment. An upgrade of similar facilities at the other villages has been undertaken.

Children's Activities

Center Parcs offers a wide range of activities tailored for children of ages from six months to 14 years. Many such activities are offered through the "Time Out Club". Staff are highly trained and offer a spectrum of activities, from traditional crèche and soft play areas for toddlers to hair braiding and activities such as "Crime Scene Investigator" for older children and teenagers. In addition to the "Time Out Club", tuition for younger guests is offered in football, cricket, tennis and fencing. Roller skating and junior archery are also popular.

Cycle Hire

The car free environment makes cycling a key feature of the Center Parcs experience. Each village has a cycle fleet of over 3,000 bicycles available. In recent years, Center Parcs invested significantly in a new fleet of bicycles to replace the previous, older model fleet which was incurring high maintenance costs as well as having a dated image. The new fleet is lighter, less maintenance intensive and more attractive to guests. In line with the move to pre-book more activities, pre-booking of cycles now represents around 60% of total cycle bookings, reducing queuing times and improving planning. These initiatives have generated a significant increase in EBITDA.

Aqua Sana—Spa and Treatments

The Aqua Sana spa is open to outside guests as well as to guests of the villages, with 64% of bookings made in advance and pre-paid prior to arrival. Aqua Sana comprised 5% of total revenue in the 53-week period ended 5 January 2012. Each village has between 18 and 24 treatment rooms and extensive spa facilities with eight different "experience rooms", hydrotherapy pools, saunas and meditation areas. Treatments range from massage through to more advanced facials and beauty treatments for both men and women.

The other Aqua Sana facilities have benefited from minor upgrades and new retail shops offering a wide variety of beauty products from well-known brands, including Elemis and Decleor. At Longleat, Sherwood and Elveden, the Aqua Sana facilities include a "Zilli Café", a new concept designed and supported by celebrity chef Aldo Zilli. At Whinfell, the Aqua Sana spa has a "Conservatory" restaurant.

Recent years have also seen significant growth in the market for outside guests. The "Pamper Day" guests now represent 30-40% of Aqua Sana revenue. The business continues to work towards ensuring the right offer for both leisure and external guests, while exploring potential new opportunities.



Aqua Sana has been awarded “Visit Star” status by *Visit Britain* for the past three years. The most recent development has been the launch of both spa and treatment bookings online. Similar to other areas, guests can now pre-book treatments well in advance.

Leisure Pricing

With more access to booking patterns and demand, Center Parcs is in the early stages of introducing demand-driven pricing which takes into account time of day and high occupancy versus quieter occupancy periods, allowing “value offers” to guests to be made. This is at an early stage of development, but once implemented and tested it is expected to generate additional demand and profitability.

On-site Food and Beverage

Center Parcs believes it provides its guests with an extensive range of dining experiences, with on-site food and beverage sales comprising 17% of total revenue in the 53-week period ended 5 January 2012. Each village has at least ten restaurants offering cuisines from around the world and a number of bars. This provides a choice of restaurants, some targeted at the family with play areas and children’s menus through to others offering premium dining. Center Parcs believes these on-site food and beverage facilities provide a captive market for its approximately 18,000 guests which has enabled higher sustained pricing and minimal promotional activity compared with the high street restaurant trade.

To maximise revenue and ensure that guests receive a quality experience, management has focused on ensuring that the number of restaurant covers is sufficient to cater for all those wanting to dine out.

As a result of a major capital programme review of its food and beverage business in 2007, Center Parcs improved the overall consistency of the food and beverage offer and introduced premium coffee and some high street brands/operators. The majority of food and beverage units have been refurbished since financial year 2008. New concessions and amenities include the following:

- Starbucks franchises were rolled out across all villages. Ten Starbucks are managed by Center Parcs under licence from the Starbucks Coffee Company.
- Café Rouge (all villages), Bella Italia (Elveden, Whinfell), Strada (Sherwood, Longleat) and Ortega (Longleat only) brands replaced some of the existing restaurants. These nine units are managed under a concession agreement by the Tragus Group, a Blackstone portfolio company, which pays a concession fee.
- A gastro pub concept restaurant was introduced at Sherwood and Elveden. The concept was jointly developed with Select Service Partners (SSP) and both are now managed under a concession agreement.
- A new takeaway or delivery service was developed which offers guests the opportunity to choose between Indian, Chinese and Italian cuisine.
- The American style restaurants underwent a major refurbishment and were rebranded.
- The Conservatory restaurants at Longleat, Sherwood and Elveden have been refurbished and rebranded as Zilli Café operated by Center Parcs under licence from celebrity chef Aldo Zilli.

Other concepts either managed in-house or operated under concession agreements are:

- Casual family dining/sports entertainment.
- Indian restaurants.
- Fast food restaurants.
- Leisure Bowl bar adjoining the bowling lanes.
- Pancake House, a pancake restaurant operated at all four villages.
- Poolside refreshments.
- A traditional English pub at Whinfell.
- The Venue, offering dining as well as evening entertainment and used by day for corporate functions.



On-site Retail

Center Parcs offers a range of both food and non-food retail at each of its villages, which comprised 9% of total revenue in the 53-week period ended 5 January 2012. The retail outlets have been designed to complement the activities at Center Parcs and the requirements of its guests. Each village has an average of eight main retail outlets and a number of satellite retail offers.

The onsite supermarket, the ParcMarket, provides guests with a full range of products for their self-catering requirements and has a range equivalent to a high street supermarket. The shop includes a full range of fresh foods, fresh breads and pastries baked onsite, and a wide range of wines, beers and spirits as well as a comprehensive grocery offer. Prices are kept as competitive as possible with comparably sized outlets in the surrounding areas. Sales averaged approximately £4 million per year per ParcMarket for financial year 2011.

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

In 2008 the Nuance Group was selected to become Center Parcs' retail strategic partner and took control under a concession agreement of the "Sportique" and "Aquatique" shops. Two new shops, "Time for Shade" and "Spirit", are also managed and operated under this concession agreement. In late 2011, Nuance took control of the "Natural Elements" and "Funtastic" shops across all villages and is in the process of re-branding these shops as "The Store Room" and "Just Kids" respectively. The Nuance Group manages 24 such shops and this relationship has allowed Center Parcs to develop a partnership with an operator within a well-established distribution network and to improve the profitability of its on-site retail operations.

Sherwood Forest

Sherwood, opened in 1987, was the first of the Center Parcs' villages in the UK. Sherwood is set in approximately 400 acres of woodland and lakes and has an open, rather than covered, Village Square, which generates a continental atmosphere with al fresco dining.

In the 2011 financial year, Sherwood generated £75.5 million in revenue and £40.1 million EBITDA.

Location

The village is located off the B6034, 17 miles from the city of Nottingham (population 288,700) and nine miles from the town of Mansfield, within Nottinghamshire. The nearest town is Ollerton, which is three miles to the northeast.

Transport Links

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

Catchment Area

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

Tenure

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

Village Facilities

Sherwood's sub-tropical swimming paradise contains the UK's largest family raft ride/waterslide and is the largest pool complex of the four villages.

Existing facilities include Café Rouge, Strada and Starbucks within food and beverage, and casual wear and sunglasses retail units. New bowling lanes and an outdoor activity centre have improved the leisure offer. In December 2009, the original Leisure Bowl bowling facility was re-opened, fully refurbished and with an additional two lanes.



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Sherwood includes the following facilities:

- Sub-tropical swimming paradise.
- Action Challenge (tree trekking, climbing and abseiling).
- Adventure golf.
- Boathouse/Beach (canoeing, kayaking and sailing).
- Archery centre.
- Golf driving range.
- Foresters (restaurant, bar and indoor activities).
- Nature centre (falconry, woodland walks, educational tours and retail shop).
- Jardin Des Sports/Sports Plaza (indoor sports arena with squash courts, snooker tables, badminton, gymnasium, yoga studio, arcade, sports bar and retail units).
- Village Square (nine restaurants plus conference facilities).
- Aqua Sana (spa, treatments and Zilli Café).
- Outdoor activity centre (features activities such as quad biking, archery and paintball).
- Ten-pin bowling.
- ParcMarket (onsite supermarket) and a range of other retail outlets.
- Tennis courts.

Elveden Forest

Elveden opened in 1989 as the second of Center Parcs' villages. Elveden covers an area of approximately 457 acres. In the 2011 financial year, Elveden generated £74.1 million in revenue and £37.9 million EBITDA.

Location

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

Transport Links

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

Catchment Area

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

Tenure

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



Village Facilities

Following a major fire in 2002, the Village Square was rebuilt with a contemporary feel, combining al fresco and indoor dining and shopping options, adjoining the lake on the property. Elveden is the flattest of the villages, which Center Parcs considers to be ideal for pre-school families. Café Rouge and Bella Italia outlets are now found at Elveden along with two Starbucks coffee shops in prime locations. Retail includes casual wear and sunglasses units. An outdoor activity centre and most recently a cable water ski facility on the lake have also been opened. Elveden includes the following facilities:

- Sub-tropical swimming paradise.
- Action Challenge (tree trekking, climbing and abseiling).
- Adventure golf.
- Boathouse (canoeing, kayaking, cable-ski and sailing).
- Archery centre.
- Nine-hole golf course.
- Foresters (restaurant, bar and indoor activities).
- Jardin Des Sports/Sports Plaza (indoor sports arena, including badminton and squash courts, snooker tables, indoor skating, sports bar, crèche facilities, internet access facilities and retail units).
- The Village Square (six restaurants plus conference facilities).
- Aqua Sana (spa, treatments and Zilli Café).
- Outdoor activity centre (features activities such as quad biking, archery and paintball).
- ParcMarket (onsite supermarket) and a range of other retail outlets.
- Tennis courts.

Longleat Forest

Longleat opened in 1994 as the third of Center Parcs' villages. In the 2011 financial year, Longleat generated £71.2 million in revenue and £35.9 million EBITDA.

Location

The property is located approximately four miles west of Warminster and 25 miles southeast of Bristol. It forms part of the Longleat Estate. Longleat covers an area of approximately 400 acres.

Transport Links

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

Catchment Area

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

Tenure

Parts of the property are held under two underleases from SPV 2 Limited (a subsidiary of CP Cayman Limited Holdings LP), which in turn holds such parts of the property under two headleases from the Marquess of Bath. The term of the first underlease is 72 years and 11 months from 23 March 2000 to 22 February 2073 for a current passing rent of £611,747 per annum (pursuant to a 2009 rent review). A premium of £10 million was paid to the lessor. The term of the



second underlease is 72 years, five months and 29 days from 25 August 2000 to 22 February 2073 for a current passing rent of £31,011 per annum (pursuant to a 2009 rent review). Both underleases had a first rent review in July 2004 and their second rent review (due in July 2009) was settled in 2010. Rent reviews are carried out every five years. It should be noted that the rent reviews are upwards only but limited by reference to turnover increase relative to whichever of the preceding review periods has the greatest turnover. The remainder of the property (an outdoor activity centre) at Longleat is held under a lease between The Most Honourable Alexander George Seventh Marquess of Bath and Longleat Property Limited. The term of this lease is 64 years, one month and 25 days from 1 January 2009 to 25 February 2073 for a current passing rent of £12,000 per annum. This lease is subject to a rent review mechanism on similar terms as the above-mentioned two underleases.

Village Facilities

There are three main hubs of activity: the Jardin Des Sports, Village Square and Plaza. The restaurant offers include Café Rouge, Strada and Ortega. The recently refurbished and improved Aqua Sana Spa features the first Zilli Café. Longleat's facilities include:

- Sub-tropical swimming paradise.
- Action Challenge (tree trekking, climbing and abseiling).
- Adventure golf.
- Boathouse (canoeing, kayaking and sailing).
- Archery centre.
- Nature centre (falconry, woodland walks and educational tours).
- Jardin Des Sports/Sports Plaza (indoor sports arena, including squash courts, snooker tables, badminton, gymnasium, yoga studio, sports bar and retail units).
- Village Square (two restaurants plus additional facilities).
- Aqua Sana (spa, treatments and Zilli Café).
- Outdoor activity centre (features activities such as quad biking, archery and paintball).
- ParcMarket (onsite supermarket) and a range of other retail outlets.
- Tennis courts.

Whinfell Forest

Whinfell was built by Rank and opened in 1997. It was subsequently sold to Bourne Leisure and then acquired by Center Parcs in 2001. Whinfell comprises approximately 435 acres of land and is home to one of the UK's last remaining colonies of red squirrels, which can be seen regularly throughout the village. In the 2011 financial year, Whinfell generated £69.6 million in revenue and £34.3 million EBITDA.

Location

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

Transport Links

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

Catchment Area

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



Tenure

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

Village Facilities

Since 2001, improvements to the village's infrastructure and accommodation have been and continue to be made. Labour turnover has fallen significantly and guest service has improved markedly such that Whinfell achieved the award of best village service in 2009. Whinfell includes the following facilities:

- Butterfly centre (which houses the sub-tropical swimming paradise, as well as the majority of the food & beverage and retail facilities).
- Adventure golf.
- Lake with water-sports facilities.
- Golf driving range.
- Lakeside Inn (pub/restaurant).
- Nature centre (falconry, woodland walks and educational tours).
- Outdoor activity centre (features activities such as quad biking, archery and paintball).
- Jardin Des Sports/Sports Plaza (indoor sports arena, including tennis courts, multi-use sports courts, snooker and pool tables, badminton, gymnasium, sports bar and retail units).
- Aqua Sana (spa, treatments and Conservatory restaurant).
- ParcMarket (the onsite supermarket) and a range of other retail outlets.
- Tennis courts.

Woburn Project—the Fifth Village

The Fifth Village in Center Parcs' portfolio is to be constructed on 362 acres of mature forested land in Woburn, Bedfordshire, with a planned completion of the first phase of construction during 2014. In November 2010, Center Parcs received reserved matters approval from Bedfordshire County Council in respect of its plans to build a 787 unit holiday village on this site. Center Parcs has erected perimeter fencing, built a roundabout and part of the access road and diverted public rights of way in accordance with the planning consent. Initially, the Fifth Village will be developed, financed and owned outside the Obligor Group, with a view to it becoming part of the Obligor Group if certain accession conditions are met. See "*Risk Factors—Risks Relating to the Fifth Village and Other Additional Villages*" and "*Description of the Class A Debt Provisions—Class A Issuer/Borrower Loan Agreement*".

Location

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

Transport Links

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

Catchment Area

Woburn's catchment area would encompass around ten million households and would be significantly greater than that of any other village, being the only Center Parcs village within a 90 minute drive time of all London households. Woburn also has the highest volume of core target households (approximately seven million) within that drive time. For much of this population, the current penetration for Center Parcs is low. For more information on Woburn's likely catchment area and the likely impact on Center Parcs' existing villages, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—The Proposed Fifth Village*".



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Tenure

Center Parcs holds the site of the Fifth Village in leasehold title under the terms of a lease with Woburn Estate Company Limited and Bedford Estates Nominees Limited. The term of the lease is 99 years from 24 December 2010 for a current passing rent of £485,000 per annum. A premium of £3,540,600 was paid to the lessor. The lease contains a rent review clause. The first rent review is scheduled to occur on 31 March 2013 and thereafter every five years.

Accommodation

Woburn has planning permission for a total of 787 units of accommodation and expects that 712 of these will be built in the initial phase with the remaining 75 units being built at a later date.

Village Facilities

The amenities and facilities offered at Woburn will be similar in mix and in scale to those at existing facilities.

Marketing

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

Typically, Center Parcs runs an integrated cross-channel media campaign, led by television and internet advertising, supplemented by email, social media and other forms of public relations activities, all of which are geographically and demographically targeted for optimal effects.

Center Parcs keeps a large guest database of over three million households, with approximately 700,000 of those being considered active guests who had a Center Parcs break in the last 26 months or have an active booking. Given the cost effectiveness of targeting guests who have previously stayed at a Center Parcs village, a significant proportion of the Center Parcs marketing budget is focused on communicating with its existing guest base, targeting repeat visits and the sale of on-village activities. On average, 60% of guests at any one time have previously stayed at a Center Parcs village. The retention strategy focuses on an email programme that maintains communication with guests, from initial enquiry for information, through booking of accommodation, pre-arrival booking of activities, to the post-visit "Welcome Home" and "Anniversary" emails.

In addition to its retention strategy, Center Parcs integrates acquisition marketing activities through buying advertising space on websites, television programmes and newspapers aimed towards a more affluent market to bring in new guests by targeting affluent families that have potential to provide repeat business and good lifetime value through multiple return visits. The largest spend of the year is focused upon the key booking period from late December through to late February, when large numbers of UK consumers are in the market for holidays and short-breaks and the propensity to book is higher.

Center Parcs is a direct sell operation, with around 75% of bookings coming directly via its website and the remaining 25% through its in-house Contact Centre. Center Parcs does not deal with online affiliates or travel agents. As such, there are no commission payments made to third parties selling Center Parcs to consumers.

In addition, Center Parcs constantly monitors ongoing guest feedback through its online Guest Service Questionnaire, which is typically completed by over 30% of guests, as well as through various quantitative and qualitative research projects reviewing the various elements of its business. Since moving to the online format for guest questionnaires, response rates have risen from 22% in financial year 2010 to 31% in financial year 2011. Such research helps guide marketing communications, but has also been the basis of improvements in both guest service and product development (for example, accommodation refurbishment, pool upgrades and new leisure activities).

Over the three years to 2011, Center Parcs has overhauled its pricing strategy and has adopted a model more akin to that of the low cost airlines, where prices start low to generate interest and demand and increase as sales increase along with demand as the holiday dates approach. This approach rewards and encourages early booking and has helped Center Parcs increase revenues through economic cycles despite only a limited increase in capacity and has allowed it to maintain and improve physical occupancy rates (approximately 96.3% in financial year 2011 and 96.5% in the 53-week period ended 5 January 2012). This is reflected in "intention to return" scores of 95% in financial year 2011.

Competition

Center Parcs competes for discretionary time and spending with other alternative forms of leisure offers, such as traditional hotels and bed & breakfasts, and discrete leisure activities, including theme parks, in-home entertainment options, equipped beaches, restaurants, and natural and historical attractions and playgrounds. See "*Industry*" and "*Risk Factors*".



Nonetheless, Center Parcs believes it provides a unique product within this market in terms of scale, amenities and standard of accommodation. Unlike other holiday centres within the holiday market, Center Parcs sites are located within rural forest locations, are all-year-round destinations and are marketed primarily as short-breaks of three or four night stays, rather than longer breaks or holidays. Center Parcs believes that this unique product offering, together with strong brand recognition and a high percentage of repeat guests, make it difficult for Center Parcs' success to be replicated.

Property, Plant and Equipment

Most of the villages are operated under long term lease arrangements by Center Parcs, as described in “—Tenure” under each village description above.

Center Parcs believes that its facilities meet its present needs and that its properties are well maintained and suitable for their intended use. For more information on Center Parcs' properties, see the Valuation Reports at Annex 2.

Government Regulation

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

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

Center Parcs is subject to applicable rules and regulations relating to its relationship with its employees, including minimum wage requirements, child labour laws, health benefits, and overtime and working condition requirements. In addition, Center Parcs is subject to the Equality Act 2010. See “Risk Factors” for additional information on how these and other regulations may affect Center Parcs' business.

Intellectual Property

Center Parcs has 42 registered trademarks as of 5 January 2012. These include trademarks for Center Parcs®, restaurants such as Hucks®, leisure venues like The Venue® and activities including Action Challenge® and Aqua Sana® spa.

Center Parcs operates all four villages in the UK and Center Parcs Europe NV operates 14 villages across Holland, Belgium, Germany and France. Center Parcs Europe NV is not owned by Blackstone. Center Parcs and Center Parcs Europe NV are party to a brand sharing agreement pursuant to which Center Parcs is entitled to use the Center Parcs brand and logo in the United Kingdom, Channel Islands and the Republic of Ireland and Center Parcs Europe NV is entitled to use the same in the remainder of Continental Europe.

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

Employees

As of the end of financial year 2011, Center Parcs employed a total of 6,073 workers (including those of a fixed term or temporary nature) with a full-time equivalent number of 3,503 employees. Of this number, 228 were based at the Head Office, with an average of around 1,460 working at each village. The following table provides a breakdown of Center Parcs' number of employees by village for the last three financial years.

Employees by village	As of the end of financial year					
	2011		2010		2009	
	Full-time equivalents	Total	Full-time equivalents	Total	Full-time equivalents	Total
Sherwood	810	1,510	798	1,484	808	1,520
Elveden	821	1,513	824	1,446	842	1,439
Longleat	815	1,529	810	1,472	810	1,522
Whinfell	864	1,293	854	1,260	853	1,242
Head Office	194	228	217	260	226	277
Group	3,503	6,073	3,503	5,922	3,539	6,000



In September 2009, Center Parcs introduced a new service programme called “Making Memorable Moments” to enhance the level of service it provides to its guests. This effort has already yielded improved results, as measured by responses to guest questionnaires. Questionnaires have been exclusively online since May 2010, which has significantly increased the number of returns and has improved guest feedback. By the end of April 2011, all staff had been trained under the Making Memorable Moments programme.

Employee turnover decreased by 6.3% from 2009 to 2011, averaging 23.5% of the total workforce per year in 2011. This represents the lowest average labour turnover on record for Center Parcs.

Maintenance and Inspection

Since 2006, over £250 million has been spent on capital expenditure, which has been used to upgrade units and inventory, construct new accommodation and overhaul food and beverage and retail offerings. Center Parcs’ operations management division is on call 24 hours per day, seven days per week. One-to-one meetings between each General Manager and the Operations Director are held every six weeks, and quarterly finance reviews are performed on each village. The villages have a UK Fire Health and Safety inspection every two months, and village inspections are conducted at each village for two days twice a year, involving the Operations Director, Operations Manager, General Manager and Village team.

Center Parcs also uses a mystery guest programme to ensure quality control, whereby around 64 visits are made per year across the four villages in order to measure service behaviours. Together with the reward and recognition scheme introduced in February 2010, which offers an annual prize as well as a monthly prize draw, Center Parcs’ programmes change and reward service behaviour.

Information Technology

Center Parcs has significantly improved cost efficiency and efficiency of call handling through the consolidation of its call centre operations to its Head Office in 2010.

The biggest change for guests in recent years has been the move from a telephone based pre-arrivals booking facility to an online service introduced in 2008. This allows guests to book leisure activities six months in advance. This service benefits guests, but also allows Center Parcs greater planning time to ensure it meets demand through extra sessions and employee capacity. A new team has been established to ensure that demand and capacity are constantly monitored. Guests can book either online from home prior to arrival or on-village using new purpose built on-village booking points, or via personal laptops, using wi-fi.

In 2011, accommodation bookings through the website were 74% of overall bookings. In addition, approximately 85% of pre-booked activities were arranged through the website. In 2010, Center Parcs also introduced an online spa booking system which allows guests to view treatment availability for themselves and to place bookings instantly.

Insurance

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

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

Legal Proceedings

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

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



MANAGEMENT

Board of Directors

The main Board of Directors of Center Parcs consists of Blackstone representatives and advisors together with three executive members. It meets quarterly to discuss the performance of Center Parcs against its strategic objectives, current and future projects and innovations and to discuss any other issues that may impact the day-to-day running of the business in the short- to medium-term.

The Operating Board of Center Parcs is the main policy making and oversight board of the Obligor and, together with the senior management team, conducts the day-to-day operations of the activities of Center Parcs. The Operating Board is made up of the Chief Executive Officer, the Finance Director and the five members of senior management listed below.

The following table sets out certain information with respect to the members of the Board of Directors as of the date of this Offering Circular. The address for each of the directors is One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Martin Robinson	49	Chairman
Martin Dalby	50	Chief Executive Officer
Paul Inglett	45	Finance Director
Joseph Baratta	40	Board member
Chad Pike	40	Board member
William Stein	49	Board member
Andrew Katz	50	Board member
John Ceriale	59	Board member
Peter Stoll	39	Board member
Andrea Valeri	39	Board member
Farhad Mawji-Karim	43	Board member

Martin Robinson—Chairman

Martin Robinson has served as Chairman of the Operating Board of Center Parcs since 2001 and was appointed as Chairman of the Board of Management of Center Parcs in November 1999. He joined Center Parcs in October 1997 as Managing Director of its European business. He 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. Martin 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. He is also an Operating Partner with Duke Street, a director of QCNS Cruise SAM and a non-executive director of EuroDisney SCA.

Martin Dalby—Chief Executive Officer

Martin Dalby has served as CEO of Center Parcs since July 2000 and prior to that was Finance Director of Center Parcs from 1997 to 2000 and Financial Controller from 1995 to 1997. He joined Scottish and Newcastle in 1978 where he held various accounting positions before joining Center Parcs UK in January 1995 as Financial Controller. Martin has led the Center Parcs Group 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. Martin led the float of the business on AIM in December 2003, the transition to the London Stock Exchange’s main list on 1 March 2005 and the subsequent purchase by Blackstone.

Paul Inglett—Finance Director

Paul Inglett joined Center Parcs as Finance Director in January 2010. Prior to joining Center Parcs, he served on the board of Marston’s PLC (formerly Wolverhampton & Dudley Breweries) as Group Finance Director from 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. Mr Inglett is CIMA qualified.

Joseph Baratta

Joseph Baratta has served on the Operating Board of Center Parcs since 2006 and is a Senior Managing Director in the Corporate Private Equity group of Blackstone and Head of European Private Equity, based in London. Since joining Blackstone in 1998, Mr Baratta has been involved in the execution of Blackstone’s investments in LiveWire, Republic



Technologies International, Universal Orlando, Nycomed Pharmaceuticals, Houghton Mifflin and Spirit Group, and is responsible for Blackstone's investments in Seaworld Parks and Entertainment, Merlin Entertainments Group, Center Parcs, Tragus Group and ICS Group. Before joining Blackstone, Mr Baratta was with Tinicum Incorporated, and McCown De Leeuw & Company. Mr Baratta also worked at Morgan Stanley in its Mergers and Acquisitions department. He graduated *magna cum laude* from Georgetown University. He serves as a director of Seaworld Parks and Entertainment, Merlin Entertainments Group and Tragus Group.

Chad Pike

Chad Pike has served on the Operating Board of Center Parcs since 2006 and is a Senior Managing Director and Co-Head of the Blackstone Real Estate Group. Mr Pike is responsible for the day-to-day management of the group's investment activities and personnel in Europe and Asia and serves on Blackstone's Executive Committee. Since joining Blackstone in 1995, he has led the acquisition of over \$15 billion of assets in the United States, Europe and Asia, including the Deutsche Bank Portfolio, WCM Residential Portfolio, Center Parcs and Broadgate. Before joining Blackstone, Mr Pike was with the Morgan Stanley Real Estate Fund, where he was involved in the purchase of non-performing loan portfolios and the real estate operating companies. He received a BA in History from the University of North Carolina at Chapel Hill, where he graduated with honours. Mr Pike is a board member of the National Fish and Wildlife Foundation and the North Atlantic Salmon Fund.

William Stein

William Stein has served on the Operating Board of Center Parcs since 2006 and is a Senior Managing Director and Global Head of Asset Management in the Blackstone Real Estate Group. Since joining Blackstone in 1997, Mr Stein has been involved in the direct asset management and asset management oversight of real estate investments, including The Savoy Hotel Group, Extended Stay America, Boca Resorts, La Quinta, Equity Office Properties and Hilton Hotels Corp. Before joining Blackstone Mr Stein was a vice president at Heitman Real Estate advisors and JMB Realty Corp. Mr Stein received a BBA from the University of Michigan and an MBA from the University of Chicago.

Andrew Katz

Andrew Katz has served on the Operating Board of Center Parcs since 2006 and is Managing Director and Head of Operations for Axios Hospitality Real Estate, the platform for hospitality investments owned by funds controlled by Blackstone. Prior to joining Axios Hospitality Real Estate, Mr Katz had spent five years as Senior Vice President of Real Estate for Starwood Hotels and Resorts worldwide. He was responsible for real estate issues, capital planning and renovation. In previous roles, he had been Senior Vice President of Asset Management for Wyndham International and Interstate Hotels. Mr Katz began his career in operations at the Waldorf-Astoria in New York City and has had various operations management positions during his career.

John Ceriale

John Ceriale has served on the Operating Board of Center Parcs since 2006 and is Founder and President of Prospect Advisors, the exclusive hotel advisor to Blackstone Real Estate Advisors (**BREA**). Since creating Prospect Advisors in 1998, he has been responsible for the management and overseeing of BREA's numerous hotel investments, which are located across the U.S., the Caribbean and Europe. Before founding Prospect Advisors in 1998, Mr Ceriale was the Senior Vice President of Operations for Westin Hotels and Resorts North America, where he oversaw the operations of 60 hotels. Prior to Westin, he spent four years at Fairmont Hotels and Resorts as Executive Vice President of Operations. From 1980 to 1991, Mr Ceriale acted as General Manager for several of Marriott Hotels and Resort's properties, including the company's two largest resorts. Mr Ceriale graduated from Loyola College in Baltimore with a Bachelor of Arts in Political Science and received a Bachelor of Science degree in Hotel Management from the University of Nevada Hotel School.

Peter Stoll

Peter Stoll has served on the Operating Board of Center Parcs since 2006 and is a Senior Managing Director and Chief Operating Officer of the Blackstone European Real Estate Group based in London. Since joining Blackstone in 2002, Mr Stoll 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, Mr Stoll was an Associate Director at The Carlyle Group where he helped to launch their real estate business in Europe. Prior to Carlyle, Mr Stoll was a Senior Associate in the acquisitions group of the Morgan Stanley Real Estate Fund in London. Prior to that, Mr Stoll worked with LaSalle Partners in Chicago, Paris and Amsterdam. Mr Stoll received a Bachelor of Arts degree in History from Dartmouth College where he graduated with honours, and also attended the United States Military Academy at West Point, and the London School of Economics.

Andrea Valeri

Andrea Valeri has served on the Operating Board of Center Parcs since 2006 and is a Managing Director in the Blackstone Private Equity Group and is based in London. Since joining Blackstone in 2005, Mr Valeri has been involved in



the execution of Blackstone’s investments in Kabel BW, Gardaland, Center Parcs and Jack Wolfskin. Before joining Blackstone, Mr Valeri was a Vice President at Goldman Sachs, where he spent several years in the Merger & Acquisition and Consumer and Retail groups. Prior to that, Mr Valeri worked at Bain & Company as a management consultant. Mr Valeri received a Master of Business Administration from Columbia University, where he graduated with honours, and a Master’s degree in Engineering and Management from the University of Padua, where he graduated *magna cum laude*. Mr Valeri serves as a director of Center Parcs and Jack Wolfskin.

Farhad Karim

Farhad Karim is a Managing Director in the Blackstone Real Estate Group based in London. Since joining Blackstone, Mr Karim has been involved in a variety of real estate acquisitions and initiatives. Before joining Blackstone in 2011, Mr Karim 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. Mr Karim received a Bachelor of Arts degree from McGill University and a Master of International Affairs and a Juris Doctor from Columbia University.

Senior Management

The following table sets out certain information with respect to the senior management of Center Parcs as of the date of this Offering Circular. The address for each of these managers is One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Judi Leavor	54	Human Resources Director
Colin Whaley	50	Sales and Marketing Director
Don Camilleri	62	Development Director
Graham White	55	Operations Director
Paul Kent	47	Commercial Director

Judi Leavor—Human Resources Director

Judi Leavor has served as Human Resources Director since March 2002, and joined Center Parcs at its inception in the UK in November 1985.

Colin Whaley—Sales and Marketing Director

Colin Whaley joined Center Parcs in November 2004 as Sales and Marketing Director. He previously was employed by British Airways from 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, Mr Whaley became Marketing Director of ebookers (UK).

Don Camilleri—Development Director

Don Camilleri joined Center Parcs in 1986 as Director of Development and Engineering and has served in this capacity since. He previously 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. Mr Camilleri is responsible for all development projects, including the construction of Elveden in 1989; the construction of Longleat in 1994 and the reconstruction of Elveden after the fire in 2002. 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 Associations.

Graham White—Operations Director

Graham White has served as Operations Director of Center Parcs since September 2000, and joined Center Parcs in 1989 as Food & Beverage Manager at Elveden. Subsequently he served as General Manager for Sherwood and Operations Manager of Center Parcs. Prior to joining Center Parcs he worked as a General Manager of Sodexo and was the proprietor of The Malbank Hotel in Cheshire.

Paul Kent—Commercial Director

Paul Kent has been Commercial Director of Center Parcs since January 2004 and joined Center Parcs in 1987, when the first holiday village was established in the UK. He has held a variety of roles at Center Parcs with responsibility for Retail,



Leisure and Food & Beverage before moving to the position of General Manager of Sherwood, taking up the UK Operations Manager role in 2002. Prior to joining Center Parcs, Paul worked in retail management with Safeway plc.

Compensation of Senior Management

For the financial years 2011, 2010 and 2009, the aggregate compensation paid to Center Parcs' senior management team named above was £2,574,000, £2,470,000 and £1,885,000, respectively (in each case including cash compensation for salary, bonuses, pensions and other benefits).

Pension Schemes

Center Parcs currently operates two pension arrangements, namely: (a) the Center Parcs Group Pension Plan (**GPP**), a personal pension plan open to all employees; and (b) the Center Parcs Senior Pension Scheme (**FS Scheme**), an occupational final salary (defined benefit) arrangement with ten members, of which four senior employees are active members. As at 28 April 2011, the GPP had approximately 1,400 members representing approximately 23% of all employees. As at 14 March 2011, the FS Scheme assets amounted to 110% of its liabilities with a surplus of £1 million on an ongoing basis. At 29 July 2011, the cost of buying out the members' benefits in the FS Scheme would have been around £14.8 million. The FS Scheme is not open to new members and its assets, liabilities and the contributions into the FS Scheme are not material in the context of Center Parcs' turnover, assets and income.

Corporate Governance

Center Parcs manages risks through the Risk Committee, which is made up of the executive management committee and other selected senior managers and meets quarterly to evaluate risks that have occurred, new and emerging risks, and the effectiveness of mitigating controls. On a day-to-day basis, Center Parcs' Fire, Health and Safety Steering Committee oversees the safety and well-being of the guests and meets every ten weeks, chaired by the Operations Director. Matters not resolved by the Fire, Health and Safety Steering Committee are escalated to the Risk Committee.

Center Parcs has a team of internal auditors based across all four villages that operates independently from village operations. The audit team looks at trends across the business to ensure that transactions are recorded as necessary to permit the preparation of financial statements. Before the commencement of each financial year, the directors and senior management are consulted to prepare an audit plan for the year, highlighting areas that raise concern. Audits are then performed at each village by the team of internal auditors and the resulting report is circulated to the directors. Recommendations arising from the reports are discussed with the relevant management personnel to ensure that controls are improved in a manner that results in efficient and secure procedures.



PRINCIPAL SHAREHOLDERS

Center Parcs Group is indirectly owned by investment funds managed and/or advised by affiliates of Blackstone. The following table sets out the principal entities directly or indirectly owning the share capital of the Center Parcs Group as of 28 April 2011 and the percentage of share capital held by such entities:

<u>Name of Relevant Entities</u>	<u>Percentage of Total Outstanding Shares (directly or indirectly owned)</u>
Blackstone Funds ⁽¹⁾	92.39
RB Investments 1 Limited	5.86
Directors and Senior Management	1.75
Total	<u>100.0</u>

(1) Funds managed by affiliates of The Blackstone Group L.P.

The Blackstone Funds, advised by affiliates of Blackstone, indirectly own 92.4% of the shares of Topco, through their ownership interests in CP Cayman Limited Holding LP. Blackstone is a leading investment and advisory firm founded in 1985, with offices in Atlanta, Beijing, Boston, Chicago, Dallas, Dubai, Düsseldorf, Hong Kong, Houston, London, Los Angeles, Menlo Park, Mumbai, Paris, Frankfurt, San Francisco, Seoul, Shanghai, Singapore, Sydney and Tokyo. Blackstone manages some of the largest institutional private equity and real estate funds in the world, including Blackstone Capital Partners VI, Blackstone's most recent private equity fund with equity capital commitments of over \$15 billion, and Blackstone Real Estate Partners VI, Blackstone's most recent real estate fund with equity capital commitments of \$10.9 billion. Since they began investing in 1987, funds advised by affiliates of Blackstone, through both its private equity and real estate arms, has invested or committed a total of approximately \$63 billion in 371 transactions, including approximately \$14 billion in 114 transactions in the hospitality and leisure space.

RB Investments 1 Limited is a 100% wholly owned subsidiary of RBS Asset Management Holdings, an integrated asset management business. RB Investments 1 Limited holds its investments on behalf of five limited partnerships that make up RBS Special Opportunities Fund. RBS Group has a minority interest in one of these limited partnerships, with the remainder of the interests held by third party institutions.



CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Center Parcs Group enters into transactions with its shareholders and other entities owned by its shareholders in the ordinary course of business. These transactions include, among others, financing agreements and professional, advisory, consulting and other corporate services. The following discussion is a brief summary of certain material arrangements, agreements and transactions the Center Parcs Group has with related parties.

Monitoring Agreement

Under a monitoring agreement between Forest Bidco Limited and Blackstone Management Partners V L.L.C, Blackstone Real Estate Advisors V L.P. and Blackstone Real Estate Advisors International II L.P. (collectively, the **Advisors**) dated 12 May 2006, the Advisors receive a fee for providing advisory services relating to the management of the investment business of Forest Bidco Limited, including, without limitation:

- advice regarding relationships with Forest Bidco Limited, its direct and indirect shareholders and subsidiaries (collectively, the **Forest Group**);
- advice in designing financing structures;
- advice regarding the structure and timing of public offerings of debt and equity securities of the Forest Group;
- advice regarding strategic investments, joint ventures, acquisitions and disposition; and
- such other advice directly related or ancillary to the preceding advisory services as may be reasonable.

The agreement is scheduled to expire on the earliest of: (a) 12 May 2016; (b) the date on which the Advisors will beneficially own less than 5% of Forest Bidco Limited's common equity; or (c) the date of receipt by an Advisor of a lump sum fee constituting all unpaid current and future monitoring fees.

Concession Agreement with Tragus

Center Parcs' principal shareholder, Blackstone, owns Tragus Group Holdings Limited. Under a catering concession agreement between Opco, Tragus Group Holdings Limited and Tragus Limited dated 30 August 2007 and scheduled to expire on 14 January 2018, Tragus has agreed to pay to Center Parcs a concession fee for each catering outlet used in consideration for being granted the non-exclusive right to use the catering outlets and ancillary spaces at each village. The concession fee is the greater of (a) the minimum period payment for each catering outlet and (b) a specified percentage of gross turnover with regard to catering outlets operating under any of the Café Rouge, Bella Italia or Strada brands; or a specified percentage of gross turnover with regard to any outlet operating under the Ortega brand. In the event of a default by either party, the other party is entitled to terminate the agreement immediately on written notice.

Service Agreement with Axios

Several board members of Center Parcs are board members of Axios, also known as Hospitality Europe Services Ltd. Axios is owned by certain Blackstone funds. CP Opco has entered into a service agreement with Axios dated 1 June 2006 whereby CP Opco agrees to pay Axios a service fee based on aggregate costs and a daily rate for services provided, including management, marketing, research, development and administrative services on behalf of CP Opco. This agreement has a term of one year to be automatically extended at the end of each term unless either party indicates that it does not wish to extend the term of the service agreement.

Arrangements Relating to the Fifth Village

Management Services Agreement

The services agreement between CP Opco, Fifth Village OpCo and the Fifth Site Facility Agent dated on or about the Closing Date (the **Fifth Site Management Services Agreement**) provides for CP Opco to provide certain operating services and development management services in relation to the Fifth Village, in return for the payment of a service charge of: (i) £500,000 per annum up to practical completion of the Fifth Village (such per annum amount will not be invoiced by CP Opco until six months after the date of the Fifth Village opening); and (ii) from the date of practical completion, an amount equal to the aggregate of (a) the entire cost of any service(s) provided solely to the Fifth Village (and no existing village) and (b) the Fifth Village's equitable proportion of the cost of operating services provided to the Fifth Village and the existing villages, such aggregate amount in (a) and (b) being increased by 20% if CP Opco and Fifth Village OpCo cease to be affiliates. CP Opco will be required to provide or procure a broad range of services, including: pre-opening operating services; human resources support; sales and marketing services; guest services; pricing and accounts; using all reasonable endeavours to procure insurance in the name of Fifth Village OpCo; legal, compliance and company secretarial support; central



purchasing and liaison with suppliers; health and safety advice; procurement and management of IT services; vehicle fleet management; site maintenance services; management of concessions and licensed units; internal audit services; services in respect of the preparation of management accounts and statutory accounts; tax; strategic support; and any other services provided by CP Opco to the existing villages. CP Opco also grants Fifth Village OpCo a royalty-free, non-exclusive, non-transferable, irrevocable, perpetual licence to use and reproduce any brands or trademarks owned or licensed by CP Opco and used by any of the existing villages (including the core "Center Parcs" brand and trademarks) for the purposes of running the business of the Fifth Village. This IP licence is terminable only in certain limited circumstances (see below).

CP Opco will provide the operating services and the development management services to at least the same overall standard, scope and quality as are provided to the existing villages.

The Fifth Site Management Services Agreement, but not the licence of the intellectual property rights, may be terminated in the following circumstances: (i) if CP Opco and Fifth Village OpCo cease to be affiliates, by either CP Opco or Fifth Village OpCo providing two years' written notice; and (ii) by either CP Opco or Fifth Village OpCo for non-payment, subject to an aggregate grace period for payment of 60 days which includes the Fifth Site Facility Agent having a period of 45 days to remedy the non-payment. If CP Opco and Fifth Village OpCo cease to be affiliates, CP Opco may terminate the Fifth Site Management Services Agreement and the licence of the intellectual property rights by written notice if Fifth Village OpCo does or omits to do anything which causes a material adverse effect to the value of the core "Center Parcs" brand and trademarks (taken as a whole). In addition, if CP Opco and Fifth Village OpCo cease to be affiliates: (i) Fifth Village OpCo may terminate the licence of the intellectual property rights only by six months' written notice and (ii) CP Opco may terminate the licence of the intellectual property rights only by three months' written notice if Fifth Village OpCo ceases to brand the Fifth Village as a "Center Parcs" site. The licence of CP Opco's intellectual property rights (excluding the marks referred to below) is a royalty free, non-exclusive and non-transferable (subject to the terms of the Fifth Site Management Services Agreement) licence whereas the licence of the trademarks (which includes the core Center Parcs brand and trademarks, and any other brands or trademarks owned or licensed by CP Opco and used by any of the existing villages) is a royalty-free, non-exclusive, non-transferable (subject to the terms of the Fifth Site Management Services Agreement) and (unless terminated in accordance with the Fifth Site Management Services Agreement) irrevocable and perpetual licence.

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

The liability of CP Opco to Fifth Village OpCo whether arising from negligence, breach of contract or otherwise shall not exceed an aggregate cap of £25 million. CP Opco may also be liable to Fifth Village OpCo where it causes damage to any physical property up to an aggregate cap of £10 million provided that Fifth Village OpCo must first recover any loss for damage to physical property from insurance proceeds. The terms and conditions in relation to the financing of the Fifth Village will require that Fifth Village OpCo maintains insurance against all normally insurable damage to the Fifth Village. Neither CP Opco nor Fifth Village OpCo limits its liability for fraud, death or personal injury arising from its negligence or that of its employees, agents or subcontractors. Neither CP Opco nor Fifth Village OpCo shall be liable to each other for: (i) loss of profits, revenues or contracts, business interruption, or loss or corruption of data; or (ii) indirect, special or consequential loss or damage, even if such loss was reasonably foreseeable and whether arising from negligence, breach of contract or otherwise.

Transfer of Head Lease

As part of the Reorganisation, the head lease for the Fifth Village Site will be transferred from CP Opco to the Fifth Village OpCo for a consideration of £30.7 million.

Tax

The Tax Deed of Covenant will allow for the Obligor to surrender tax losses to the Fifth Village OpCo for payment of an amount equal to the tax value of the losses surrendered.



ISSUER

Introduction

The Issuer, CPUK Finance Limited, was incorporated in Jersey on 20 July 2011. The Issuer was incorporated under the Companies (Jersey) Law 1991, as amended, as a limited liability company. Its registered number is 108635. The Issuer is and always intends to be resident in the United Kingdom only for tax purposes.

The registered office of the Issuer is at 47 Esplanade, St Helier, Jersey JE1 0BD where the Issuer’s register of members is kept (telephone number 01534 501924). The memorandum and articles of association of the Issuer may be inspected at the registered office of the Issuer. The Issuer has unlimited corporate capacity under Jersey law.

The share capital of the Issuer is £10,000, divided into 10,000 ordinary shares of £1 each, two of which are issued and fully paid up. The entire share capital of the Issuer is held by, or on behalf of, the Issuer Parent on discretionary trust for charitable institutions. Since its incorporation up to the date of this Offering Circular, the Issuer has not published any financial statements. The Issuer has no subsidiaries.

Principal Activities

The Issuer was established as a special purpose vehicle and its principal activities will be the acquiring, holding and managing of its rights and assets under the Issuer/Borrower Loan Agreements following the issue of the Notes in connection with the execution and performance of the Transaction Documents, the execution and performance of all documents to which it is expressed to be a party and the exercise of related rights and powers and other activities reasonably incidental thereto.

Directors and Company Secretary

The current directors of the Issuer and their respective business addresses are:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>	<u>Other Principal Activities</u>
Jonathan Eden Keighley . . .	British	35 Great St. Helen’s, London, EC3A 6AP	Group Chief Executive, Structured Finance Management Limited
Robert William Berry	British	35 Great St. Helen’s, London, EC3A 6AP	Director, Structured Finance Management Limited
Claudia Wallace	British	35 Great St. Helen’s, London, EC3A 6AP	Director, Structured Finance Management Limited

The Issuer has no employees.

The secretary of the Issuer is Structured Finance Management Offshore Limited.

The directors receive no remuneration from the Issuer for their services. The directors do not hold any direct or indirect beneficial or economic interest in any of the shares of the Issuer. The directorship of each of Jonathan Eden Keighley, Robert Berry and Claudia Wallace is provided as part of the Issuer Corporate Service Provider’s overall corporate administration service provided to the Issuer pursuant to the Issuer Corporate Services Agreement.

The directors of the Issuer may engage in other activities and have other directorships. As a matter of Jersey law, each director is under a duty to act honestly and in good faith with a view to the best interest of the Issuer, regardless of any other directorship he or she may hold.

Other than as directors of the Issuer Corporate Services Provider, the Issuer Parent and the Issuer Jersey Corporate Services Provider (in respect of Jonathan Keighley and Robert Berry only), none of the directors of the Issuer has any actual or potential conflict between their duties to the Issuer and their private interests or other duties listed above.

Issuer Corporate Services Provider

The Issuer Corporate Services Provider will enter into the Issuer Corporate Services Agreement with, among others, the Issuer pursuant to which it will provide corporate services to the Issuer. Pursuant to the terms of the Issuer Corporate Services Agreement, the Issuer (with the prior written consent of the Issuer Security Trustee) may, upon an event of default by the Issuer Corporate Services Provider, at any time (with 30 days’ prior notice) terminate the Issuer Corporate Services Provider’s appointment and appoint (in accordance with the terms of the Issuer Corporate Services Agreement) a successor corporate services provider. Events of default in respect of the Issuer Corporate Services Provider include, among other things: (i) a default in the performance of any of the Issuer Corporate Services Provider’s material covenants or obligations pursuant to the terms of the Issuer Corporate Services Agreement; and (ii) the occurrence of certain insolvency related events in relation to the Issuer Corporate Services Provider.



In addition, the Issuer Corporate Services Provider may resign by giving at least 90 days' notice to the Issuer and the Issuer Security Trustee. Regardless of the reason, the termination of the appointment of the Issuer Corporate Services Provider will not take effect until a successor corporate services provider has been appointed in its place. Upon the termination of its appointment, the Issuer Corporate Services Provider is required (subject to any legal or regulatory restrictions) to deliver all books of account, records, registers, correspondence and all documents relating to the affairs of, or belonging to the Issuer and held by the Issuer Corporate Services Provider in relation to its appointment to the successor corporate services provider. In no circumstances shall the Issuer Security Trustee be obliged to assume the obligations of the Issuer Corporate Services Provider.

The Issuer Corporate Services Agreement will be governed by English law.

The Issuer Corporate Services Provider has agreed, pursuant to the terms of the Issuer Corporate Services Agreement dated on or about the Closing Date, to provide certain corporate administration services and directors to the Issuer. Fees are payable to the Issuer Corporate Services Provider thereunder.

Issuer Jersey Corporate Services Provider

The Issuer Jersey Corporate Services Provider will enter into the Issuer Jersey Corporate Services Agreement with, among others, the Issuer pursuant to which it will provide corporate services to the Issuer. Pursuant to the terms of the Issuer Jersey Corporate Services Agreement, the Issuer (with the prior written consent of the Issuer Security Trustee) may, upon (i) an event of default by the Issuer Jersey Corporate Services Provider, at any time (with 30 days' prior notice) and (ii) at any time by notice in writing upon the occurrence of certain insolvency related events in relation to the Issuer Jersey Corporate Services Provider terminate the Issuer Jersey Corporate Services Provider's appointment and appoint (in accordance with the terms of the Issuer Jersey Corporate Services Agreement) a successor corporate services provider. Events of default in respect of the Issuer Jersey Corporate Services Provider include, among other things a default in the performance of any of the Issuer Jersey Corporate Services Provider's material covenants or obligations pursuant to the terms of the Issuer Jersey Corporate Services Agreement.

In addition, the Issuer Jersey Corporate Services Provider may resign by giving at least 90 days' notice to the Issuer and the Issuer Security Trustee. Regardless of the reason, the termination of the appointment of the Issuer Jersey Corporate Services Provider will not take effect until a successor corporate services provider has been appointed in its place. Upon the termination of its appointment, the Issuer Jersey Corporate Services Provider is required (subject to any legal or regulatory restrictions) to deliver all books of account, records, registers, correspondence and all documents relating to the affairs of or belonging to the Issuer and held by the Issuer Jersey Corporate Services Provider in relation to its appointment to the successor corporate services provider and is required to take such further lawful action as the successor corporate services provider may reasonably request in order to enable such successor corporate services provider to perform its servicing duties. In no circumstances shall the Issuer Security Trustee be obliged to assume the obligations of the Issuer Jersey Corporate Services Provider.

The Issuer Jersey Corporate Services Agreement will be governed by Jersey law.

The Issuer Jersey Corporate Services Provider has agreed, pursuant to the terms of the Issuer Jersey Corporate Services Agreement dated on or about the Closing Date, to provide certain corporate administration services to the Issuer. Fees are payable to the Issuer Jersey Corporate Services Provider thereunder.

Management and Control

The Issuer is managed and controlled in London, United Kingdom.

Auditors

The auditor of the Issuer is PricewaterhouseCoopers LLP with a registered office at 1 Embankment Place, London WC2N 6RH, acting through its office at Donington Court, Pegasus Business Park, Castle Donington, East Midlands, DE74 2UZ.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in Jersey.

Issuer Year End

The financial year end of the Issuer ends on 22 April of each year.



ISSUER PARENT

Introduction

Structured Finance Management Offshore Limited was incorporated in Jersey on 15 May 2002 (registered number 83135) as a limited liability company under the Companies (Jersey) Law 1991. The registered office of Structured Finance Management Offshore Limited is at 47 Esplanade, St Helier, Jersey JE1 0BD. The telephone number of Structured Finance Management Offshore Limited's registered office is 01534 510924.

The authorised share capital of Structured Finance Management Offshore Limited is £25,000 comprising 12,500 'A' ordinary shares of £1 each and 12,500 'B' ordinary shares of £1 each. The issued and paid up share capital of Structured Finance Management Offshore Limited is £25,000 comprising 12,500 'A' ordinary shares of £1 each and 12,500 'B' ordinary shares of £1 each as at the date of this Offering Circular.

Principal Activities

The business of Structured Finance Management Offshore Limited is to provide corporate administration and management services to special purpose vehicles in structured finance transactions. Structured Finance Management Offshore Limited as trustee of The CPUK Finance Charitable Trust (the **Issuer Parent**) holds the entire share capital of the Issuer (directly and indirectly through Dominion Corporate Nominees Limited as nominee of the Issuer Parent) being two fully paid up shares of £1.00 each.

Directors and Company Secretary

The directors and company secretary of the Issuer Parent and their respective addresses are:

<u>Name</u>	<u>Business Address</u>
Robert William Berry	35 Great St. Helen's, London EC3A 6AP
Susan Jill Fossey	47 Esplanade, St Helier, Jersey JE1 0BD
Jonathan Eden Keighley	35 Great St. Helen's, London EC3A 6AP
David Richard King	47 Esplanade, St Helier, Jersey JE1 0BD
Elizabeth Ann Mills	47 Esplanade, St Helier, Jersey JE1 0BD
Peter John Richardson	47 Esplanade, St Helier, Jersey JE1 0BD

The secretary of the Issuer Parent is Dominion Corporate Services Limited whose registered office is at 47 Esplanade, St Helier, Jersey JE1 0BD.

The directors of the Issuer Parent may engage in other activities and have other directorships. As a matter of Jersey law, each director is under a duty to act honestly and in good faith with a view to the best interest of the Issuer Parent, regardless of any other directorship he or she may hold.

Other than as directors of the Issuer, the Issuer Corporate Services Provider and the Issuer Jersey Corporate Services Provider (in respect of Jonathan Keighley and Robert Berry only), none of the directors of the Issuer Parent has any actual or potential conflict between their duties to the Issuer Parent and their private interests or other duties as listed above.



TOPCO

CP CAYMAN MIDCO 2 LIMITED

Introduction

CP Cayman Midco 2 Limited, was incorporated in the Cayman Islands on 14 June 2011. CP Cayman Midco 2 Limited was incorporated under the Companies Law (2010 Revision), as amended (the **Companies Law**), as an exempted company (whose registered number is 257882).

CP Cayman Midco 2 Limited's registered office is at Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9005, Cayman Islands where CP Cayman Midco 2 Limited's register of members is kept.

CP Cayman Midco 2 Limited will, from the Closing Date, be wholly owned by CP Cayman Midco 1 Limited.

Principal Activities

CP Cayman Midco 2 Limited was established as an exempted company and its objects are unrestricted and have full power and authority to carry out any object not prohibited by law as provided by Section 7(4) of the Companies Law.

Directors

The current directors of CP Cayman Midco 2 Limited and their respective business addresses are as set out below:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Stephen A Schwarzman	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America
Hamilton E James	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America
John G Finley	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America
Laurence A Tosi	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America
Kathleen Skero	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America
Robert L Friedman	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America
Dennis J McDonagh	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America



<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Anthony Beovich	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America
Michael Fronte	American	345 Park Avenue, 31st Floor, New York, New York 10154, United States of America

The directors of CP Cayman Midco 2 Limited may engage in other activities and have other directorships. As a matter of Cayman law, each director is under a duty to act in the best interests of CP Cayman Midco 2 Limited, regardless of any other directorship he or she may hold.

None of the directors of CP Cayman Midco 2 Limited has any actual or potential conflict between their duties to CP Cayman Midco 2 Limited and their private interests or other duties as listed above.

Share Capital

The authorised share capital of CP Cayman Midco 2 Limited is US\$50,000 comprising 5 million shares of US\$0.01 each. The issued and paid up share capital of CP Cayman Midco 2 Limited is US\$1 as at the date of this Offering Circular.

Management and Control

CP Cayman Midco 2 Limited is managed and controlled in the Cayman Islands.



MATERIAL OBLIGORS

CP OPCO

Introduction

CP Opco, Center Parcs (Operating Company) Limited was incorporated in England and Wales on 22 February 2002. CP Opco was incorporated under the Companies Act 1985, as amended, as a private limited company. Its registered number is 04379585.

CP Opco’s registered office is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP where CP Opco’s register of members is kept (telephone number 016 2382 1600). The memorandum and articles of association of CP Opco may be inspected at the registered office of CP Opco.

CP Opco will, from the Closing Date, be wholly owned by Center Parcs (Holdings 3) Limited, a private limited company incorporated in England and Wales and having its registered office at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP (whose registered number is 07647130).

Principal Activities

CP Opco was established as a private limited company and its principal activities are to carry on all or any businesses of a general commercial company and to carry on any other business activity in connection or conjunction with such business, including the holding of its five subsidiaries.

Directors and Company Secretary

The current directors and company secretary of CP Opco and their respective business addresses are as set out below:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Joseph Patrick Baratta	American	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Martin Peter Dalby	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Paul Inglett	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Farhad Mawji-Karim	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Antony Martin Robinson	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Peter Huston Stoll	American	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Andrea Valeri	Italian	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP



The secretary of CP Opco is Rajbinder Singh-Dehal whose business address is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP.

The directors of CP Opco may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interests of CP Opco, regardless of any other directorship he or she may hold.

None of the directors of CP Opco has any actual or potential conflict between their duties to CP Opco and their private interests or other duties as listed above.

Share Capital

The authorised share capital of CP Opco is £100, comprising 38,490,321 shares of £0.0000026 each. The issued and paid up share capital of CP Opco is £100 as at the date of this Offering Circular.

Management and Control

CP Opco is managed and controlled in Newark, Nottinghamshire, United Kingdom.

Auditors

The auditors of CP Opco are PricewaterhouseCoopers LLP with a registered office at 1 Embankment Place, London WC2N 6RH acting through its office at Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

CP WHINFELL VILLAGE LIMITED

Introduction

CP Whinfell Village Limited was incorporated in England and Wales on 2 June 2011. CP Whinfell Village Limited was incorporated under the Companies Act 2006, as amended, as a private limited company (whose registered number is 07656392).

CP Whinfell Village Limited's registered office is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP where CP Whinfell Village Limited's register of members is kept (telephone number 016 2382 1600). The memorandum and articles of association of CP Whinfell Village Limited may be inspected at the registered office of CP Whinfell Village Limited.

CP Whinfell Village Limited will, from the Closing Date, be wholly owned by Center Parcs (Holdings 3) Limited, a private limited company incorporated in England and Wales and having its registered office at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP (whose registered number is 07647130).

Principal Activities

CP Whinfell Village Limited was established as a private limited company and its principal activities are to carry on all or any businesses of a general commercial company and to carry on any other business activity in connection or conjunction with such business.

Directors and Company Secretary

The current directors and company secretary of CP Whinfell Village Limited and their respective business addresses are as set out below:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Martin Peter Dalby	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Paul Inglett	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP



<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Michael John Pegler	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Farhad Mawji-Karim	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Peter Huston Stoll	American	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Andrea Valeri	Italian	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP

The secretary of CP Whinfell Village Limited is Rajbinder Singh-Dehal whose business address is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP.

The directors of CP Whinfell Village Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interests of CP Whinfell Village Limited, regardless of any other directorship he or she may hold.

None of the directors of CP Whinfell Village Limited has any actual or potential conflict between their duties to CP Whinfell Village Limited and their private interests or other duties as listed above.

Share Capital

The issued and paid up share capital of CP Whinfell Village Limited is £1 as at the date of this Offering Circular.

Management and Control

CP Whinfell Village Limited is managed and controlled in Newark, Nottinghamshire, United Kingdom.

Auditors

The auditor of CP Whinfell Village Limited is PricewaterhouseCoopers LLP with a registered office at 1 Embankment Place, London WC2N 6RH acting through its office at Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

CP ELVEDEN VILLAGE LIMITED

Introduction

CP Elveden Village Limited was incorporated in England and Wales on 2 June 2011. CP Elveden Village Limited was incorporated under the Companies Act 2006, as amended, as a private limited company (whose registered number is 07656450).

CP Elveden Village Limited's registered office is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP where CP Elveden Village Limited's register of members is kept (telephone number 0162 382 1600). The memorandum and articles of association of CP Elveden Village Limited may be inspected at the registered office of CP Elveden Village Limited.

CP Elveden Village Limited will, from the Closing Date, be wholly owned by Center Parcs (Holdings 3) Limited, a private limited company incorporated in England and Wales and having its registered office at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP (whose registered number is 07647130).



Principal Activities

CP Elveden Village Limited was established as a private limited company and its principal activities are to carry on all or any businesses of a general commercial company and to carry on any other business activity in connection or conjunction with such business.

Directors and Company Secretary

The current directors and company secretary of CP Elveden Village Limited and their respective business addresses are as set out below:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Martin Peter Dalby	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Paul Inglett	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Michael John Pegler	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Farhad Mawji-Karim	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Peter Huston Stoll	American	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Andrea Valeri	Italian	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP

The secretary of CP Elveden Village Limited is Rajbinder Singh-Dehal whose business address is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP.

The directors of CP Elveden Village Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interests of CP Elveden Village Limited, regardless of any other directorship he or she may hold.

None of the directors of CP Elveden Village Limited has any actual or potential conflict between their duties to CP Elveden Village Limited and their private interests or other duties as listed above.

Share Capital

The issued and paid up share capital of CP Elveden Village Limited is £1 as at the date of this Offering Circular.

Management and Control

CP Elveden Village Limited is managed and controlled in Newark, Nottinghamshire, United Kingdom.

Auditors

The auditor of CP Elveden Village Limited is PricewaterhouseCoopers LLP with a registered office at 1 Embankment Place, London WC2N 6RH acting through its office at Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ.



PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

CP SHERWOOD VILLAGE LIMITED

Introduction

CP Sherwood Village Limited was incorporated in England and Wales on 25 May 2011. CP Sherwood Village Limited was incorporated under the Companies Act 2006, as amended, as a private limited company (whose registered number is 07647072).

CP Sherwood Village Limited’s registered office is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP where CP Sherwood Village Limited’s register of members is kept (telephone number 0162 382 1600). The memorandum and articles of association of CP Sherwood Village Limited may be inspected at the registered office of CP Sherwood Village Limited.

CP Sherwood Village Limited will, from the Closing Date, be wholly owned by Center Parcs (Holdings 3) Limited, a private limited company incorporated in England and Wales and having its registered office at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP (whose registered number is 07647130).

Principal Activities

CP Sherwood Village Limited was established as a private limited company and its principal activities are to carry on all or any businesses of a general commercial company and to carry on any other business activity in connection or conjunction with such business.

Directors and Company Secretary

The current directors and company secretary of CP Sherwood Village Limited and their respective business addresses are as set out below:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Martin Peter Dalby	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Paul Inglett	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Michael John Pegler	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Farhad Mawji-Karim	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Peter Huston Stoll	American	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Andrea Valeri	Italian	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP

The secretary of CP Sherwood Village Limited is Rajbinder Singh-Dehal whose business address is at One Edison Rise, New Ollerton, Newark Nottinghamshire NG22 9DP.



The directors of CP Sherwood Village Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interests of CP Sherwood Village Limited, regardless of any other directorship he or she may hold.

None of the directors of CP Sherwood Village Limited has any actual or potential conflict between their duties to CP Sherwood Village Limited and their private interests or other duties as listed above.

Share Capital

The issued and paid up share capital of CP Sherwood Village Limited is £1 as at the date of this Offering Circular.

Management and Control

CP Sherwood Village Limited is managed and controlled in Newark, Nottinghamshire, United Kingdom.

Auditors

The auditor of CP Sherwood Village Limited is PricewaterhouseCoopers LLP with a registered office at 1 Embankment Place, London WC2N 6RH acting through its office at Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.

LONGLEAT PROPERTY LIMITED

Introduction

Longleat Property Limited was incorporated in England and Wales on 22 February 2002. Longleat Property Limited was incorporated under the Companies Act 1985, as amended, as a private limited company (whose registered number is 04379589).

Longleat Property Limited’s registered office is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP where Longleat Property Limited’s register of members is kept (telephone number 0162 382 1600). The memorandum and articles of association of Longleat Property Limited may be inspected at the registered office of Longleat Property Limited.

Longleat Property Limited will, from the Closing Date, be wholly owned by Sun CP Newmidco Limited, a private limited company incorporated in England and Wales and having its registered office at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP (whose registered number is 05456337).

Principal Activities

Longleat Property Limited was established as a private limited company and its principal activities are to carry on all or any businesses of a general commercial company and to carry on any other business activity in connection or conjunction with such business.

Directors and Company Secretary

The current directors and company secretary of Longleat Property Limited and their respective business addresses are as set out below:

<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Joseph Patrick Baratta	American	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Martin Peter Dalby	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP



<u>Name</u>	<u>Nationality</u>	<u>Business Address</u>
Paul Inglett	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Farhad Mawji-Karim	British	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP
Peter Huston Stoll	American	One Edison Rise New Ollerton Newark Nottinghamshire NG22 9DP

The secretary of Longleat Property Limited is Rajbinder Singh-Dehal whose business address is at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP.

The directors of Longleat Property Limited may engage in other activities and have other directorships. As a matter of English law, each director is under a duty to act honestly and in good faith with a view to the best interests of Longleat Property Limited, regardless of any other directorship he or she may hold.

None of the directors of Longleat Property Limited has any actual or potential conflict between their duties to Longleat Property Limited and their private interests or other duties as listed above.

Share Capital

The authorised share capital of the Longleat Property Limited is £100, comprising 56,117,788 shares of £0.00000178 each. The issued and paid up share capital of the Longleat Property Limited is £100 as at the date of this Offering Circular.

Management and Control

Longleat Property Limited is managed and controlled in Newark, Nottinghamshire, United Kingdom.

Auditors

The auditor of Longleat Property Limited is PricewaterhouseCoopers LLP with a registered office at 1 Embankment Place, London WC2N 6RH acting through its office at Donington Court, Pegasus Business Park, Castle Donington, East Midlands DE74 2UZ.

PricewaterhouseCoopers LLP is a registered auditor and is authorised by and is a member of the Institute of Chartered Accountants in England and Wales to practise in England and Wales.



DESCRIPTION OF THE CLASS A DEBT PROVISIONS

TERMS AND CONDITIONS OF THE CLASS A NOTES

The following are the terms and conditions of the Class A Notes in the form (subject to completion and amendment) in which they will be set out in the Note Trust Deed. The Conditions set out below will apply to the Class A Notes whether they are in definitive form or in global form.

The £300.0 million 4.811% Class A1 Fixed Rate Secured Notes due 2042 (the **Class A1 Notes**) and the £440.0 million 7.239% Class A2 Fixed Rate Secured Notes due 2042 (the **Class A2 Notes** and, together with the Class A1 Notes, the **Class A Notes** and, together with the Class B Notes (as defined in the Class B Conditions), the **Notes**), in each case of CPUK Finance Limited (the **Issuer**) are constituted by a note trust deed dated 28 February 2012 (the **Closing Date**) (the **Note Trust Deed**, which expression includes such note trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) and made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (in such capacity, the **Class A Note Trustee**, which expression includes its successors or any other trustee appointed pursuant to the Note Trust Deed) as trustee for the holders for the time being of the Class A Notes (the **Class A Noteholders**). Any reference below to a class of Class A Notes or to the Class A Noteholders shall be a reference to the Class A1 Notes and the Class A2 Notes, as the case may be, or to the respective holders thereof.

Certain Defined Terms

Class A Extraordinary Resolution means:

- (a) a resolution approved by the Class A Noteholders by a majority of not less than three-quarters of the aggregate Principal Amount Outstanding of the outstanding Class A Notes of those Class A Noteholders which participate in the approval process subject to the participation threshold requirements set out at Schedule 4 (Provisions for Voting) to the Note Trust Deed; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than three-quarters of the aggregate Principal Amount Outstanding of the outstanding Class A Notes, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class A Noteholders.

Class A NAS Resolution means a resolution relating to the issue of Additional Notes and the grant of any relevant Additional Facility which are not issued or granted in connection with the accession of an Additional Site pursuant to the terms of the Class A Issuer/Borrower Loan Agreement and approved by the Class A Noteholders as follows:

- (a) in writing signed by or on behalf of the holders of more than one half of the aggregate Principal Amount Outstanding of the then outstanding Class A Notes, which resolution in writing may be contained in one or several documents in like form each signed by or on behalf of one or more of the Class A Noteholders; or
- (b) by a resolution passed by a majority of holders of the Class A Notes in a vote, in relation to which the quorum is at least 25% of the Principal Amount Outstanding of the then outstanding Class A Notes in accordance with the Note Trust Deed.

Class A Note Expected Maturity Date means the Class A1 Note Expected Maturity Date, the Class A2 Note Expected Maturity Date and the expected maturity date (if any) of any Additional Notes, as applicable.

Class A Interest Rate means each of the Class A1 Interest Rate and the Class A2 Interest Rate, as applicable and as the context may so require.

Class A Ordinary Resolution means a resolution:

- (a) relating to any matter (other than those matters exercisable by a Class A Extraordinary Resolution) approved by the Class A Noteholders by a majority of more than one half of the aggregate Principal Amount Outstanding of the outstanding Class A Notes of those Class A Noteholders which participate in the approval process subject to the participation threshold requirements set out at Schedule 4 (Provisions for Voting) of the Note Trust Deed; or
- (b) in writing to approve any matter (other than those matters exercisable by a Class A Extraordinary Resolution) signed by or on behalf of the holders of more than one half of the aggregate Principal Amount Outstanding of the outstanding Class A Notes, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class A Noteholders.



Class A Voting Matter means any matter which is required to be approved by the Class A Noteholders including, without limitation:

- (a) any matter which in accordance with the Intercreditor Agreement requires the approval of the Class A Noteholders; and
- (b) any directions required or entitled to be given by Class A Noteholders pursuant to the Transaction Documents.

Class A1 Interest Rate means each of the Class A1 Initial Interest Rate and the Class A1 Revised Interest Rate, as applicable and as the context may so require.

Class A1 Initial Interest Rate means 4.811%.

Class A1 Note Expected Maturity Date means the Note Interest Payment Date falling in February 2017.

Class A1 Note Final Maturity Date means the Note Interest Payment Date falling in February 2042.

Class A1 Revised Interest Rate means 7.169%.

Class A2 Interest Rate means each of the Class A2 Initial Interest Rate and the Class A2 Revised Interest Rate, as applicable and as the context may so require.

Class A2 Initial Interest Rate means 7.239%.

Class A2 Note Expected Maturity Date means the Note Interest Payment Date falling in February 2024.

Class A2 Note Final Maturity Date means the Note Interest Payment Date falling in February 2042.

Class A2 Revised Interest Rate means 7.919%.

Class B Call Option Trigger Event means any of the following events:

- (a) the provision of a Disposal Intention Notice to the Issuer, the Class A Note Trustee, the Class B Note Trustee and the Principal Paying Agent for each class of Notes by the Borrower Security Trustee (or its Representative) of its intention to enter into a Relevant Disposal; and
- (b) the occurrence of the last occurring Class A Note Expected Maturity Date with respect to the Class A Notes outstanding at any time.

Insolvency Official means, in respect of any company, a liquidator (except in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Class A Note Trustee or by a Class A Extraordinary Resolution of the holders of any of the Class A1 Notes or the Class A2 Notes then outstanding, as the case may be), provisional liquidator, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

Insolvency Proceedings means the winding-up, dissolution, company voluntary arrangement or administration of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any jurisdiction in which such company or corporation carries on business, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief from creditors or the appointment of an Insolvency Official.

Issuer Insolvency Event means:

- (a) the Issuer is unable or admits inability to pay its debts as they fall due, or suspends making payments on any of its debts after taking into account amounts available to it under the Liquidity Facility Agreement at the relevant time;
- (b) the value of the assets of the Issuer is less than the amount of its liabilities, taking into account its contingent and prospective liabilities;
- (c) a moratorium is declared in respect of any indebtedness of the Issuer;



- (d) the commencement of negotiations by the Issuer with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer;
- (e) any corporate action, legal proceedings or other procedure or step is taken (whether out of court or otherwise) in relation to:
 - (i) the appointment of an Insolvency Official (excluding the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) in relation to the Issuer or in relation to the whole or any part of the undertaking of the Issuer;
 - (ii) an encumbrancer (excluding the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) taking possession of the whole or any part of the undertaking or assets of the Issuer;
 - (iii) the making of an arrangement, composition or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditors (or any class of creditors) of the Issuer, a reorganisation of the Issuer, a conveyance to or assignment for the benefit of creditors of the Issuer (or any class of creditors) or the making of an application to a court of competent jurisdiction for protection from the creditors of the Issuer (or any class of creditors); or
 - (iv) any analogous procedure or step is taken in any jurisdiction; or
- (f) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of the Issuer (excluding by the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days.

Key Material Obligor means each of the following entities:

- (a) each of the Borrowers, New UK TopHoldco, New UK MidHoldco, New UK Holdco and New Prop Holdco (UK);
- (b) any Obligor which (i) generates EBITDA representing 5% or more of the EBITDA (determined by reference to the most recent compliance certificate (and excluding for these purposes, any intra-group items)) of the Obligor Group or (ii) has net assets representing 5% or more of the net assets (determined by reference to the most recent compliance certificate (and excluding for these purposes any intra-group items)) of the Obligor Group; and
- (c) an Obligor which directly owns an entity referred to in paragraph (a) and/or (b) of this definition.

Material Obligor means each of the following entities:

- (a) each of the Borrowers;
- (b) any Obligor which:
 - (i) generates EBITDA representing 5% or more of the EBITDA (determined by reference to the most recent compliance certificate (and excluding for these purposes any intra-group items)) of the Obligor Group; or
 - (ii) has net assets representing 5% or more of the net assets (determined by reference to the most recent compliance certificate (and excluding for these purposes any intra-group items)) of the Obligor Group; and
- (c) an Obligor which directly owns an entity referred to in paragraph (a) and/or (b) of this definition.

New Prop Holdco (UK) means CP Longleat Village Limited.

Relevant Disposal means any disposal of any or all of the Holiday Parks (whether by means of a share sale or an asset sale) following enforcement of the Borrower Security, other than a disposal forming part of a Sale and Leaseback Transaction.

The expressions **Class A1 Notes** and **Class A2 Notes** shall, in these Conditions, unless the context otherwise requires, include any Class A Further Notes (as defined below) issued pursuant to Condition 19.1 (Class A Further Notes and Class A New Notes) and forming a single series with the Class A1 Notes or the Class A2 Notes, and the expression **Class A Notes** shall, unless the context otherwise requires, include any Class A New Notes (as defined below) issued pursuant to Condition 19.1 (Class A Further Notes and Class A New Notes).



In these Conditions, **Business Day** means, in relation to any place, a day on which commercial banks are open for general business in London, Jersey and Dublin.

The terms and conditions applicable to any particular sub-class of Class A Notes are these terms and conditions (the **Class A Conditions**).

The security for the Class A Notes and other Issuer Secured Creditors is created pursuant to, and on the terms set out in, a deed of charge (the **Issuer Deed of Charge**, which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated the Closing Date and made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (in this capacity the **Issuer Security Trustee**, which expression includes its successors or any other issuer security trustee under the Issuer Deed of Charge).

Pursuant to an agency agreement dated the Closing Date (the **Agency Agreement**, which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) and made between the Issuer, the Class A Note Trustee, HSBC Bank plc as principal paying agent (the **Principal Paying Agent**, which expression includes its successors and, together with such additional or other paying agents, if any, appointed from time to time in respect of the Class A Notes pursuant to the Agency Agreement, the **Paying Agents**) provision is made for, among other things, the payment of principal, premium (if any) and interest in respect of the Class A Notes of each class. The statements in these terms and conditions for the Class A Notes (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Issuer Deed of Charge, the Intercreditor Agreement, the Agency Agreement and the master definitions schedule signed by, amongst others, the Class A Note Trustee and the Issuer on the Closing Date (the **Master Definitions Schedule**).

Copies of the Note Trust Deed, the Issuer Security Documents, the Agency Agreement, the Liquidity Facility Agreement, the Issuer/Borrower Loan Agreements, the Borrower Security Documents, the Borrower Account Bank Agreement, the Cash Management Agreement, the Issuer Account Bank Agreement, the Tax Deed of Covenant, the Working Capital Facility Agreement, the Intercreditor Agreement, the Issuer Jersey Corporate Services Agreement, the Issuer Corporate Services Agreement, the Topco Transaction Documents (all as defined in the Master Definitions Schedule) and the Master Definitions Schedule (together, the **Transaction Documents**) are obtainable during normal business hours at the specified office for the time being of the Principal Paying Agent, being at the date hereof at 8 Canada Square, London E14 5HQ. The Class A Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement and the other Transaction Documents to which the Class A Note Trustee is a party for the benefit of the Class A Noteholders.

Certain statements in these Conditions are summaries of the detailed provisions appearing on the face of the Class A Notes (which expression shall include the body thereof), the Note Trust Deed, the Issuer Deed of Charge and the other Transaction Documents to which the Class A Note Trustee is a party.

In these Conditions, each reference to:

- (a) "Class A Notes" shall include the Class A Global Notes and the Class A Definitive Notes; and
- (b) "Class A Noteholder" shall include the bearer of any Class A Note or any coupon or talon relating thereto.

The Class A Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Note Trust Deed, the Issuer Deed of Charge and the other Transaction Documents applicable to them. In these Conditions, words denoting the singular number only shall include the plural number also and vice versa.

Capitalised terms not otherwise defined in these Conditions shall bear the meaning given to them in the Master Definitions Schedule obtainable as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Schedule.

1. Form, Denomination and Title

- 1.1 Each class of the Class A Notes is initially represented by a temporary global note (each, a **Class A Temporary Global Note**) in bearer form in the aggregate principal amount on issue of £300.0 million for the Class A1 Notes and £440.0 million for the Class A2 Notes. Each Class A Temporary Global Note has been deposited on behalf of the subscribers of the relevant class of Class A Notes with a common depository (the **Common Depository**) for Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear** and, together with Clearstream, Luxembourg, the **Clearing Systems**) on the Closing Date. Upon deposit of the Class A Temporary Global Notes, the Clearing Systems credited each subscriber of Class A Notes with the principal amount of the relevant class of Class A Notes equal to the aggregate principal amount thereof for which it had



subscribed and paid. Interests in each Class A Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date (the **Exchange Date**), upon certification of non-U.S. beneficial ownership by the relevant Class A Noteholder, for interests recorded in the records of the Clearing Systems in a permanent global note (each, a **Class A Permanent Global Note**) representing the same class of the Class A Notes (the expressions **Class A Global Notes** and **Class A Global Note** meaning, respectively, (a) all the Class A Temporary Global Notes and the Class A Permanent Global Notes or the Class A Temporary Global Note and the Class A Permanent Global Note of a particular class, or (b) any of the Class A Temporary Global Notes or Class A Permanent Global Notes, as the context may require). The Class A Permanent Global Notes will be deposited with the Common Depository for the Clearing Systems. Title to the Class A Global Notes will pass by delivery.

- 1.2 Interests in a Class A Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing Systems.
- 1.3 For so long as the Class A Notes are represented by a Class A Global Note and the Clearing Systems so permit, the Class A Notes will be tradeable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000, notwithstanding that no Class A Definitive Notes (as defined below) will be issued with a denomination above £199,000.
- 1.4 If, while any of the Class A Notes are represented by a Class A Permanent Global Note, either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Class A Note Trustee is then in existence or as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Note Interest Payment Date (as defined below) be required to make any deduction or withholding from any payment in respect of such Class A Notes which would not be required were such Class A Notes in definitive form, then the Issuer will issue Class A Notes of the relevant class in definitive form (**Class A Definitive Notes**) in exchange for such Class A Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These Conditions and the Transaction Documents will be amended in such manner as the Class A Note Trustee and the Issuer Security Trustee require to take account of the issue of Class A Definitive Notes.
- 1.5 Class A Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof and up to and including £199,000. Such Class A Notes will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.
- 1.6 Class A Definitive Notes are issued with coupons (and, where appropriate, a talon, attached). After all the coupons attached to, or issued in respect of, any Class A Note in bearer form which was issued with a talon have matured, a coupon sheet comprising further coupons (other than coupons which would be void) and (if necessary) one further talon will be issued against presentation of the relevant talon at the specified office of any Paying Agent.
- 1.7 Subject as set out below, title to the Class A Notes, coupons and talons will pass by delivery. The Issuer, the Class A Note Trustee and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any of the Class A Notes, coupons and talons as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Class A Global Note, without prejudice to the provisions set out in the next succeeding paragraphs.
- 1.8 For so long as any of the Class A Notes is represented by a Class A Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Class A Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Class A Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Class A Note Trustee and any Paying Agent as the holder of such nominal amount of such Class A Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Class A Notes, for which purpose the bearer of the relevant Class A Global Note shall be treated by the Issuer, the Class A Note Trustee and any Paying Agent as the holder of such nominal amount of such Class A Notes in accordance with and subject to the terms of the relevant Class A Global Note and the expressions **Class A Noteholder** and **holder of the Class A Notes** and related expressions shall be construed accordingly.
- 1.9 (a) **Class A1 Noteholders** means holders of the Class A1 Notes; and
(b) **Class A2 Noteholders** means holders of the Class A2 Notes (and, together with the Class A1 Noteholders, the **Class A Noteholders**).



- 1.10 The Issuer may, from time to time, create and issue Class A Further Notes (as defined in, and in accordance with, Condition 19.1 (Class A Further Notes and Class A New Notes)) having the same terms and conditions as the Class A Notes or any sub-class thereof in all respects (or in all respects except for the first payment of interest). Such Class A Further Notes shall be consolidated with the Class A Notes or sub-class thereof and form one series with the prior issues of the Class A Notes. In addition, the Issuer may, from time to time, create and issue Class A New Notes (as defined in, and in accordance with, Condition 19.1 (Class A Further Notes and Class A New Notes)) having terms that differ from any Class A1 Notes and Class A2 Notes and do not form a single series with any of them.
- 1.11 Accordingly the Class A Notes or any sub-class thereof may comprise a number of issues in addition to the initial issue of such Class A Notes.

2. Status, Priority and Security

2.1 Status and relationship between the Class A Notes

- (a) Each of the Class A1 Notes, Class A2 Notes, coupons and talons (if any) relating thereto constitute direct, secured and, subject as provided in this Condition 2 (Status, Priority and Security), unconditional obligations of the Issuer and are secured by the same security over the assets of the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves.
- (b) The Note Trust Deed contains provisions requiring the Class A Note Trustee to have regard to the interests of the Class A1 Noteholders and the Class A2 Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Class A Note Trustee (except where expressly provided otherwise).
- (c) In the event of an issue of Class A Further Notes (or Class A New Notes), the provisions of these Conditions (except in the case of Class A Further Notes), the Note Trust Deed, the Issuer Deed of Charge and the other Transaction Documents, including (in the case of Class A New Notes) those concerning:
- (i) the basis on which the Class A Note Trustee and/or the Issuer Security Trustee (as applicable) will be required to exercise or perform their rights, powers, trusts, authorities, duties and discretions (including in circumstances where, in the opinion of the Class A Note Trustee, there is a conflict between the interests of any class of the Class A Noteholders and the holders of such Class A Further Notes or Class A New Notes or of the other Issuer Secured Creditors);
 - (ii) the circumstances in which the Class A Note Trustee and/or the Issuer Security Trustee (as applicable) will become bound to take action, as referred to in Condition 9 (Class A Note Events of Default) (except in the case of Class A Further Notes);
 - (iii) the passing of effective Class A Extraordinary Resolutions by Class A Noteholders (or a sub-class thereof); and
 - (iv) the order of the Issuer Pre-Acceleration Priority of Payments or of the Issuer Post-Acceleration Priorities of Payments,

will be modified in such manner as the Class A Note Trustee or, as the case may be, the Issuer Security Trustee considers necessary to reflect the issue of such Class A Further Notes or Class A New Notes and any new Transaction Documents entered into in connection with such Class A Further Notes or Class A New Notes and the ranking thereof and of the claims of any party to any of such new Transaction Documents in relation to each class of the Class A Notes.

- (d) If any Class A New Notes and/or Class A Further Notes are issued, the Issuer will immediately advise the Central Bank and the Irish Stock Exchange accordingly, procure the publication of a notice of the issue in accordance with Condition 17 (Notice to Class A Noteholders), file a new prospectus in respect of the issue of the Class A New Notes and/or Class A Further Notes with the Central Bank and the Irish Stock Exchange and make such prospectus and any related agreements available at the specified office of the relevant Paying Agent.
- (e) The Class A Note Trustee and the Issuer Security Trustee shall be entitled to assume, for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to these Conditions, the Intercreditor Agreement or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Class A Noteholders (or any class thereof) if the Rating Agencies have confirmed that the then current ratings of the applicable class or classes of Class A Notes would not be adversely affected by such exercise.
- (f) The Class A Notes are solely the obligation of the Issuer and are not the obligation of nor guaranteed by any of the Class A Note Trustee, the Issuer Security Trustee, the Issuer Account Bank, the Cash Manager or the Principal Paying Agent.



- (g) Prior to the delivery of a Class A Note Acceleration Notice pursuant to Condition 9 (Class A Note Events of Default), the Issuer shall be required to apply all amounts standing to the credit of the Issuer Transaction Account in accordance with the Issuer Pre-Acceleration Priorities of Payments and, following delivery of a Class A Note Acceleration Notice, the Issuer Post-Acceleration Priority of Payments.

2.2 Security

- (a) As continuing security for the payment or discharge of the Issuer Secured Liabilities (including, without limitation, all monies payable in respect of the Class A Notes, coupons and otherwise under the Note Trust Deed and the Issuer Deed of Charge (including, without limitation, any remuneration, expenses and other claims of the Class A Note Trustee, the Issuer Security Trustee and any Receiver appointed thereunder)), the Issuer has entered into the Issuer Deed of Charge to create as far as permitted by and subject to compliance with any applicable law and has granted to the Issuer Security Trustee first-ranking fixed and floating charges over all the assets and undertaking of the Issuer in favour of the Issuer Security Trustee, including:
 - (i) an assignment by way of first fixed security of all the rights, title, interest and benefit, present and future of the Issuer in, to and under each of the Transaction Documents to which it is a party, including the security trusts created under the Borrower Deed of Charge and each other Transaction Document to which it is a party;
 - (ii) a first fixed charge over all of the rights in the amount from time to time standing to the credit of the Issuer Accounts;
 - (iii) a first fixed charge over all the rights of the Issuer in respect of all investments in Eligible Investments of the Issuer; and
 - (iv) a first floating charge over all the Issuer's assets, property, undertaking and rights whatsoever and wheresoever situated or present and future including, without limitation, the Issuer's uncalled capital other than any assets at the time otherwise effectively charged or assigned by way of the first-ranking security referred to in Conditions 2.2(a)(i), (ii) and (iii) above.
- (b) All Class A Notes issued by the Issuer will share in the Issuer Security constituted by the Issuer Deed of Charge, upon and subject to the terms thereof and of the Intercreditor Agreement.
- (c) The Issuer Security Trustee will hold the benefit of the Issuer Security on trust for itself and the Issuer Secured Creditors.
- (d) The Note Trust Deed contains provisions detailing the Class A Note Trustee's obligations to consider the interests of the Class A Noteholders as regards all discretions of the Class A Note Trustee (except where expressly provided otherwise or as referred to in Condition 15 (Indemnification and Exoneration of the Class A Note Trustee and the Issuer Security Trustee)).

2.3 Enforceable Security

- (a) The enforcement of the Issuer Security as set out in the Issuer Deed of Charge is subject to the terms of the Intercreditor Agreement.
- (b) Pursuant to the terms of the Intercreditor Agreement, only the Class A Note Trustee is entitled to deliver a Class A Note Acceleration Notice. Pursuant to the Intercreditor Agreement, only the Issuer Security Trustee is entitled to enforce the Issuer Security and shall be entitled to take any action permitted by the Intercreditor Agreement and/or the Issuer Security Documents against the Issuer to enforce the Issuer Security and take proceedings or exercise any rights, discretions or powers, or grant any consents or releases, in respect of the Issuer Security given under or pursuant to the Intercreditor Agreement and the Issuer Security Documents or otherwise have direct recourse to the Issuer Security.
- (c) No Class A Noteholder, nor any person acting on behalf of a Class A Noteholder (other than the Class A Note Trustee or the Issuer Security Trustee or a Receiver), shall have any right to take or initiate any proceedings or steps against the Issuer to enforce rights under the Transaction Documents including, without limitation, by way of attachment, execution or diligence.
- (d) No Issuer Secured Creditor (other than the Class A Note Trustee or the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee) shall have the right to take or join any person in taking steps against the Issuer for the purposes of obtaining payment of any amount due whatsoever by the Issuer to such Issuer Secured Creditor, including the appointment of a Receiver (including an administrative receiver), provided that nothing shall prevent an Issuer Secured Creditor from proving for the full amount owed to it in the insolvency of the Issuer.



- (e) No Class A Noteholder nor any person acting on behalf of a Class A Noteholder (other than the Class A Note Trustee, the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee) shall initiate or join any person in initiating an Issuer Insolvency Event and it shall not be entitled to take any steps or proceedings which would result in any of the provisions of the Intercreditor Agreement or this Condition not being observed.

2.4 Application after enforcement of Issuer Security

After service of a Class A Note Enforcement Notice all monies received or recovered by the Issuer Security Trustee (or the Receiver appointed by it) in respect of the Issuer Security held by the Issuer Security Trustee shall be applied in accordance with the Intercreditor Agreement and the Issuer Post-Acceleration Priorities of Payments.

2.5 Class A Note Trustee and Issuer Security Trustee not liable for security

Neither the Class A Note Trustee nor the Issuer Security Trustee will be liable for any failure to make the usual investigations or any investigations which might be made by a security holder in relation to the property which is the subject of the Issuer Security and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to the Issuer Security whether such defect or failure was known to the Class A Note Trustee or the Issuer Security Trustee, or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will they have any liability for the enforceability of the Issuer Security created under the Issuer Deed of Charge whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such Issuer Security or otherwise. The Issuer Security Trustee and the Class A Note Trustee shall have no responsibility for the value of any such Issuer Security.

2.6 Class A Note Trustee and Issuer Security Trustee authorisations and directions

- (a) The Class A Note Trustee is authorised on behalf of the Class A Noteholders to execute the Intercreditor Agreement (and the Class A Noteholders are deemed, by acquiring an interest in the Class A Notes, to consent to such authorisation).
- (b) The Issuer Security Trustee is authorised on behalf of the Class A Noteholders to execute the Issuer Security Documents as Issuer Security Trustee for, *inter alios*, the Class A Noteholders (and the Class A Noteholders are deemed, by acquiring an interest in the Class A Notes, to consent to such authorisation).
- (c) Neither the Class A Note Trustee nor the Issuer Security Trustee shall be responsible or liable for monitoring compliance (other than in relation to itself) with any such undertaking or for any consequences of any failure so to comply.

3. Covenants

3.1 Save with the prior written consent of the Issuer Security Trustee or as provided in or envisaged by any of the Transaction Documents or the Conditions, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking, present or future, save as permitted by the Transaction Documents;
- (b) **Restrictions on activities:**
- (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which these Conditions or the Transaction Documents provide or envisage that the Issuer will engage;
 - (ii) have any subsidiaries (as defined in the Companies Act 2006 or the Companies (Jersey) Law 1991), any subsidiary undertakings (as defined in the Companies Act 2006) or any employees or premises;
 - (iii) amend its constitutional documents;
 - (iv) acquire any leasehold, freehold or heritable property; or
 - (v) pay or deposit any monies in consideration for the allotment and issue of its shares other than the sum of £10,000 constituting its share capital;
- (c) **Property:** acquire or purchase any leasehold, freehold or heritable property;



- (d) **Disposal of assets:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness or give any guarantee in respect of any financial indebtedness or of any other obligation of any person unless permitted pursuant to Condition 19 (Further Notes and New Notes);
- (g) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of these Conditions or the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents or Issuer Security to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents or Issuer Security to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Issuer Security Trustee on terms acceptable to it;
- (j) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006;
- (k) **VAT:** apply to become part of any group for the purposes of section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994; or
- (l) **Surrender of group relief:** offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Part 5 of the Corporation Tax Act 2010.

3.2 Save with the prior written consent of the Issuer Security Trustee or unless otherwise permitted under any of the Transaction Documents, the Issuer shall, so long as any Class A Note remains outstanding:

- (a) maintain its books and records, accounts and financial statements separate from and not commingled with any other person or entity and use separate stationery, invoices and cheques;
- (b) hold itself out as a separate entity, conduct its business in its own name and maintain an arm's length relationship with its affiliates (if any);
- (c) pay its own liabilities out of its own funds;
- (d) not commingle its assets with those of any other entity;
- (e) observe all formalities required by its memorandum and articles of association (including maintaining adequate capital for its operations) and any other corporate formalities; and
- (f) correct, as soon as possible, any known misunderstandings regarding its separate identity.

3.3 In the event that any Obligor accedes to the Class A Issuer/Borrower Loan Agreement, the Issuer will notify the Class A Note Trustee and the Class A Noteholders in accordance with the provisions of Condition 17 (Notice to Class A Noteholders) of such accession.



4. Interest

4.1 Class A Interest Rate and Note Interest Payment Dates

- (a) The Class A1 Notes bear interest on their respective Principal Amount Outstanding (i) from (and including) the Closing Date at the Class A1 Initial Interest Rate until (but excluding) the Class A1 Note Expected Maturity Date, and (ii) from (and including) the Class A1 Note Expected Maturity Date to (and including) the Class A1 Note Final Maturity Date at the Class A1 Revised Interest Rate. The Class A2 Notes bear interest on their respective Principal Amount Outstanding (i) from (and including) the Closing Date until (but excluding) the Class A2 Note Expected Maturity Date at the Class A2 Initial Interest Rate, and (ii) from (and including) the Class A2 Note Expected Maturity Date to (and including) the Class A2 Note Final Maturity Date at the Class A2 Revised Interest Rate.
- (b) Interest on the Class A Notes is payable semi-annually in arrear in pounds sterling on 28 February and 28 August (each, a **Note Interest Payment Date**) in respect of the Note Interest Period (as defined below) ended immediately prior thereto. The first payment shall be due on the Note Interest Payment Date falling in 28 August 2012. The period from (and including) the Closing Date to (but excluding) the first Note Interest Payment Date and each successive period from (and including) a Note Interest Payment Date to (but excluding) the next succeeding Note Interest Payment Date, is called a **Note Interest Period**.
- (c) Interest on an overdue amount at a rate equal to:
- (i) 1% above the rate then payable on the Class A1 Notes, if such overdue amount is an amount payable on the Class A1 Notes, or any amount payable under these Conditions which is not payable in respect of the Class A2 Notes; and
 - (ii) 1% above the rate then payable on the Class A2 Notes, if such overdue amount is an amount payable on the Class A2 Notes.
- (d) Interest (if unpaid) on any overdue amount will be compounded at the end of each Note Interest Period and will be due and payable on the immediately succeeding Note Interest Payment Date.

4.2 Calculation of Class A Interest

Interest in respect of the Class A Notes and any overdue amount of principal or interest shall be calculated by applying the relevant rate of interest to the aggregate Principal Amount Outstanding of each sub-class of the Class A Notes or the aggregate amount of any overdue amount of principal or interest, as the case may be, and on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (being the Closing Date (in respect of the first such period) or a Note Interest Payment Date (in respect of subsequent such periods)) (the **Class A Accrual Date**) to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Class A Accrual Date to (but excluding) the next following Note Interest Payment Date multiplied by two. The resulting figure shall be rounded down to the nearest penny.

5. Redemption, Purchase and Cancellation

5.1 Final Redemption

Unless previously redeemed in full as provided in this Condition 5 (Redemption, Purchase and Cancellation), the Issuer shall redeem:

- (a) in the case of the Class A1 Notes, at their Principal Amount Outstanding together with any accrued but unpaid interest on the Class A1 Note Final Maturity Date; and
- (b) in the case of the Class A2 Notes, at their Principal Amount Outstanding together with any accrued but unpaid interest on the Class A2 Note Final Maturity Date.

The Issuer may not redeem the Class A Notes in whole or in part prior to that date except as provided below in Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement), 5.3 (Early Redemption for taxation or other reasons), 5.4 (Early redemption following Class A Loan Enforcement Event) or 5.5 (Early redemption as a result of the operation of the cash sweeps) but without prejudice to Condition 9 (Class A Note Events of Default).



5.2 Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement

- (a) On receipt by the Issuer of a notice of prepayment from a Borrower under the Class A Issuer/Borrower Loan Agreement of its intention to make prepayment, whether pursuant to (i) a voluntary prepayment or (ii) a prepayment as a result of a sale and leaseback transaction (in whole or in part) of any of the Class A Loans in accordance with the Class A Issuer/Borrower Loan Agreement, the Issuer shall give: (i) not more than 60 nor less than 30 days' notice; or (ii) only in respect of a prepayment in full of the Class A1 Loan prior to the Class A1 Loan Expected Maturity Date or the Class A2 Loan on or prior to the Class A2 Loan Expected Maturity Date, ten days' notice, in each case to the relevant class or classes of Class A Noteholders, the Class A Note Trustee and the Principal Paying Agent, that it will apply the same to redeem the Class A Notes in accordance with this Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement).
- (b) In the case of any redemption pursuant to this Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement), the Issuer shall redeem the relevant class of Class A Notes in an amount corresponding to the relevant tranche of the Class A Loan which has been repaid.
- (c) Any Class A Note redeemed pursuant to this Condition 5.2 (Early Mandatory Redemption in whole or part upon Prepayment under the Class A Issuer/Borrower Loan Agreement) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Class A Note (or, as the case may be, the relevant part of it) to be redeemed multiplied by the Redemption Percentage (as defined below) relevant to its class as set out below (rounding the resulting figure to the nearest penny, half a penny being rounded upwards) together with, in each case, accrued and unpaid interest on the Principal Amount Outstanding of the relevant Class A Note up to but excluding the relevant date of redemption.

Redemption Percentage means:

- (i) in respect of any class of Class A Notes redeemed from and including the relevant Class A Note Expected Maturity Date, 100%; and
- (ii) in respect of any class of Class A Notes redeemed prior to but excluding the relevant Class A Note Expected Maturity Date, the greater of:
 - (A) 100%; and
 - (B) that price (as reported in writing to the Issuer and the Class A Note Trustee by a financial advisor appointed by the Issuer and approved in writing by the Class A Note Trustee) expressed as a percentage (and rounded, if necessary, to the third decimal place (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the relevant class of Class A Notes on the Relevant Date (on the basis of redemption in accordance with Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement)) is equal to the Gross Redemption Yield at 3.00 p.m. (London time) plus 50 basis points (the **Make Whole**) on that date of the Relevant Treasury Stock on the basis of the arithmetic mean (rounded, if necessary, as aforesaid) of the offered prices of the Relevant Treasury Stock quoted by the Reference Market Makers (on a dealing basis for settlement on the next following dealing day in London) at or about 3.00 p.m. (London time) on the Relevant Date and so that, for the purpose of this sub-paragraph (B): **Reference Market Makers** means three brokers and/or London gilt-edged market makers selected by the Issuer and approved in writing by the Class A Note Trustee; **Relevant Date** means the date which is the fifth business day in London prior to the date of redemption pursuant to Condition 5.2(a); **Gross Redemption Yield** means a yield calculated on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (third edition published 16/03/2005); and **Relevant Treasury Stock** means such United Kingdom government stock as selected by the Issuer and as the Class A Note Trustee may approve, with the advice of three brokers and/or gilt-edged market makers or such other three persons operating in the gilt-edged market to be a benchmark gilt the maturity of which most closely matches the Class A Note Expected Maturity Date of the relevant class of Class A Notes as calculated by a financial advisor selected by the Issuer and approved in writing by the Class A Note Trustee.
- (e) In the case of a partial redemption of Class A Notes, the Class A Notes to be redeemed (the **Class A Redeemed Notes**) will be selected individually by lot, in the case of Class A Redeemed Notes represented by Class A Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at



their discretion), in the case of Class A Redeemed Notes represented by a Class A Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Class A Redeemed Notes represented by Class A Definitive Notes, a list of the serial numbers of such Class A Redeemed Notes will be published in accordance with Condition 17 (Notice to Class A Noteholders) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Class A Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5.2(e) and notice to that effect shall be given by the Issuer to the Class A Noteholders in accordance with Condition 17 (Notice to Class A Noteholders) at least five days prior to the Selection Date.

5.3 Early Redemption for taxation or other reasons

- (a) If the Issuer at any time satisfies the Class A Note Trustee that, immediately prior to taking the reasonable measures available to it referred to below:
- (i) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Note Interest Payment Date, the Issuer would be required to deduct or withhold from any payment of principal, interest or other amounts due and payable under the Notes any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or Jersey or any political sub-division thereof or any authority thereof or therein; or
 - (ii) by reason of an agreement entered into by the Issuer or any Paying Agent with the United States federal tax authorities under FATCA (as defined below) or otherwise pursuant to the provisions of FATCA on or after the Closing Date, the Issuer or any Paying Agent would be required to deduct or withhold any amount from any payment in respect of the Notes (other than any withholding or deduction which arises because the relevant holder has not entered into an agreement under the provisions of FATCA or is a “recalcitrant account holder” as that term is defined in Section 1471(d)(6) of the Code (as defined below) and any regulations or other official guidance issued thereunder); or
 - (iii) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Note Interest Payment Date, the Borrowers under the Class A Issuer/Borrower Loan Agreement would be required to deduct or withhold from any payment of principal, interest or other sum due and payable thereunder any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority of either thereof or therein; or
 - (iv) by reason of an agreement entered into by the Borrowers with the United States federal tax authorities under FATCA or otherwise pursuant to the provisions of FATCA on or after the Closing Date, the Borrowers would be required to deduct or withhold any amount from any payment in respect of the Class A Issuer/Borrower Loan Agreement (other than any withholding or deduction which arises because the Issuer has not entered into an agreement under the provisions of FATCA or is a “recalcitrant account holder” as that term is defined in Section 1471(d)(6) of the Code (as defined below) and any regulations or other official guidance issued thereunder); or
 - (v) by reason of a change in tax law (or the application or official interpretation thereof), which becomes effective on or after the Closing Date, it ceases to be a “securitisation company” (as defined in the Taxation of Securitisation Companies Regulations 2006) or otherwise entitled to relief on any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein for any amount that it is obliged to pay and satisfies the Class A Note Trustee that such change will result in a material rise in the tax liabilities of the Issuer; or
 - (vi) due to a change in law, which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to: (A) perform or comply with its obligations under or in respect of any Borrower Finance Document; (B) perform or comply with its obligations under or in respect of any Issuer Transaction Document to which it is a party; or (C) make, fund or allow to remain outstanding all or any advances made or to be made by it under the Class A Issuer/Borrower Loan Agreement,

then the Issuer shall, in consultation with the Borrowers and the Class A Note Trustee, take all reasonable measures available to it to avoid the relevant event described in (a) (i), (ii), (iii), (iv), (v) or (vi) above, (including, without limitation, appointing a Paying Agent in another jurisdiction and/or taking all reasonable steps to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction (approved in writing by the Class A Note Trustee) as principal debtor under the Notes and as lender under the Class A Issuer/Borrower Loan Agreements), provided that the Class A Note Trustee is satisfied that taking such measures will not be materially prejudicial to the interests of the Class A Noteholders and has received confirmation from the Rating Agencies that the current rating of the then outstanding Class A Notes will not be affected.



In these Class A Conditions:

FATCA means sections 1471 through 1474 of the Code, as of the date of this Offering Circular and any current or future regulations promulgated thereunder or official interpretations thereof.

The **Code** means the U.S. Internal Revenue Code of 1986.

FFI means a “foreign financial institution” as such term is defined pursuant to Section 1471(d) of the Code and any regulations or other official guidance issued thereunder.

Participating FFI means an FFI that, as from the effective date of any rules requiring withholding on “passthru payments” (as such term is defined pursuant to FATCA), meets the requirements of Sections 1471(b) of the Code and any regulations or other official guidance issued thereunder and that has not elected withholding pursuant to Section 1471(b)(3) of the Code.

- (b) If the Issuer satisfies the Class A Note Trustee immediately before giving the notice referred to below that one or more of the events described in (a) (i), (ii), (iii), (iv), (v) or (vi) above (as the case may be) is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer may, on any Note Interest Payment Date and having given not more than 30 nor less than 15 days’ notice (or, in the case of an event described in 5.3(a)(i) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Class A Note Trustee and the Class A Noteholders in accordance with Condition 17 (Notice to Class A Noteholders), redeem all, but not some only, of the Class A Notes at their respective Principal Amount Outstanding together with accrued but unpaid interest up to but excluding the date of redemption. Prior to giving any notice of redemption pursuant to this Condition 5.3, the Issuer shall deliver to the Class A Note Trustee (A) a certificate signed by two directors of the Issuer stating that (x) one or more of the events described in (a) (i), (ii), (iii), (iv), (v) or (vi) above is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it; and (y) the Issuer will have the necessary funds to pay all principal and interest due in respect of the Class A Notes on the relevant Note Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Note Interest Payment Date in priority to or *pari passu* with the Class A Notes under the Issuer Priorities of Payments; and (B) if required by the Class A Note Trustee, an opinion in form and substance satisfactory to the Class A Note Trustee from independent legal/tax advisors of recognised standing opining on the relevant events described in (a) (i), (ii), (iii), (iv), (v) or (vi) above. The Class A Note Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (x) and (y) above and it shall be conclusive and binding on the Class A Noteholders.

5.4 Early redemption following Class A Loan Enforcement Event

If the Issuer receives (or is to receive) any monies from any Obligor following the service of a Class A Loan Enforcement Notice in accordance with the Intercreditor Agreement in repayment of all or any part of the Class A Loans, the Issuer shall apply such monies in accordance with the Issuer Pre-Acceleration Priority of Payments or the Issuer Post-Acceleration Priorities of Payments, as applicable, and redeem (to the extent of such monies as are available in accordance with the relevant Issuer Priorities of Payments) each relevant Class A Note outstanding at its Principal Amount Outstanding plus accrued but unpaid interest on the relevant date for payment. In the event there are insufficient monies to redeem all the Class A Notes of a particular sub-class, each relevant sub-class of the Class A Notes shall be redeemed in part in the proportion which the Principal Amount Outstanding of such Class A Note to be redeemed bears to the aggregate Principal Amount Outstanding of such sub-class. For the purposes of this Condition 5.4, the Class A Notes shall be deemed to be due and payable to the extent of the funds available to the Issuer pursuant to this Condition having paid amounts owing to Issuer Secured Creditors which rank in priority to payments of principal to Class A Noteholders (in accordance with the terms of the Intercreditor Agreement) at the time of payment.

For the purposes of these Conditions, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and Dublin.

5.5 Early redemption on or following a Class A Loan Expected Maturity Date

If the Issuer receives any amount from any Obligor on a Class A Loan Interest Payment Date on or following a Class A Loan Expected Maturity Date pursuant to clause 6.2 (Mandatory Prepayment following a Class A Loan Expected Maturity Date) of the Class A Issuer/Borrower Loan Agreement, a corresponding amount of the then Principal Amount Outstanding of the Class A1 Notes and/or Class A2 Notes (as the case may be) shall be deemed to fall due for payment on the immediately following Class A Note Interest Payment Date, and accordingly the Issuer shall, upon receipt of a notice of prepayment from the Borrowers pursuant to clause 6.2 of the Class A Issuer/Borrower Loan Agreement, shall give not less than 5 Business Days’ notice (of the receipt by the Issuer of such notice of prepayment by such Obligor(s)) to the relevant class or classes of Class A Noteholders of such prepayment prior to such Class A Note Interest Payment Date and the Issuer shall apply such prepayment funds (if and to the extent received by the Issuer from the Obligors) to redeem the Class A Notes on such Note Interest Payment Date.



5.6 Principal Amount Outstanding

- (a) The **Principal Amount Outstanding** of a Class A Note on any date shall be its original principal amount less the amount of all principal payments (excluding premium payable in accordance with Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement)), in respect of such Class A Note which have become due and payable since the Closing Date except if and to the extent that any such payment has been improperly withheld or refused.
- (b) If the Issuer does not at any time for any reason determine the Principal Amount Outstanding of a Class A Note in accordance with the preceding provisions of this paragraph, such Principal Amount Outstanding may be determined by the Class A Note Trustee (or a person appointed by the Class A Note Trustee, but without any liability attaching to the Class A Note Trustee as a result) in accordance with this Condition 5.6 (Principal Amount Outstanding) and each such determination shall be deemed to have been made by the Issuer.
- (c) Within five Business Days after each Note Interest Payment Date, the Issuer will notify the Irish Stock Exchange of the aggregate Principal Amount Outstanding of each class of Class A Notes.

5.7 Notice of Redemption

Any such notice as is referred to in Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement), Condition 5.3 (Early Redemption for taxation or other reasons), Condition 5.4 (Early redemption following Class A Loan Enforcement Event) and Condition 5.5 (Early redemption as a result of the operation of the cash sweeps) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the relevant class of Class A Notes at the applicable amounts specified in these Conditions.

5.8 No purchase by the Issuer

- (a) The Issuer will not be permitted to purchase any Class A Notes. However, the Obligors may repurchase any Class A Notes subject to the satisfaction of the Class A Restricted Payment Condition (as set out in the Class A Issuer/Borrower Loan Agreement).
- (b) If an Obligor purchases any Class A Notes then it must surrender those Class A Notes to the Issuer on the relevant date of purchase in accordance with the terms of the Class A Issuer/Borrower Loan Agreement.
- (c) Upon such Class A Notes being surrendered to the Issuer in accordance with paragraph (b) above, the Class A Loans will be discharged by the Issuer in a principal amount equal to the Principal Amount Outstanding of the Class A Notes so surrendered.

5.9 Cancellation

Any Class A Notes redeemed or surrendered in accordance with Condition 5.7 (Notice of Redemption), Condition 5.8 (No purchase by the Issuer) or Condition 16 (Replacement of Class A Notes, coupons and talons) by the Issuer will be cancelled forthwith (together with, in the case of Class A Notes in bearer form, all unmatured coupons and unexchanged talons attached thereto or surrendered therewith). Any Class A Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Class A Notes shall be discharged.

6. Payments

6.1 General

- (a) Payments in respect of principal, premium (if any) and interest in respect of any Class A Global Note will be made only against presentation of such Class A Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall be notified to the Class A Noteholders in accordance with Condition 17 (Notice to Class A Noteholders) for such purpose, subject, in the case of any Class A Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in such Class A Temporary Global Note. Each payment of principal, premium or interest made in respect of a Class A Global Note will be recorded by the Clearing Systems in their records (such records being the records each relevant Clearing System holds for its customers which reflect such customers' interest in the Class A Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Class A Note shall have any claim directly against the Issuer in respect of payments due on such Class A Note whilst such Class A Note is represented by a Class A Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Class A Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing Systems but any failure to make such entries shall not affect the discharge referred to above.



- (b) Payments to the Class A Noteholders of principal and interest in respect of Class A Definitive Notes will, subject as mentioned below, be made against presentation and surrender (provided payment is in full) of the relevant Class A Notes (in the case of all payments of principal) and coupons (in the case of interest, save as specified in Condition 6.6 (Unmatured coupons and Unexchanged talons)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due. On the occasion of each payment, (i) in the case of any Class A Definitive Note, a record of such payment made on such Class A Note, distinguishing between any payment of principal and any payment of interest, will be made on such Class A Note by the Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made and (ii) in the case of any Class A Global Note which is issued, the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

6.2 Method of Payment

Payments will be made by credit or transfer to an account in sterling maintained by the payee with a bank in London.

6.3 Payments subject to Applicable Laws

- (a) All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of this Condition 6 (Payments). No commission or expenses shall be charged to the Class A Noteholders, couponholders or holders of talons (if any) in respect of such payments.
- (b) The holder of a Class A Global Note shall be the only person entitled to receive payments of principal and interest on the Class A Global Notes (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Class A Global Note in respect of each amount paid.

6.4 Payment only on a Presentation Date

A holder shall be entitled to present a Class A Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 4 (Interest), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8 (Prescription)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Class A Global Note is presented for payment; and
- (c) in the case of payment by credit or transfer to a sterling account in London (as referred to above), is a Business Day in London.

6.5 Initial Paying Agents

- (a) The name of the Principal Paying Agent and its initial specified office are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Class A Note Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents (including in circumstances where the Principal Paying Agent or any Paying Agent does not become, or ceases to be, a Participating FFI at a time when the Issuer would be required to withhold or deduct any amount from any payment made by it to the Principal Paying Agent or any Paying Agent pursuant to FATCA) provided that:
 - (i) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent;
 - (ii) so long as the Class A Notes are listed on an exchange, there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority;
 - (iii) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; and
 - (iv) the Issuer will use all reasonable endeavours to ensure that, at any time the Issuer would otherwise be required to withhold tax on payments to the Principal Paying Agent or any other Paying Agent pursuant to FATCA, the Principal Paying Agent and any other Paying Agents are Participating FFIs or are otherwise exempt from FATCA withholding.



- (b) Notice of any termination, variation or appointment and of any changes in specified offices will be given to the Class A Noteholders promptly by the Issuer in accordance with Condition 17 (Notice to Class A Noteholders).

6.6 Unmatured coupons and Unexchanged talons

- (a) Upon the due date for redemption of any Class A Note, unmaturred coupons relating to such Class A Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (b) Upon the date for redemption of any Class A Note, any unmaturred talon relating to such Class A Note (whether or not attached) shall become void and no coupon shall be delivered in respect of such talon.
- (c) Where any Class A Note is presented for redemption without all unmaturred coupons and any unexchanged talon relating to it, a sum equal to the aggregate amount of the missing unmaturred coupons will be deducted from the amount of principal due for payment and redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (d) If the due date for redemption of any Class A Note is not a Note Interest Payment Date, interest accrued from the preceding Note Interest Payment Date, or the Interest Amount payable on such date for redemption, shall only be payable against presentation (and surrender if appropriate) of the relevant Class A Note and coupon.

6.7 Non-Business Days

If any date for payment in respect of any Class A Note or coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day in the same calendar month (if there is one) or the preceding business day (if there is not), nor to any interest or other sum in respect of such postponed payment.

6.8 Talons

On or after the Note Interest Payment Date for the final coupon forming part of a coupon sheet issued in respect of any Class A Note, the talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another talon for a further coupon sheet) (but excluding any coupons which may have become void pursuant to Condition 8 (Prescription)). Upon the due date for redemption of any Class A Note, any unexchanged talon relating to such Class A Note shall become void and no coupon will be delivered in respect of such talon.

7. Taxation

All payments in respect of the Class A Notes, coupons or talons by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless (a) the withholding or deduction of the Taxes is required by applicable law or (b) if the Issuer has entered into a relevant agreement pursuant to FATCA and is required, under that agreement, to make a withholding or deduction thereunder. In either such event, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. The Issuer shall not be obliged to make any additional payments to the Class A Noteholders, couponholders or holders of any talons in respect of such withholding or deduction and failure to make such additional payments will not constitute a Class A Note Event of Default.

8. Prescription

- (a) Claims in respect of principal and interest on the Class A Notes or coupons (which, for this purpose, shall not include talons) will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.
- (b) In this Condition 8 (Prescription), the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Class A Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Class A Noteholders in accordance with Condition 17 (Notice to Class A Noteholders).



9. Class A Note Events of Default

The Class A Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by a Class A Extraordinary Resolution of the Class A Noteholders shall (subject, in each case, to being indemnified and/or secured to its satisfaction in accordance with the Note Trust Deed), give a notice (a **Class A Note Acceleration Notice**) to the Issuer declaring all of the Class A Notes immediately due and payable at any time after the occurrence of any of the following events or circumstances specified below (each such event or circumstance, a **Class A Note Event of Default**):

- (a) default being made for a period of five days or more in the payment of any principal, Make Whole, premium, interest or any other amount (if any), on any Class A Notes, when due;
- (b) the Issuer failing to duly perform or observe any other obligation, condition, provision, representation or warranty binding on it under the Notes, the Note Trust Deed, the Issuer Deed of Charge or any of the other Transaction Documents and such failure being in the opinion of the Class A Note Trustee (or, in the case of the Issuer Deed of Charge, the Issuer Security Trustee), capable of remedy, but which remains unremedied for a period of 21 days following the giving of notice by the Class A Note Trustee (or the Issuer Security Trustee, as applicable) to the Issuer requiring the same to be remedied and, in either case, provided that the Class A Note Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders;
- (c) an Issuer Insolvency Event; or
- (d) it is or will become unlawful for the Issuer to perform or comply with its obligations under or in respect of these Conditions or any Transaction Documents to which it is a party.

10. Acceleration

Subject to the Intercreditor Agreement, upon delivery of a Class A Note Acceleration Notice, the Class A Notes shall become immediately due and payable at their principal amount outstanding together with accrued interest and any other amounts payable in accordance with these Conditions.

11. Enforcement

11.1 Service of notice

- (a) Subject to the Intercreditor Agreement, at any time after the service of a Class A Note Acceleration Notice by the Class A Note Trustee in accordance with Condition 9 (Class A Note Events of Default) above, the Class A Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Class A Notes then outstanding or if so directed by a Class A Extraordinary Resolution of the Class A Noteholders shall (subject, in each case, to being indemnified and/or secured to its satisfaction in accordance with the Note Trust Deed), instruct the Issuer Security Trustee to take enforcement steps in relation to the Issuer Security.
- (b) Under the terms of the Intercreditor Agreement and the Issuer Deed of Charge, if the Class A Note Trustee provides the Issuer Security Trustee with a copy of a Class A Note Acceleration Notice given to the Issuer and instructs it to take enforcement steps in relation to the Issuer Security, the Issuer Security Trustee is required to give a notice (the **Class A Note Enforcement Notice**) to the Issuer declaring the whole of the Issuer Security to be enforceable.

11.2 No Class A Note Events of Default

The Issuer, pursuant to the terms of the Note Trust Deed, shall provide on an annual basis, written confirmation to the Class A Note Trustee that no Class A Note Events of Default has occurred.

12. Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Class A Noteholders are limited in recourse to the property, assets and undertakings of the Issuer that are the subject of any security created by Issuer Security Documents (the **Issuer Secured Property**). If:

- (a) there is no Issuer Secured Property remaining which is capable of being realised or otherwise converted into cash;



- (b) all amounts available from the Issuer Secured Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (c) there are insufficient amounts available from the Issuer Secured Property to pay in full, in accordance with the provisions of the Issuer Deed of Charge, amounts outstanding under the Class A Notes (including payments of principal, premium (if any) and interest),

then the Class A Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Class A Notes) and such unpaid amounts shall be discharged in full and any relevant payment rights shall be deemed to cease.

13. Non-petition

- 13.1 No Class A Noteholder nor any person acting on behalf of a Class A Noteholder (other than the Class A Note Trustee or the Issuer Security Trustee or a Receiver) shall have any right to take or initiate any proceedings or steps against the Issuer to enforce rights (including the appointment of a Receiver) under the Transaction Documents, including without limitation by way of attachment, execution or diligence, provided that nothing shall prevent a Class A Noteholder from proving for the full amount owed to it by the Issuer in the insolvency of the Issuer.
- 13.2 No Class A Noteholder, nor any person acting on behalf of a Class A Noteholder (other than the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee), shall initiate or join any person in initiating howsoever an Issuer Insolvency Event and it shall not be entitled to take any steps or proceedings which would result in any of the provisions of Clause 36 (Issuer Post-Acceleration Priority of Payments) of the Intercreditor Agreement or this Condition 13 not being observed.

14. Passing of resolutions by Class A Noteholders, Modification and Waiver

- 14.1 The Note Trust Deed contains provisions for the Class A Noteholders of each sub-class to consider any matter affecting their interests, including (i) the sanctioning by Class A Extraordinary Resolution of a modification of these Conditions or (ii) in relation to any amendment or waiver of the terms of the Transaction Documents, on the terms and subject to the conditions set out in the Intercreditor Agreement (including for the avoidance of doubt, pursuant to any ICA Proposal). Any such matter may be put to the Class A Noteholders of each affected sub-class for their consideration by way of a Class A Voting Notice given by or on behalf of the Issuer or by the Class A Note Trustee to the Class A Noteholders of each affected sub-class. Unless otherwise required pursuant to the Intercreditor Agreement, each Class A Voting Notice shall specify the Voting Date (which shall be at least 21 days from the date of such Class A Voting Notice (exclusive of the day on which the notice is given and the Voting Date)) (and, if in respect of an ICA Proposal, the time period within which a Direction is required pursuant to the terms and conditions of the Intercreditor Agreement). Such Class A Voting Notice, which shall be in the English language, shall state the Class A Voting Matter(s), including the terms of any resolution to be proposed.
- 14.2 The determination of whether a resolution proposed pursuant to a Class A Voting Matter is required to be passed by a Class A Ordinary Resolution, a Class A Sale and Leaseback Resolution, a Class A NAS Resolution or a Class A Extraordinary Resolution shall be made pursuant to the terms of the Note Trust Deed.
- 14.3 The participation threshold for any Class A Vote to consider a Class A NAS Resolution will be the holders of at least 25% of the aggregate Principal Amount Outstanding of the relevant Class A Notes for the time being outstanding. For the avoidance of doubt, this participation threshold shall not be reduced for any subsequent vote in respect of a Class A NAS Resolution.
- 14.4 The participation threshold for any Class A Vote to consider a Class A Ordinary Resolution will be the holders of at least one-third of the aggregate Principal Amount Outstanding of the relevant Class A Notes for the time being outstanding need to participate in any initial Class A Vote provided that, if such Class A Vote is adjourned, the participation threshold shall be reduced to one or more holders of the relevant Class A Notes for the time being outstanding (whatever the Principal Amount Outstanding of the relevant Class A Notes then outstanding so held by them).
- 14.5 The participation threshold for any Class A Vote to consider a Class A Sale and Leaseback Resolution will be the holders of at least 25% of the aggregate Principal Amount Outstanding of the relevant Class A Notes for the time being outstanding. For the avoidance of doubt, this participation threshold requirement shall not be reduced for any subsequent vote in respect of a Class A Sale and Leaseback Resolution.
- 14.6 Subject as provided below, the participation threshold for any Class A Vote to consider a Class A Extraordinary Resolution will be the holders of more than 50% of the aggregate Principal Amount Outstanding of the relevant Class A Notes for the time being outstanding provided that, if such Class A Vote is adjourned, the participation threshold shall be reduced to one or more holders of the relevant Class A Notes for the time being outstanding (whatever the Principal Amount Outstanding of the relevant Class A Notes then outstanding so held by them).



- 14.7 The participation threshold for any Class A Vote to consider a Class A Extraordinary Resolution to sanction a modification of the date of maturity (whether it be the Class A Note Expected Maturity Date or the Class A Note Final Maturity Date) of any Class A Notes or which would have the effect of changing any day for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Class A Notes, altering the currency of payment of such Class A Notes, altering any of the Priorities of Payment in the Intercreditor Agreement, altering the terms of this Condition 14 or altering the definition of a “Class A Basic Terms Modification” or altering the quorum or majority required in relation to this exception (each, a **Class A Basic Terms Modification**) will be the holders of at least 75% of the aggregate Principal Amount Outstanding of the relevant Class A Notes for the time being outstanding, provided that, if such Class A Vote is adjourned, the participation threshold shall be reduced to the holders of at least 25% of the aggregate Principal Amount Outstanding of the relevant Class A Notes for the time being outstanding.
- 14.8 The Note Trust Deed provides that, except in the case of a Class A Extraordinary Resolution directing the Class A Note Trustee to give a Class A Note Acceleration Notice, as to which the provisions of Condition 9 (Class A Note Events of Default) shall apply:
- (a) a resolution which, in the opinion of the Class A Note Trustee, affects the interests of the holders of one sub-class only of the Class A Notes shall be deemed to have been duly passed if passed by a separate Class A Vote of the holders of the Class A Notes of that sub-class;
 - (b) a resolution which, in the opinion of the Class A Note Trustee, affects the interests of the holders of all sub-classes of the Class A Notes but does not give rise to a conflict of interest between the holders of each sub-class of the Class A Notes shall be deemed to have been duly passed if passed by a single Class A Vote of the holders of the Class A Notes of the sub-classes; and
 - (c) a resolution which, in the opinion of the Class A Note Trustee, affects the interests of the holders of all sub-classes of the Class A Notes and gives or may give rise to a conflict of interest between the holders of each sub-class of the Class A Notes shall be deemed to have been duly passed only if in lieu of being passed by a resolution of the holders of the Class A Notes of the sub-classes it shall be duly passed through separate Class A Votes of the holders of each sub-class of the Class A Notes.
- 14.9 Subject to Condition 14.10, voting by the relevant Class A Noteholders in relation to any Class A Voting Matter shall be conducted electronically through the Clearing Systems. However, a physical meeting shall be held in relation to a Class A Voting Matter if the Class A Note Trustee is requested in writing by the holders of more than 10% of the aggregate Principal Amount Outstanding of the relevant outstanding Class A Notes to hold such a meeting, in which case the percentages for participation thresholds and voting majorities in respect of such a meeting shall be the same as set out in this Condition 14 in relation to electronic voting.
- 14.10 The Note Trust Deed contains similar provisions in relation to directions in writing from Class A Noteholders upon which the Class A Note Trustee is bound to act. A resolution in writing signed on behalf of the holders of more than 50% of the aggregate Principal Amount Outstanding of the relevant Class A Notes will take effect as if it were a Class A Ordinary Resolution or a Class A Sale and Leaseback Resolution (as applicable). A resolution in writing signed on behalf of the holders of not less than 75% of the aggregate Principal Amount Outstanding of the relevant Class A Notes will take effect as if it were a Class A Extraordinary Resolution. Such a resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more relevant Class A Noteholders.
- 14.11 Any resolution, howsoever validly passed, shall be binding on all the relevant Class A Noteholders whether present or not.
- 14.12 Subject to the terms of the Intercreditor Agreement, the Class A Note Trustee may agree, or may direct the Issuer Security Trustee to agree, without the consent of the Class A Noteholders:
- (a) to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Class A Note Trustee, is not materially prejudicial to the interests of the Class A Noteholders; or
 - (b) to any modification which, in the opinion of the Class A Note Trustee, is to correct a manifest error or is of a formal, minor or technical nature or is one in respect of which the English court could reasonably be expected to make a rectification order.
- 14.13 The Class A Note Trustee may also, without the consent of the Class A Noteholders, determine that a Class A Note Event of Default shall not, or shall not subject to specified conditions, be treated as such.



- 14.14 Any such modification, waiver, authorisation or determination shall be binding on the Class A Noteholders and, unless the Class A Note Trustee agrees otherwise, any such modification shall be notified to the Class A Noteholders as soon as practicable thereafter in accordance with Condition 17 (Notice to Class A Noteholders).
- 14.15 In connection with any such substitution of principal debtor referred to in Condition 5.3 (Early Redemption for taxation or other reasons), the Class A Note Trustee may also agree, without the consent of the Class A Noteholders, to a change in the laws governing the Class A Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Class A Note Trustee, be materially prejudicial to the interests of the Class A Noteholders.
- 14.16 The Class A Note Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, among other things, to the extent that it considers, in its sole and absolute discretion, it is necessary and/or appropriate and/or relevant, any confirmation by any Rating Agency (whether or not such confirmation is addressed to, or provides that it may be relied upon by, the Class A Note Trustee and irrespective of the method by which such confirmation is conveyed) (a) that the then current rating by it of the relevant class of Class A Notes would not be downgraded, withdrawn or qualified by such exercise or performance and/or (b) if the original rating of the relevant class of Class A Notes has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such class of the Class A Notes.
- 14.16 In connection with the exercise or performance by the Class A Note Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Class A Note Trustee shall be required to have regard to the interests of the Class A Noteholders of any class, and shall have regard to the general interests of the Class A Noteholders of such class as a class but shall not have regard to any interests arising from circumstances particular to individual Class A Noteholders (whatever their number) and, in particular but without limitation, the Class A Note Trustee shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Class A Note Trustee shall not be entitled to require, nor shall any Class A Noteholder be entitled to claim, from the Issuer, the Class A Note Trustee or the Issuer Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Class A Noteholders.

15. Indemnification and Exoneration of the Class A Note Trustee and the Issuer Security Trustee

- (a) The Note Trust Deed and the Intercreditor Agreement contain provisions governing the responsibility (and relief from responsibility) of the Class A Note Trustee and the Issuer Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Issuer Security Trustee, enforcing the Issuer Security unless indemnified and/or secured to their satisfaction.
- (b) The Note Trust Deed and the Intercreditor Agreement also contain provisions pursuant to which the Class A Note Trustee and the Issuer Security Trustee and their related companies are entitled, among other things, to (i) enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (ii) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Class A Noteholders, and (iii) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. Replacement of Class A Notes, coupons and talons

If any Class A Note, coupon or talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Class A Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Class A Note, coupon or talon must be surrendered before a new one will be issued.

17. Notice to Class A Noteholders

- (a) Any notice shall be deemed to have been duly given to the relevant Class A Noteholders if sent to the Clearing Systems for communication by them to the holders of the Class A Notes and shall be deemed to be given on the date on which it was so sent and shall also be published in the following manner. In respect of Class A Definitive Notes, any notice to the Class A Noteholders shall be validly given if published in a leading daily newspaper printed in the English language and with general circulation in London and Ireland (which is expected to be the *Financial Times* and the *Irish Times*, respectively) and (so long as the relevant Class A Notes are admitted to trading on, and listed on an exchange) any notice shall also be published in accordance with the relevant listing rules and regulations.



- (b) Class A Noteholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Class A Notes in bearer form in accordance with this Condition 17 (Notice to Class A Noteholders).
- (c) A copy of each notice given in accordance with this Condition 17 (Notice to Class A Noteholders) shall be provided to the Rating Agencies, and so long as the Class A Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.
- (d) The Class A Note Trustee shall be at liberty to sanction some other method of giving notice to the Class A Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Class A Notes are then admitted to trading and listed, and provided that notice of such other method is given to the Class A Noteholders in such manner as the Class A Note Trustee shall require.

18. Notification

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class A Notes will be deferred or that a payment previously deferred will be made in accordance with these Conditions, the Issuer will give notice thereof to the Class A Noteholders in accordance with Condition 17 (Notice to Class A Noteholders) and, so long as the Class A Notes are listed on the Irish Stock Exchange, to the Stock Exchange.

19. Further Notes and New Notes

19.1 Class A Further Notes and New Notes

- (a) The Issuer may, without the consent of the Class A Noteholders, but subject always to the provisions of these Conditions and the Note Trust Deed, at its option, raise further funds, from time to time, on any date by the creation and issue of:
 - (i) further notes each of which will be in bearer form carrying the same terms and conditions in all respects (or in all respects except for the first Note Interest Period, the Issue Date, first coupon and initial principal amount outstanding) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, any class of the Class A Notes (**Class A Further Notes**); and/or
 - (ii) new notes which may have terms and conditions that differ from the Class A1 Notes and/or the Class A2 Notes and which do not form a single series with the Class A Notes (**Class A New Notes**).
- (b) It shall be a condition precedent to issue any Class A Further Notes and/or Class A New Notes (together the **Additional Notes**) that:
 - (i) the aggregate principal amount of all such Additional Notes to be issued on such date is not less than £5 million;
 - (ii) the Rating Agencies have confirmed that:
 - (A) the ratings of each class of Class A Notes at that time outstanding are not downgraded, withdrawn or qualified as a result of such issue of Additional Notes; and
 - (B) the ratings of such Additional Notes will be at least “BBB-” by the Rating Agencies (unless the purpose of the issue of the Class A Further Notes is to refinance any outstanding Class A Notes, in which case such ratings will not be required);
 - (iii) in relation to the issue of Class A New Notes only, such Class A New Notes rank *pari passu* with the outstanding Class A Notes;
 - (iv) an amount equal to the gross proceeds of such Additional Notes (with an amount in respect of any issue expenses or commissions agreed to be paid by way of fee by the Borrowers pursuant to the Class A Issuer/Borrower Loan Agreement) is applied by the Issuer to make a loan to the Borrowers and the conditions for the advance of any Additional Facilities set out in the Class A Issuer/Borrower Loan Agreement have been complied with;
 - (v) the Class A Note Trustee has received a legal opinion satisfactory to it in relation to, *inter alia*, the issue of the Additional Notes from a reputable international law firm; and
 - (vi) no Class A Note Event of Default has occurred and is continuing (which has not been waived) or would occur as a result of such issue.

**19.2 Deeds and security**

Any such Additional Notes will be constituted by a further deed or deeds supplemental to the Note Trust Deed and have the benefit of the security constituted by the Issuer Deed of Charge. Any of the Transaction Documents may be amended as provided in Condition 2.1(c) (Status and relationship between the Class A Notes) or otherwise, and further Transaction Documents may be entered into, in connection with the issue of such Class A Further Notes or Class A New Notes and the claims of any of the parties to any amended Transaction Document or any further Transaction Document may rank *pari passu* with, or behind, any class or classes of the Class A Notes, provided, in each case, that the conditions set out in Condition 19.1 (Class A Further Notes and Class A New Notes) are satisfied, *mutatis mutandis*.

20. Class B Call Option

20.1 The Class A Notes are issued subject to the provisions of the Class B Call Option (as defined in and set out in the Intercreditor Agreement). By holding any Class A Note, each Class A Noteholder acknowledges and agrees (a) that it is bound by the terms of the Class B Call Option and (b) and that the Class A Note Trustee is party to the Intercreditor Agreement and bound by the provisions thereof relating, *inter alia*, to the Class B Call Option.

20.2 If, following the occurrence of a Class B Call Option Trigger Event, the Class B Call Option is exercised under the terms of the Intercreditor Agreement, then the relevant Class B Noteholders will be obliged to purchase all (but not some only) of the Class A Notes and the Class A Noteholders will be obliged to sell all (but not some only) of their holdings of Class A Notes to the relevant Class B Noteholders, in accordance with the terms of the Intercreditor Agreement, at a price equal to the then aggregate Principal Amount Outstanding of the relevant Class A Notes together with accrued but unpaid interest.

20.3 The Issuer will be required, under the terms of the Intercreditor Agreement, to notify the Class A Noteholders in accordance with Condition 17 (Notice to Class A Noteholders) and by publication on a Regulatory Information Service, with a copy to the Class A Note Trustee and the Paying Agents, of any forthcoming actual or possible exercise of the Class B Call Option. Such notice will specify the arrangements for the settlement of the transfer of the Class A Notes and the settlement of the purchase price payable to the Class A Noteholders.

21. European Economic and Monetary Union**21.1 Notice of redenomination**

The Issuer may, without the consent of the Class A Noteholders, and on giving at least 30 days' prior notice to the Class A Noteholders, the Class A Note Trustee and the Principal Paying Agent, designate a date (the **Redenomination Date**), being a Note Interest Payment Date falling on or after the date on which the UK becomes a Participating Member State.

21.2 Redenomination

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

- (a) the Class A Notes of each sub-class denominated in sterling (the **Class A Sterling Note**) shall be deemed to be redenominated into euro in the denomination of €0.01 with a principal amount for each Class A Note equal to the principal amount of that Class A Note in sterling, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty establishing the European Union, as amended (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines that the then current market practice in respect of the redenomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Class A Noteholders, the Irish Stock Exchange (or any stock exchange (if any) on which the Class A Notes are then listed) and the Principal Paying Agent of such deemed amendments;
- (b) if Class A Notes have been issued in definitive form:
 - (i) all Class A Notes denominated in sterling will become void with effect from the date (the **Euro Exchange Date**) on which the Issuer gives notice (the **Euro Exchange Notice**) to the Class A Noteholders and the Class A Note Trustee that replacement Class A Notes denominated in euro are available for exchange (provided that such Class A Notes are available) and no payments will be made in respect thereof;



- (ii) the payment obligations contained in all Class A Notes denominated in sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Class A Notes in accordance with this Condition 21 (European Economic and Monetary Union)) shall remain in full force and effect; and
- (iii) Class A New Notes denominated in euro will be issued in exchange for Class A Sterling Notes in such manner as the Issuer may specify and as shall be notified to the Class A Noteholders in the Euro Exchange Notice;
- (c) all payments in respect of the Class A Sterling Notes will be made solely in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any Participating Member State; and
- (d) a Class A Note may only be presented for payment on a day which is a Business Day in the place of presentation.

21.3 Interest

Following redenomination of the Class A Notes pursuant to this Condition 21 (European Economic and Monetary Union):

- (a) where Class A Sterling Notes have been issued in definitive form, the amount of interest due in respect of the Class A Sterling Notes will be calculated by reference to the aggregate principal amount of the Class A Sterling Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01; and
- (b) the amount of interest payable in respect of each sub-class of Class A Sterling Notes for any Note Interest Period shall be calculated by applying the interest rate applicable to the sub-class of Class A Notes denominated in euro ranking *pari passu* to the relevant sub-class.

22. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Class A Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

23. Governing Law

Each of the Note Trust Deed, the Issuer Deed of Charge (save to the extent governed by Jersey law), the Agency Agreement, the other Transaction Documents, the Class A Global Notes, the coupons and the talons (if any) and these Conditions (and, in each case, any non-contractual obligations arising out of or in connection with the relevant document) is governed by, and shall be construed in accordance with, English law (other than the Issuer Jersey Corporate Services Agreement and the Security Interest Agreement, and the Topco Share Security Agreement which will be governed by, and construed in accordance with, Jersey law and Cayman law, respectively).

24. Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any dispute, including any dispute as to any non-contractual obligations that may arise out of or in connection with the Note Trust Deed, the Issuer Deed of Charge (save to the extent governed by Jersey law), the Class A Notes, the coupons and the talons and the other Issuer Transaction Documents to which the Issuer is a party and, accordingly, any legal action or proceedings arising out of or in connection with the Class A Notes, the coupons and the talons (if any) and/or the Transaction Documents may be brought in such courts. The Issuer has in each of the Issuer Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such courts.



CLASS A ISSUER/BORROWER LOAN AGREEMENT

The following is a summary of certain provisions of the Class A Issuer/Borrower Loan Agreement. It is qualified in its entirety by reference to the detailed provisions of the Class A Issuer/Borrower Loan Agreement.

Under the terms of the Class A Issuer/Borrower Loan Agreement, the Issuer will agree to make available to the Borrowers on the Closing Date the facilities as described below.

The Facilities

The Class A Issuer/Borrower Loan Agreement will provide that, subject to certain conditions precedent, the following senior term loan facilities will be made available by the Issuer to the Borrowers by way of cash advances on the Closing Date:

- (a) a Class A1 Facility in aggregate principal amount of £300,000,000; and
- (b) a Class A2 Facility in aggregate principal amount of £440,000,000.

The Class A Facilities may only be used by the Borrowers for refinancing existing debt facilities (and the payment of any related fees and expenses), and for general corporate purposes.

The Class A Advances

- (a) The Class A1 Advance will be advanced on a joint and several basis to each of the Borrowers in the following amounts:
 - (i) to CP Opco, the amount of £98,874,348;
 - (ii) to New Elveden Propco, the amount of £49,082,625;
 - (iii) to Longleat Propco, the amount of £44,084,410;
 - (iv) to New Sherwood Propco, the amount of £52,755,486; and
 - (v) to New Whinfull Propco, the amount of £55,203,131.
- (b) The Class A2 Advance will be advanced on a joint and several basis to each of the Borrowers in the following amounts:
 - (i) to CP Opco, the amount of £145,015,710;
 - (ii) to New Elveden Propco, the amount of £71,987,849;
 - (iii) to Longleat Propco, the amount of £64,657,137;
 - (iv) to New Sherwood Propco, the amount of £77,374,712; and
 - (v) to New Whinfull Propco, the amount of £80,964,592.

The Class A Issuer/Borrower Loan Agreement will also provide that the Issuer may make available to the Borrowers additional term facilities (each such additional facility, a **Class A Additional Facility**) on terms to be agreed by the Issuer, the Borrowers and the relevant arranger, subject to the satisfaction of the following conditions:

- (i) the aggregate amount of any Class A Additional Facility is to be for a minimum aggregate principal amount of £5,000,000;
- (ii) the conditions to the issue by the Issuer of the corresponding Class A Additional Notes pursuant to the Class A Conditions have been satisfied;
- (iii) the payment of interest and principal with respect to any such Class A Additional Facilities will rank *pari passu* with or (otherwise) after the then outstanding Class A Facilities;
- (iv) the Borrowers certify to the Issuer that the Class A Restricted Payment Condition would have been satisfied on the most recent Financial Covenant Test Date prior to the date on which the relevant Class A



Additional Facility is granted, provided that, for these purposes, the Class A FCF DSCR shall be calculated on a pro forma basis taking into account the following:

- (A) for the purposes of the Class A Total Debt Service Charges, on the assumption that the relevant Class A Additional Facility had been drawn in full and outstanding for the whole of the relevant testing period (which shall be the period comprising four consecutive Accounting Periods (together, the **Test Period**) ending on that Financial Covenant Test Date; and
- (B) if the grant of the relevant Class A Additional Facility is made in connection with the accession of an Additional Site (in accordance with the terms of the Class A Issuer/Borrower Loan Agreement), for the purposes of calculating EBITDA for the purposes of the definition of the term Class A FCF DSCR for the relevant Test Period shall include the Additional Site EBITDA calculated in respect of such Test Period;
- (v) no Class A Loan Event of Default, Class A Note Event of Default, Class A Loan Potential Event of Default or Class B Loan Event of Default has occurred and is continuing or would result from the granting of any such Class A Additional Facility;
- (vi) the conditions precedent to the making of any Class A Additional Facility available to the Borrowers by the Issuer and the relevant arranger have been satisfied or waived by the relevant arranger; and
- (vii) either:
 - (A) if the grant of the relevant Class A Additional Facility is made in connection with the accession of an Additional Site pursuant to the terms of the Class A Issuer/Borrower Loan Agreement, the satisfaction of both:
 - I. the Additional Site Accession Conditions; and
 - II. the Additional Site Further Issuance Condition; or
 - (B) if the grant of the relevant Class A Additional Facility is not made in connection with the accession of an Additional Site pursuant to the terms of the Class A Issuer/Borrower Loan Agreement, either:
 - I. a Class A NAS Resolution has been duly passed; or
 - II. the Borrowers certify to the Borrower Security Trustee and the Issuer that the Value Tap Further Issuance Condition is or will be satisfied.
- (c) Upon request from either the Issuer or an Obligor, the relevant arranger must notify the Issuer and the Borrowers if the conditions listed above have been satisfied or waived on the date of the proposed drawing of such Class A Additional Facility. In connection with the grant of any Class A Additional Facility or the amendment of any existing Class A Facility to provide for further advances, the Borrower Security Trustee must, and without liability to any person for so doing, if the relevant conditions for the grant of the additional or amended facility have been satisfied, at the cost of the Borrowers, consent to such amendments and modifications to the Senior Finance Documents and sign all such documents and instruments necessary or desirable in connection therewith.

For these purposes:

Additional Site Accession Conditions means the conditions relating to the accession for an Additional Site as described in “*Additional Site Entities — Accession to the Class A Issuer/Borrower Loan Agreement*” below.

Additional Site EBITDA means as at the Condition Test Date:

- (a) if available, Twelve Months’ EBITDA for the relevant period ending on the Condition Test Date; or
- (b) if Twelve Months’ EBITDA for the relevant period ending on the Condition Test Date is not then able to be calculated (on the basis that there is insufficient historic data to calculate actual EBITDA for such a period ending on the Condition Test Date) then it shall be:
 - (i) the actual EBITDA available for the relevant Additional Site Entity provided that it is for a period of at least six months or more; plus
 - (ii) the Projected EBITDA in respect of those months in the Test Period for which actual EBITDA is not available calculated by CP Opco acting reasonably and in good faith.



Additional Site Further Issuance Condition means and shall be satisfied if, as at the Condition Test Date, the aggregate principal amount of any such Class A Additional Facilities to be made available to the Borrowers does not exceed the Additional Site Leverage Limit.

Additional Site Leverage Limit means an amount equal to five times the Additional Site EBITDA for the period ending on the Condition Test Date.

Class A Additional Notes means any Class A Further Notes and Class A New Notes.

Class A Permitted Business means a business relating to the provision of holiday parks and leisure activities within the United Kingdom (or in the case of CP Opco only, in any country, subject to the terms of the Class A Issuer/Borrower Loan Agreement) and operated under the brand "Center Parcs" (or any other brand of a similar quality), together with any ancillary activities connected with such business.

Class A Total Debt means the aggregated amount of:

- (a) the principal amount outstanding of the Class A Loans calculated on the basis that the relevant Additional Facility has been drawn in full and outstanding for the whole of the relevant Test Period; plus
- (b) the principal amount outstanding of the Working Capital Facility.

Condition Test Date means the date falling 30 Business Days before the Further Issue Date.

EBITDA has the meaning given to that term in the section "*Covenants — Required Class A FCF DSCR*" below.

Further Issue Date means the date of issue of the relevant Class A Additional Notes.

Net Free Cashflow means the amount (which shall be deemed to be zero if Net Free Cashflow is a negative amount), determined on the date falling seven Business Days before the Loan Interest Payment Date in respect of the immediately following Loan Interest Period, equal to the difference between:

- (a) the aggregate funds available to the Obligors (disregarding any amounts required to be standing to the credit of any Designated Accounts pursuant to the Class A Issuer/Borrower Loan Agreement); and
- (b) the sum of:
 - (i) all amounts required to be paid by the Obligors under the Borrower Finance Documents in such immediately following Loan Interest Period pursuant to, and as permitted to be paid by, the relevant Borrower Priorities of Payments that is applicable to such Loan Interest Period; and
 - (ii) any amounts which the Obligors determine (acting reasonably) will be required to pay in the ordinary course of business to meet their Tax, business and operational costs and expenses in such immediately following Loan Interest Period.

In the event that, on any Loan Interest Payment Date, the Class A Restricted Payment Condition is not then met, then, notwithstanding the definition of Net Free Cashflow above, any amounts payable by the Obligors under the Class B Issuer/Borrower Loan Agreement shall not be deducted from aggregate funds available to the Obligors for the purposes of calculating Net Free Cashflow under this section.

For the avoidance of doubt, on any Loan Interest Payment Date falling in the 12 month period starting on the Class A2 EMD Less One Year, notwithstanding the definition of Net Free Cashflow above, any amounts payable by the Obligors under the Class B Issuer/Borrower Loan Agreement shall not be deducted from the aggregate funds available to the Obligors for the purposes of calculating Net Free Cashflow under this section.

Projected EBITDA means in respect of those months where actual EBITDA is not available under paragraph (ii)(B) of the definition of Additional Site EBITDA, the projected EBITDA for the Additional Site Entity calculated on the basis of confirmed customer bookings for such months.

Twelve Months' EBITDA means the EBITDA for the Additional Site Entity calculated by CP Opco in relation to the relevant Additional Site for the Test Period prior to the relevant Condition Test Date.



Value Tap Further Issuance Condition means and shall be satisfied as at the relevant Condition Test Date, if:

- (a) in respect of the Test Period prior to the proposed issue of Additional Class A Notes, at the relevant Condition Test Date, the ratio of Class A Total Debt to EBITDA (in respect of such Test Period) is not greater than 5:1; and
- (b) on such date, no amount of interest or principal is outstanding under the Liquidity Facility Agreement.

Obligations

The obligations of each Borrower and each other Obligor under the Class A Issuer/Borrower Loan Agreement will be joint and several.

Interest

Interest will be payable on the Class A Facilities to be made available under the Class A Issuer/Borrower Loan Agreement at the following rates per annum:

- (a) in respect of the Class A1 Facility, a fixed rate interest of 4.811% up to (but excluding) the Class A1 Loan Expected Maturity Date and a fixed rate interest of 7.169% thereafter; and
- (b) in respect of the Class A2 Facility, a fixed rate interest of 7.239% up to (but excluding) the Class A2 Loan Expected Maturity Date and a fixed rate interest of 7.919% thereafter.

Interest payable under the Class A Issuer/Borrower Loan Agreement shall be payable on the basis of the actual number of days in the relevant Loan Interest Period from and including the first day of such Loan Interest Period to but excluding the last day of such Loan Interest Period, and shall be paid on each Loan Interest Payment Date.

In addition, if an Obligor fails to pay any amount payable by it under any Senior Finance Document on its due date, it must immediately on demand by the Issuer pay interest on the overdue amount from its due date up to the date of actual payment, at a rate equal to: (i) 1% above the rate then payable on the Class A1 Loan, if such overdue amount is an amount payable on the Class A1 Loan, or any other amount payable which is not payable in respect of the Class A2 Loan; and (ii) 1% above the rate then payable on the Class A2 Loan, if such overdue amount is an amount payable on the Class A2 Loan.

For these purposes:

Loan Interest Payment Date means each day falling three Business Days prior to a Note Interest Payment Date.

Loan Interest Period means the period from (and including) the Closing Date to (but excluding) the first Loan Interest Payment Date and each successive period from (and including) a Loan Interest Payment Date to (but excluding) the next succeeding Loan Interest Payment Date.

Senior Finance Document means:

- (a) the Class A Issuer/Borrower Loan Agreement;
- (b) a Borrower Security Document;
- (c) the Working Capital Facility Agreement;
- (d) the Intercreditor Agreement; or
- (e) any other document designated in writing as such by the Issuer, the Borrower Security Trustee and the Borrowers.

Facility Fee

Under the Class A Issuer/Borrower Loan Agreement, the Borrowers must pay to the Issuer (or ensure that such amounts are set off against the Class A Loans made available to the Borrowers) a front-end fee (together with any applicable VAT) in an amount equal to the fees, costs and expenses (together with any applicable VAT in respect of such fees, costs and expenses) incurred by the Issuer in connection with the issue of the Class A Notes and the granting of the Class A Facilities.

In addition, the Borrowers must pay to the Issuer, on each Loan Interest Payment Date, an ongoing Facility Fee (together with any applicable VAT) equal to the aggregate of the amounts payable by the Issuer on that date in respect of the ongoing costs and expenses incurred by the Issuer under or in connection with the Borrower Finance Documents. Further, on the Closing Date the Borrowers will pay an additional Facility Fee (together with any applicable VAT) to the Issuer calculated by reference to the differing number of days in the first Loan Interest Period as compared to the first Note Interest Period.



Payments

Unless a Senior Finance Document specifies that payments under it are to be made in another manner, all payments by any Obligor to the Issuer under the Senior Finance Documents must be made to the Issuer Transaction Account (or such other account as the Issuer or, following a Class A Loan Event of Default, the Borrower Security Trustee, may specify to the Borrowers by not less than ten Business Days' prior written notice).

Repayment

The Borrowers must repay the Class A1 Loan in full on the Class A1 Loan Final Maturity Date and the Class A2 Loan in full on the Class A2 Loan Final Maturity Date, to the extent not repaid, prepaid or otherwise discharged in full prior to that date. The Borrowers will also be required to mandatorily prepay the Class A Loans on or after the Class A Expected Maturity Dates as more particularly described in the key characteristics of the Class A Notes and the Class A Loans and the Intercreditor Agreement.

Mandatory Prepayment on or following any Class A Loan Expected Maturity Date

On the Class A1 Loan Expected Maturity Date or the Class A2 Loan Expected Maturity Date, outstanding principal amounts under the Class A1 Loan and Class A2 Loan, respectively, will not become due.

However, on the Class A1 Loan Expected Maturity Date and the Class A2 Loan Expected Maturity Date and on any Loan Interest Payment Date thereafter whilst the Class A1 Loan and/or the Class A2 Loan, as applicable, is outstanding, cash standing to the credit of the Cash Accumulation Account, the Defeasance Account and/or all Net Free Cashflow, as applicable, will be applied to mandatorily prepay the Class A1 Loan and/or the Class A2 Loan, on the terms and subject to the conditions set out in the applicable Borrower Priorities of Payment. See further "*Description of Class A Debt Provisions*" and "*Intercreditor Agreement*".

See further "*Key Characteristics of the Class A Notes and the Class A Loans*", paragraph 8.2 "*Borrower Pre-Enforcement Priorities of Payment*", paragraph 26.3 "*Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments*" in the section "*Intercreditor Agreement*" and the section "*Intercreditor Agreement*", generally.

Cash Accumulation Amount and Defeasance Account

The Obligors will be required to pay Net Free Cashflow into the Cash Accumulation Account in accordance with the following:

- in the period starting 36 months prior to the Class A1 EMD and ending 24 months prior to the Class A1 EMD, an amount equal to 25% of all Net Free Cashflow.
- in the period starting 24 months prior to the Class A1 EMD and ending 12 months prior to the Class A1 EMD, an amount equal to 50% of all Net Free Cashflow.
- in the period starting 12 months prior to the Class A1 EMD to the Class A1 EMD, an amount equal to 100% of all Net Free Cashflow.
- in the period starting 12 months prior to the Class A2 EMD and ending on the Class A2 EMD, an amount equal to 100% of all Net Free Cashflow.

At certain times and in certain circumstances, the Obligors will be required to apply cash standing to the credit of the Cash Accumulation Account to prepay the Class A1 Loan and/or the Class A2 Loan.

At certain times and in certain circumstances (a) the Obligors will be required to credit a proportion of Net Free Cashflow into the Defeasance Account and (b) cash standing to the credit of the Defeasance Account must be applied to prepay the Class A2 Loan or may be available to the Borrowers.

See further "*Key Characteristics of the Class A Notes and the Class A Loans*", paragraph 8.2 "*Borrower Pre-Enforcement Priorities of Payment*", paragraph 26.3 "*Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments*" in the section "*Intercreditor Agreement*" and the "*Intercreditor Agreement*", generally.

Mandatory Prepayment for Illegality

In certain circumstances the Borrowers will be required to prepay the Class A Loans in full as a result of an illegality, including, if it has become unlawful for the Issuer or the Borrower to perform any of their respective obligations under the Borrower Finance Documents.

Mandatory Prepayment for Tax

If a Borrower is, or will be, required to pay to the Issuer a Tax Payment as a result of a change in law or in any published practice or concession of any relevant tax authority, or the Issuer has the right to redeem the Class A Notes upon the



occurrence of a Class A Note Tax Event, the Borrowers may, subject to an obligation to mitigate and while the requirement continues, give notice of prepayment to the Issuer and the Borrower Security Trustee, and upon service of such notice, the Borrowers will be under an obligation to prepay the Class A Loans in full.

Voluntary Prepayment

The Borrowers may, by giving (a) not more than 60 nor less than 30 days' notice; or (b) only in respect of a prepayment in full of the Class A1 Loan on or prior to the Class A1 Loan Expected Maturity Date or of the Class A2 Loan on or prior to the Class A2 Loan Expected Maturity Date, ten days' prior notice to the Issuer and the Borrower Security Trustee, prepay (or ensure that a Borrower prepays) all or part (if applicable) of any outstanding Class A Loan subject to:

- (a) prepayment to the Issuer of the amount required by the Issuer to prepay the corresponding Class A Notes in accordance with Condition 5.2 (Early Mandatory Redemption in Whole or Part upon Prepayment under the Class A Issuer/Borrower Loan Agreement) of the Class A Conditions; and
- (b) the Borrowers certify to the Issuer that no Class A Loan Event of Default is outstanding or will arise as a result of such prepayment.

Tax gross-up

In addition, under the terms of the Class A Issuer/Borrower Loan Agreement, the Obligors are required to pay additional amounts if a withholding or deduction for or on account of tax is imposed on payments required to be made to the Issuer.

Representations

Each Obligor will make certain representations and warranties (subject to detailed carve-outs, exceptions and qualifications as set out in the Class A Issuer/Borrower Loan Agreement). These representations and warranties include the following:

- (a) it is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of original incorporation (other than Carp (E), which is a company with unlimited liability);
- (b) it has the power to own its assets and carry on its business as it is being conducted;
- (c) no limit on its powers will be exceeded as a result of any borrowing, granting of any security, giving of guarantees or indemnities or any other transactions contemplated by the Senior Finance Documents;
- (d) it has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, the Senior Finance Documents to which it is or will be a party and the transactions contemplated by those Senior Finance Documents;
- (e) each Senior Finance Document to which it is a party is its legally binding, valid and enforceable obligation and each Senior Finance Document to which it is a party is in the proper form for its enforcement in the jurisdiction of its incorporation;
- (f) the entry into and performance by it of, and the transactions contemplated by, the Senior Finance Documents and the Borrower Security Documents do not conflict with:
 - (i) any law or regulation applicable to it;
 - (ii) its constitutional documents;
 - (iii) any document which is binding upon it or any of its assets;
 - (iv) any regulatory or governmental clearances given; or
 - (v) any licences required for the carrying on of its business;
- (g) no Class A Loan Event of Default or Class A Loan Potential Event of Default is outstanding or will result from the entry into, or the performance of any transaction contemplated by, any Senior Finance Document;
- (h) no other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject which is, has, or is reasonably likely to have, a Material Adverse Effect;



- (i) it has not breached any judgment, law, regulation, order or decree applicable to it which breach has or is reasonably likely to have a Material Adverse Effect;
- (j) except for registration of any Borrower Security Documents, all consents, authorisations, licences and approvals (i) required by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Senior Finance Documents; and (ii) necessary for the conduct of its business, which, if not obtained, would be expected to have a Material Adverse Effect, have been obtained or effected (as appropriate) and are in full force and effect and there are no third party's intellectual property rights which have been infringed by any Obligor's business;
- (k) except for registration of each Borrower Security Document under the Companies Act 2006 and, where appropriate, the Land Registration Act 2002, it is not necessary to file, register or record any Borrower Security Document in any public place or elsewhere;
- (l) this Offering Circular contains all material information and such information is true, accurate and complete in all material respects as at its date, and is not misleading in any material respect, and there are no other facts in relation hereto the omission of which would make any statement herein misleading in any material respect;
- (m) the capitalisation and indebtedness statements set out in this Offering Circular have been correctly extracted from the relevant records and the financial statements contained therein have been correctly reproduced from the latest audited financial statements which were delivered to the Issuer and the Borrower Security Trustee pursuant to the terms of the Class A Issuer/Borrower Loan Agreement;
- (n) save as set out in this Offering Circular, the information contained in any investor presentation authorised in writing by the Borrowers for the benefit of any potential holder of a Note and made before the Closing Date was not, as at the date on which such investor presentation was given, misleading in any material respect and did not contain information which was inaccurate in any material respect;
- (o) the accounting reference date in respect of each Obligor is 22 April in each year;
- (p) its financial statements most recently delivered to the Issuer and the Borrower Security Trustee have been prepared in accordance with applicable GAAP, consistently applied, and give a true and fair view of its financial condition (consolidated if applicable) as at the date to which they were drawn up, except as disclosed to the contrary in those financial statements, and are not subject to any undisclosed liabilities which would be reasonably likely to have a Material Adverse Effect;
- (q) as at the Closing Date, there has been no material adverse change in the financial condition of the Obligor Group since the date the latest financial statements to be delivered to the Issuer and the Borrower Security Trustee were drawn up save as disclosed to the contrary in this Offering Circular;
- (r) no litigation, arbitration or administrative proceedings against any member of the Obligor Group has been started or, to its knowledge, threatened, which have or, if adversely determined, are reasonably likely to have, a Material Adverse Effect;
- (s) all written information supplied by it or on its behalf to the Issuer or the Borrower Security Trustee in connection with the Senior Finance Documents was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given and any financial projections contained in this information have been prepared as at their date, on the basis of recent historical information and assumptions believed by it to be fair and reasonable;
- (t) it has not omitted to supply any information which, if disclosed, would make any other information referred to in paragraph(s) above untrue or misleading in any material respect;
- (u) all written information supplied by it or on its behalf to each of the providers of the reports provided to the Issuer and the Borrower Security Trustee in connection with the Class A Issuer/Borrower Loan Agreement was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given, and there has been no material change in such information since it was supplied and all reasonable enquiries have been made to ascertain and to verify the accuracy of such information;
- (v) all written information supplied by it or on its behalf for the purposes of the Valuation Reports was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given and nothing has occurred since the publication of the Valuation Reports that would adversely affect the most recent Valuation stated therein;



- (w) any financial projections contained in the information referred to in paragraph (v) above have been prepared as at their date, on the basis of recent historical information and assumptions believed by it to be fair and reasonable;
- (x) the monitoring agreements between the Obligors and the parties entitled to any Monitoring Fees thereof contain provisions allowing for the indefinite deferral of payments under such agreement in the event that such payment is prohibited by any Senior Finance Document;
- (y) it has not omitted to supply any information which, if disclosed, would materially and adversely affect the most recent Valuation as set out in the Valuation Reports or any of the reports provided to the Issuer and the Borrower Security Trustee in connection with the Class A Issuer/Borrower Loan Agreement;
- (z) it has a good, valid marketable title to, or valid leases or licences of, and all appropriate authorisation to use, the assets necessary for it to carry on its business as presently conducted at each of the Properties except for non-material defects;
- (aa) as at the Closing Date (upon completion of the necessary filings required for the Reorganisation):
 - (i) the New Propcos will own the legal and beneficial title to the freehold or long leasehold (as applicable) property interests for each of the Properties; and
 - (ii) CP Opco will own the Opco Leases granted by each relevant New Propco in connection with each Property,

in each case free from security interests (other than those set out in the relevant Borrower Deed of Charge) and restrictions and onerous covenants (other than those set out in any applicable Certificate of Title), which are materially prejudicial to the value of the Properties;
- (bb) as at the Closing Date except as disclosed in any Certificate of Title:
 - (i) no breach of any law, regulation or covenant is outstanding which materially adversely affects or might materially adversely affect the value, saleability or use of the Properties for the purpose of carrying on its business;
 - (ii) there is no covenant, agreement, stipulation, reservation, condition, interest, right or other matter materially adversely affecting the Properties;
 - (iii) each Borrower has the benefit of all material licences, consents and authorisations required under all applicable law in connection with its use of the Properties and they are in full force and effect;
 - (iv) all facilities necessary for the enjoyment and use of the Properties for the purpose of carrying on its business at the Properties are enjoyed by the Properties;
 - (v) none of the facilities referred to in sub-paragraph (iv) above are enjoyed on terms:
 - (A) entitling any person to terminate or curtail its use of the Properties; or
 - (B) which conflict with or restrict its use of the Properties;
 - (vi) no Property is subject to any overriding interest or any unregistered interest which overrides first registration or registered dispositions;
 - (vii) the Borrowers have not received any notice of any adverse claim by any person in respect of the ownership of the Properties or any interest in it, nor has any acknowledgement been given to any person in respect of the Properties which is materially prejudicial to the use and enjoyment of the Properties for the purpose of carrying on its business at the Properties; and
 - (viii) the Properties are held by the Borrowers free from any lease or licence (other than those entered into in accordance with the Senior Finance Documents);
- (cc) all deeds and documents necessary to show good and marketable title to the Borrowers' interests in the Properties will from the Closing Date be:
 - (i) in possession of the Issuer or the Borrower Security Trustee; or
 - (ii) held to the order of the Issuer or the Borrower Security Trustee;



- (dd) the information supplied by it or on its behalf to the lawyers who prepared any certificate of title for the purpose of that certificate of title was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given and the information was at the date it was expressed to be given complete and did not omit any information which, if disclosed, would make that information untrue or misleading in any material respect;
- (ee) each Obligor (other than UK Parcs Holding S.à r.l., Carp (Jersey) 2 Limited and Center Parcs (Jersey) 1 Limited) has its Centre of Main Interests situated in the United Kingdom for the purposes of the EC Regulation on Insolvency Proceedings 2000 (Council Regulation) (EC) No. 1346/2000 and the Cross Border Insolvency Regulations 2006 (SI 2006/1030), and each Obligor (other than UK Parcs Holding S.à r.l. and Center Parcs (Jersey) 1 Limited) does not have any “establishment” (as defined in such regulations) other than in the United Kingdom;
- (ff) the security conferred by each Borrower Security Document constitutes a first priority security interest of the type described, over the assets referred to, in that Borrower Security Document and those assets are not subject to any prior or *pari passu* security interest other than certain agreed exceptions;
- (gg) it is the sole legal and/or beneficial owner of all of the material assets or of its interests in such assets (subject to certain agreed exceptions) over which it purports to create a security interest under the Borrower Security Documents;
- (hh) the creation of the security pursuant to the Borrower Security Documents will not render any Obligor liable to offer or extend the benefit of such security to anyone other than the Borrower Security Trustee;
- (ii) any claims of a Borrower Secured Creditor pursuant to the Borrower Security Documents against an Obligor will rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by law of general application to companies;
- (jj) the security being granted by it will result in security being granted over all or substantially all of its assets;
- (kk) as at the Closing Date, except for registration fees payable at the Companies Registry and, where appropriate, the Land Registry (in each case in respect of the Borrower Security Documents), no stamp or registration duty or similar tax or charge is payable in respect of any Senior Finance Document and any disclosure required to be made by it to any relevant taxing authority in relation to stamp duty land tax payable on any of the transactions contemplated by or being financed by the Senior Finance Documents has been made or will be made within the applicable time limits as required by law;
- (ll) the Obligors’ entire issued share capital is legally and beneficially owned and controlled by Center Parcs (Holdings 1) Limited (other than (i) the share capital of UK Parcs Holding S.à r.l., which is legally and beneficially owned and controlled by CP Cayman Limited; and (ii) the share capital of the Relevant Obligors, whose equitable title is owned by Center Parcs (Holdings 1) Limited and whose legal title will be transferred to Center Parcs (Holdings 1) Limited upon completion of the relevant filings and stampings required for the transfer of the shares in such Relevant Obligors in connection with the Reorganisation) and the shares in the capital of the Obligors are fully paid (other than the shares in Carp (E) Limited and Carp (S) Limited, whose shares are nil paid);
- (mm) the shares of any member of the Obligor Group which are subject to the Security Interests granted under the Borrower Security Documents are fully paid (other than the shares in Carp (E) Limited and Carp (S) Limited which are nil paid) and not subject to any option to purchase or similar rights (other than Sun CP Topco Limited and Sun CP Midco Limited which each have provisions for compulsory transfers upon the occurrence of certain events). The constitutional documents of companies whose shares are subject to the Security Interests granted under the Borrower Security Documents do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of such security (other than Carp (E) Limited and Sun CP Asset Management, whose articles of association provide that the directors have discretion to refuse to register the transfer of shares to any person);
- (nn) the group structure chart as set out in this Offering Circular provided by the Obligors to the Issuer is true, accurate and not misleading in any material respect as at the Closing Date;
- (oo) Center Parcs (Holdings 1) Limited, Center Parcs (Holdings 2) Limited and Center Parcs (Holdings 3) Limited are holding companies and they have not traded (other than by entering into the Borrower Transaction Documents and any documents in connection with the Reorganisation and any transactions directly or indirectly connected therewith) nor do they have any liabilities to any person other than pursuant to the Borrower Transaction Documents (or any documents entered into in connection with the Reorganisation) or in respect of their incorporation or existence;



- (pp) it has obtained all applicable environmental approvals and observed in all respects all environmental law necessary for the conduct of its business where any failure to comply would be reasonably expected to have a Material Adverse Effect, and no environmental claim has been commenced or threatened against it which would be reasonably likely, if determined against the relevant Obligor, to have a Material Adverse Effect;
- (qq) all occupational pension schemes operated or maintained for the benefit of the members of the Obligor Group and/or any of its employees are funded in accordance with, and to the extent required by, applicable law;
- (rr) no warning notice, contribution notice or financial support direction has been made by the Pensions Regulator against or involving any Obligor (or any person “connected” or “associated” with an Obligor (within the meaning given to such terms in the Pensions Act 2004)), nor has the Pensions Regulator indicated that it is considering making such an order nor are there any facts or circumstances that would be likely to lead the Pensions Regulator to make or to consider making such an order;
- (ss) each insurance is (i) in full force and effect, and all premiums have been paid in full; (ii) capable of being charged or assigned by way of security to the Borrower Security Trustee; and (iii) maintained with an insurance company regulated by the Financial Securities Authority and, to the best of the knowledge of the Obligors, there are no outstanding claims under the insurances which are reasonably likely to be adversely determined and, if so adversely determined, would reasonably be expected to have a Material Adverse Effect;
- (tt) CP Opco is the sole and beneficial owner of all the Intellectual Property Rights which are material in the context of its business as it is being conducted, save where failure to own or be licensee of such rights does not and could not reasonably be expected to have a Material Adverse Effect and, in carrying on its business, no Obligor infringes any Intellectual Property Rights of any third party;
- (uu) the IT Systems which are material in the context of any Obligor’s business and which are required by it in order to carry on its business as it is being conducted are owned by, or properly licensed, leased or supplied under third party contracts to such Obligor and there are no circumstances in which the ownership, benefit, or right to use the IT Systems which are material in the context of any Obligor’s business and which are required by it in order to carry on its business as it is being conducted may be lost, or rendered liable to termination, by virtue of the entering into of the Transaction Documents;
- (vv) no Obligor is liable in any manner in respect of any Financial Indebtedness (including by way of primary obligor, guarantor, surety or any other manner), or has granted any security interests over all or any of its assets other than pursuant to the Borrower Finance Documents or in respect of certain agreed exceptions;
- (ww) no loan made by any Obligor to any other person or guarantee by any Obligor of the obligations of any other person to a third party is outstanding on the Closing Date other than pursuant to the Borrower Finance Documents or in respect of certain agreed exceptions;
- (xx) no insolvency event has occurred and is continuing in relation to it;
- (yy) no Obligor has any subsisting arrangements with any person other than on an arm’s length basis other than in respect of any dealings between Obligors or certain agreed exceptions;
- (zz) it is not required to make a Tax Deduction from any payment it may make under the Borrower Finance Documents to which it is a party;
- (aaa) no claims or investigation are being, or are reasonably likely to be, made against it with respect to taxes which would have, or be reasonably likely to have, a Material Adverse Effect;
- (bbb) as at the Closing Date, except for registration fees payable at the Companies Registry and, where appropriate the Land Registry (in each case in respect of the Borrower Security Documents) no stamp or registration duty or similar Tax or charge is payable in respect of any Senior Finance Document;
- (ccc) any disclosure required to be made by it to any relevant taxing authority in relation to stamp duty land tax payable on any of the transactions contemplated by or being financed by the Senior Finance Documents has been made or will be made within the applicable time limits as required by law;
- (ddd) it has complied with all applicable taxation laws in the jurisdiction of its incorporation and wherever it carries on its business, save that, where it has not so complied, that shall not constitute a breach of the representation contained in this paragraph to the extent that the Borrower Security Trustee decides that such lack of compliance is not and will not be materially prejudicial to the interests of any of the Borrower Secured Creditors;



- (eee) it is not materially overdue in the filing of any tax returns and it is not overdue in the payment of any material amount in respect of tax unless and only to the extent that such payment is being contested in good faith or such payment can lawfully be withheld and failure to pay such taxes does not have or is not reasonably likely to have a Material Adverse Effect;
- (fff) it is resident for tax purposes only in the jurisdiction of its incorporation and has no permanent establishment outside that jurisdiction; and
- (ggg) there are no agreements, arrangements or resolutions with any of its affiliates (which are Obligor) which call for a further issue or allotment of any share or loan note (or any equivalent) by, or for the benefit of, an Obligor, or allow any other person to directly participate in the Obligor Group's profits.

Certain other representations and covenants will be given by the Obligors in respect of matters relating to tax as contained in the Tax Deed of Covenant to be dated the Closing Date between, among others, the Issuer and the Obligors.

In addition, on each Loan Interest Payment Date each Obligor shall make certain repeating representations.

For these purposes:

Class A Loan Event of Default means an event or circumstance specified as such in the section entitled "*Class A Loan Events of Default*" below.

Class A Loan Potential Event of Default means an event or circumstance which would be (with the expiry of a grace period, the giving of notice or the making of any determination under the Senior Finance Documents or any combination of them) a Class A Loan Event of Default.

Financial Indebtedness means any indebtedness for or in respect of:

- (a) monies borrowed;
- (b) any acceptance credit (including any dematerialised equivalent);
- (c) any bond, note, debenture, loan stock or other similar instrument;
- (d) any agreement treated as a finance or capital lease in accordance with GAAP;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) the acquisition cost of any asset or service to the extent payable before or after its acquisition or possession by the party liable where the advance or deferred payment:
 - (i) is arranged primarily as a method of raising finance or of financing the acquisition of that asset or service or the construction of that asset or service; or
 - (ii) involves a period of more than six months before or after the date of acquisition or supply;
- (g) any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark-to-market value of the derivative transaction will be used to calculate its amount);
- (h) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing;
- (i) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; or
- (j) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in the above paragraphs.

Intellectual Property Right means any right in:

- (a) copyright (including rights in software and preparatory design materials), get-up, trade names, internet domain names, patents, inventions, rights in confidential information, database rights, moral rights, semiconductor topography rights, trade secrets, know-how, trademarks, service marks, logos and registered designs and design rights (each whether registered or unregistered);
- (b) applications for registration and the right to apply for registration, for any of the above; and



- (c) all other intellectual property rights in each case whether registered or unregistered and including applications for registration and all rights or equivalent or similar forms of protection having equivalent or similar effect anywhere in the world.

IT Systems means the information and communications technologies used by any Obligor in relation to its business, including hardware, proprietary and third party software, services, networks, peripherals and associated documentation.

Material Adverse Effect means a material adverse effect on:

- (a) the business, assets or financial condition of the Obligor Group taken as a whole;
- (b) the ability of an Obligor to perform any of its payment obligations under any of the applicable Borrower Finance Documents (subject to any applicable grace periods) or comply with the required Class A FCF DSCR (as further described below) or the required Class B FCF DSCR (as further described below); or
- (c) the legality, validity or enforceability (subject to the Reservations) of any of the Senior Finance Documents, in a manner which is prejudicial in any material respect to the interests of the Borrower Secured Creditors.

Monitoring Fees means monitoring, advisory and other fees, costs and expenses payable by any Obligor in respect of chairman's fees and/or to their ultimate shareholders (or any parties related thereto).

Pensions Regulator means the body corporate called the Pensions Regulator established under Part I of the Pensions Act 2004.

Permitted Financial Indebtedness means:

- (a) Financial Indebtedness incurred under or pursuant to the Issuer/Borrower Loan Agreements;
- (b) any Financial Indebtedness under any finance or capital leases of in respect of certain specified assets provided that the aggregate capital value of all such items so leased under outstanding leases by any Obligor does not exceed £2 million (or its equivalent in other currencies) at any time (such amount to be indexed, upwards only, at the end of each Financial Year based on the CPI applicable to such Financial Year);
- (c) any Financial Indebtedness owed to any other Obligor;
- (d) any Financial Indebtedness constituted by the guarantee of the Borrowers' obligations under the Issuer/Borrower Loan Agreements and the Working Capital Facility Agreement;
- (e) any existing Financial Indebtedness;
- (f) any overdraft or any Obligor's operating account, up to a maximum amount (in aggregate) at any time of £2 million;
- (g) any Financial Indebtedness granted to the Obligors in connection with the Head Office, up to a maximum amount of £2.5 million;
- (h) any Financial Indebtedness representing mark-to-market position under derivative transactions entered into by any Obligor for hedging purposes;
- (i) any Financial Indebtedness incurred under any netting or set-off arrangements, entered into in the course of any Obligor's ordinary course of business;
- (j) any premium finance arrangements entered into by any Obligor with the Obligor Group's insurance brokers so long as the aggregate amount of the Financial Indebtedness under any such arrangements does not exceed £1 million (or its equivalent) at any time;
- (k) any liability of any Obligor in respect of the Senior Pension Scheme;
- (l) any performance or similar bond guaranteeing performance by a member of the Obligor Group of obligations entered into in the ordinary course of trade of such member so long as the aggregate amount of the Financial Indebtedness under any such instrument does not exceed £2 million (or its equivalent) at any time;
- (m) any guarantee (or any other form of financial support) of any obligation arising in relation to or in connection with any Additional Site, up to a maximum amount (in aggregate) at any time of £2 million;



- (n) any Financial Indebtedness representing debt acquired as a result of a legal obligation arising in connection with Capital Expenditure;
- (o) any Financial Indebtedness incurred with the prior written consent of the Issuer or the Borrower Security Trustee;
- (p) any Financial Indebtedness not permitted by the preceding paragraphs, the outstanding amount of which does not exceed £5 million (or its equivalent in other currencies) in aggregate for the Obligor Group at any time;
- (q) in respect of CP Opco only, Financial Indebtedness incurred under an unsecured credit card facility with Worldpay (UK) Ltd; and
- (r) any Financial Indebtedness arising (or deemed by accounting rules and principles to be arising) in connection with any sale and leaseback transactions as further described in the section entitled “*Sale and Leaseback Transactions*” below.

Valuation means a valuation of the relevant Obligor in each Property by the Valuer, addressed to, among others, the Borrower Security Trustee, the Issuer and prepared on the basis of the market value as that term is defined in the then current Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

Covenants

Required Class A FCF DSCR

Subject to the cure right set out below, the Borrowers must ensure that on each Financial Covenant Test Date the ratio of FCF to the Class A Total Debt Service Charges (such ratio, expressed as a percentage, the **Class A FCF DSCR**) for the applicable FCF DSCR Period is equal to or greater than 110% (the **Financial Covenant**).

In respect of the calculation of the Class A FCF DSCR on the first Financial Covenant Test Date, the Class A Total Debt Service Charges will be deemed to be for the four relevant Accounting Periods equal to the actual annualised interest cost (together with any relevant fee or expense) payable by the Obligors from the Closing Date to the first Financial Covenant Test Date.

If:

- (a) as at a Financial Covenant Test Date, the Class A FCF DSCR is less than 110%;
- (b) within the period of 30 days thereafter, the Borrowers procure that the Class A Loans are prepaid in part and/or funds are deposited into (or remain in) the Defeasance Account (using or having been funded by New Equity Funds (the amount so prepaid or deposited, the **Class A Specified Amount**)); and
- (c) the Recalculated Class A FCF DSCR is not less than 110%,

then for all purposes thereafter (including, without limitation, as to any determination of the occurrence of a Class A Loan Event of Default) the Class A FCF DSCR as at the relevant Financial Covenant Test Date shall be deemed to have been the same as the Recalculated Class A FCF DSCR.

The Borrower Security Trustee must, as soon as is reasonably practicable after being so requested but in any event not earlier than the Business Day immediately following the relevant Financial Covenant Test Date, consent to the release of funds from the Defeasance Account if and to the extent that, following such release, the Class A FCF DSCR (disregarding the Class A Specified Amount (if any) requested to be released) remains at or greater than 110%.

The Obligors must ensure, for the purposes of the calculation of the FCF DSCR only, that any Monitoring Fees payable by them do not exceed, in any Financial Year, an amount which is greater than the higher of £2 million and 1% of EBITDA calculated in respect of that Financial Year.

The Obligors will not be permitted to make any payments in respect of the Monitoring Fees if, at the time such amounts become due and payable in accordance with the Class A Issuer/Borrower Loan Agreement and the relevant monitoring agreement, a Class A Loan Event of Default, a Class A Loan Potential Event of Default, a WCF Event of Default or a WCF Potential Event of Default has occurred and is continuing.

For these purposes:

Class A Total Debt Service Charges means, in respect of any relevant period, the amount equal to:

- (a) the aggregate of (i) any accrued interest (whether paid or not or capitalised) and scheduled amortisation of principal (whether paid or not) payable in respect of any Financial Indebtedness incurred in connection with the Class A Facilities and the Working Capital Facility; and (ii) any fees, costs or any other expenses



payable to any Borrower Secured Creditor under any Senior Finance Document, which rank *pari passu* with, or senior to any interest payable under, the Class A Issuer/Borrower Loan Agreement and/or the Working Capital Facility; less

- (b) any interest received on any bank accounts by any company in the Obligor Group during such relevant period.

EBITDA means, for any relevant period, the combined operating profits of the Obligor Group arising from ordinary activities for that period before taxation:

- (a) before deducting Class A Total Debt Service Charges;
- (b) before taking into account any accrued interest owing to the Obligor Group;
- (c) before taking into account any items treated as exceptional or unusual or non-recurring items;
- (d) before deducting any amount attributable to the amortisation of goodwill or intangible assets or acquisition costs or the depreciation of tangible assets;
- (e) before deducting any amount attributable to any movement in fair value of financial instruments held by any member of the Obligor Group;
- (f) before deducting amounts in respect of Monitoring Fees;
- (g) before taking into account the agreed transaction cost associated with the financing contemplated by the Senior Finance Documents;
- (h) after deducting expenses incurred in relation to the normal expenses of the head office and any other central costs;
- (i) after deducting costs and expenses incurred by the Obligor Group in connection with the Fifth Site, including expenses incurred in relation to the headlease for the Fifth Site (but only for the period before any Fifth Site Entity accedes to the terms of the Class A Issuer/Borrower Loan Agreement); and
- (j) after adding back amounts received in connection with the Fifth Site Management Services Agreement,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Obligor Group from its ordinary activities.

FCF means, in relation to any period, the amount equal to the difference between:

- (a) the EBITDA for such period; and
- (b) the aggregate of:
 - (i) any cash tax actually paid by the Obligor Group during such period;
 - (ii) any increase in the Obligor Group's Working Capital for the relevant period (provided that, in the event that there has been a decrease in the Obligor Group's Working Capital, such decreased amount shall be deducted from the aggregate amount calculated under this paragraph (b) of the definition of FCF);
 - (iii) an amount equal to the proportion of amounts of Capital Expenditure required to be spent or reserved in relation to that period; and
 - (iv) the Monitoring Fees paid during such period.

FCF DSCR Period means, in relation to each Financial Covenant Test Date, the period comprising four consecutive Accounting Periods ending on that Financial Covenant Test Date.

Financial Covenant Test Date means each date which is seven Business Days before each Loan Interest Payment Date (commencing with the date which is seven Business Days before the Loan Interest Payment Date falling in August 2012) provided that any calculation required to be made on each Financial Covenant Test Date will be based on the Obligor Group's management accounts in respect of the 12 months ending on the Accounting Period end date immediately preceding the relevant Financial Covenant Test Date.



New Equity Funds means either:

- (a) the proceeds received by any Obligor in respect of an issue of share capital; or
- (b) any Subordinated Debt incurred by an Obligor in accordance with the terms of the Class A Issuer/Borrower Loan Agreement and the Intercreditor Agreement.

Recalculated Class A FCF DSCR means, in respect of a Financial Covenant Test Date, the Class A FCF DSCR as at that date recalculated on the assumption that the aggregate principal balance of the Class A Loans (on which Class A Total Debt Service Charges were calculated) was:

- (a) the actual aggregate balance of the Class A Loans; less
- (b) the Class A Specified Amount,

calculated (i) using the weighted average interest rate then applicable to the Class A Loans and (ii) on the assumption that the principal balance of the Class A Loans had been reduced by an amount equal to the Class A Specified Amount as at the beginning of the relevant FCF DSCR Period.

Working Capital means the amount equal to the difference between the current assets and the current liabilities as shown in the management accounts to be published at the end of every second Accounting Period (excluding, when determining the amount of current liabilities, (a) any amounts in respect of interest costs payable by the Obligor Group; and (b) the amount of capital expenditure required to be paid or reserved during such period).

Class A Restricted Payment Condition

No Obligor may, at any time, make any payment of dividend, or other distribution in respect of shares, or any redemption in respect of share capital, or any repayment of principal or payment of interest in respect of Group Debt, or grant a loan in cash or in kind (such restricted payment a **Class A Restricted Payment**) to a Non-Obligor Group Entity at any time unless the Class A Restricted Payment Condition was satisfied as at the most recent Financial Covenant Test Date.

In addition, the Obligors may not make any Class A Restricted Payments during a Lock-Up Period.

The Borrowers must not make any payment in respect of the Class B Loan or purchase any Class B Note if the Class A Restricted Payment Condition is not then satisfied (other than if such payment is made using New Equity Funds received for this purpose).

For these purposes:

Class A Restricted Payment Condition is the condition which will be satisfied if:

- (a) as at the most recent Financial Covenant Test Date, the Class A FCF DSCR calculated as at such Financial Covenant Test Date is greater than or equal to 135%;
- (b) on the payment date of any Class A Restricted Payment, either:
 - (i) there is no drawing outstanding (other than a Standby Drawing) under the Liquidity Facility Agreement; or
 - (ii) if applicable, the Liquidity Reserve remains fully funded;
- (c) the compliance certificate has been provided in respect of the most recent Financial Covenant Test Date;
- (d) on the payment date of any Class A Restricted Payment, no WCF Event of Default, WCF Potential Event of Default, Class A Loan Event of Default or Class A Loan Potential Event of Default is continuing; and
- (e) on the payment date of any Class A Restricted Payment, the amount available under the Liquidity Facility or (as applicable) the Liquidity Reserve is not less than the Liquidity Cash Reserve Required Amount.

Liquidity Cash Reserve Required Amount means the lesser of (a) £80 million; and (b) 24 months' peak debt service on the Class A Notes.

Non-Obligor Group Entity means any entity which is an affiliate of the Obligor Group but not an Obligor.



Guarantee and indemnity

In addition, under the terms of the Class A Issuer/Borrower Loan Agreement, each Obligor will jointly and severally guarantee to the Issuer and the Borrower Security Trustee punctual performance by each Obligor of all its obligations under the Senior Finance Documents, and undertakes with the Issuer and the Borrower Security Trustee that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Issuer and the Borrower Security Trustee immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Senior Finance Document.

Sale and Leaseback Transactions

The Obligors will be permitted, subject to certain conditions, to undertake sale and leaseback transactions in respect of one of more Holiday Parks. A sale and leaseback transaction is not permitted in respect of a part only of a Holiday Park. Any such sale and leaseback transaction may be effected by the disposal and release of a Propco, or by disposal of the property interests held by a Propco, in each case to a third party (each, a **Sale and Leaseback Transaction**) and CP Opco (or another Material Obligor) becoming the tenant under an occupational lease of the relevant Holiday Park.

The Borrower Security Trustee will be obliged to give consent to the relevant Obligors in respect of a Sale and Leaseback Transaction if the Sale and Leaseback Conditions (as set out below) are met to its satisfaction. In connection with any request to the Borrower Security Trustee, two directors of CP Opco and each other relevant Obligor must deliver, on behalf of the relevant Obligor, a certificate (together with the appropriate evidence thereof) to the Borrower Security Trustee that the conditions are being, or will be, met.

Sale and Leaseback Conditions

- (a) no Class A Loan Event of Default or WCF Event of Default has occurred and is continuing or would occur as a result of the Sale and Leaseback Transaction;
- (b) no Class A Loan Potential Event of Default or WCF Potential Event of Default has occurred and is continuing (unless the relevant Class A Loan Potential Event of Default or WCF Potential Event of Default would cease to exist following the Sale and Leaseback Transaction) or would occur as a result of the Sale and Leaseback Transaction;
- (c) the Net Sales Proceeds *plus* other amounts then held by the Obligors and which, pursuant to the Transaction Documents, are available to be used for a Sale and Leaseback Transaction (being, broadly, additional shareholders' funds or surplus funds available to be distributed by the Obligors) (the **Additional SLB Amounts**) will be at least sufficient to pay the amount (if any) required to be paid pursuant to the cash sweep in accordance with the Working Capital Facility Agreement *plus* an amount equal to the aggregate of any actual taxes payable by the relevant Obligor in connection with the Sale and Leaseback Transaction that is required to be deposited in the Tax Reserve Account;
- (d) the Class A Noteholders (voting as a single class) have approved by a Class A Sale and Leaseback Resolution the entry into the Sale and Leaseback Transaction by the relevant Obligor in accordance with the terms of the Intercreditor Agreement and the Note Trust Deed; and
- (e) a Ratings Assessment as to the effect of the Sale and Leaseback Transaction on the ratings of the Class A Notes is provided by each of the Rating Agencies and each Ratings Assessment confirms that the then current ratings of the Class A Notes will not be (i) downgraded; (ii) withdrawn; or (iii) publicly placed on review for possible downgrade, by virtue of the Sale and Leaseback Transaction.

For these purposes:

Class A Sale and Leaseback Resolution means a resolution, in relation to a Sale and Leaseback Transaction only:

- (a) which will be passed if at least 25% of the Principal Amount Outstanding of the outstanding Class A Notes participates in the vote, of which more than 50% vote in favour of it; or
- (b) in writing signed by or on behalf of the holders of more than one half of the aggregate Principal Amount Outstanding of the outstanding Class A Notes, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class A Noteholders.

Application of Sale and Leaseback Proceeds

The Class A Issuer/Borrower Loan Agreement will contain provisions requiring that (a) the Net Sales Proceeds following the completion of a Sale and Leaseback Transaction *plus* (b) any Additional SLB Amounts must be applied in the manner described below.



Upon completion of a Sale and Leaseback Transaction, the Borrowers must procure that:

- (i) the portion of the relevant Net Sales Proceeds (plus any Additional SLB Amounts to the extent required) determined to be applied in accordance with the terms of the Class A Ordinary Resolution by Class A Noteholders are deposited in the Disposal Proceeds Account;
- (ii) an amount equal to the aggregate of any actual taxes payable by the relevant Obligor in connection with such disposal are deposited in the Tax Reserve Account; and
- (iii) subject to the following paragraph, the amount standing to the credit of the Disposal Proceeds Account is applied in the following order:
 - (A) *first*, in prepayment of amounts required to be paid in this regard under the cash sweep provisions of the Working Capital Facility; and
 - (B) *secondly, pro rata*, between the then outstanding Class A1 Loan and Class A2 Loan in prepayment of the Class A1 Loan and the Class A2 Loan or otherwise in accordance with the directions of the Class A Noteholders pursuant to a Class A Sale and Leaseback Resolution, such amounts, together with the Class A Make-Whole Payment in respect of such prepayment (a **Class A Loan SL Prepayment Amount**). Any such Class A Loan SL Prepayment Amount shall be prepaid by the Borrowers giving not less than five Business Days' prior written notice of such prepayment to the Issuer.

Net Sales Proceeds means the amount equal to the difference between the gross proceeds of any disposal of assets minus any costs, expenses and taxes incurred in connection with such disposal.

Pending application of the amounts described above, amounts may be withdrawn from the Disposal Proceeds Account, prior to making such prepayment, only to purchase (or otherwise invest in) Eligible Investments.

No withdrawal from the Disposal Proceeds Account (whether to prepay any Class A Loans or to purchase any Eligible Investments) will be permitted if any WCF Event of Default, WCF Potential Event of Default, Class A Loan Event of Default or Class A Loan Potential Event of Default has occurred and is continuing (unless such WCF Event of Default, WCF Potential Event of Default, Class A Loan Event of Default or Class A Loan Potential Event of Default would be remedied by the withdrawal from the Disposal Proceeds Account of Net Sales Proceeds to prepay the Class A Loans in accordance with the provisions described above).

To the extent that the Net Sales Proceeds exceed the amount required to be applied in repayment of the Class A Loans, the Working Capital Facility (if any) and any amounts required to be deposited into the Tax Reserve Account, any such excess may be used by the Obligors for general corporate purposes or (but only to the extent that the Class A Restricted Payment Condition is satisfied) to make Class A Restricted Payments.

The Borrower Security Trustee will be under no obligation to monitor or verify that the provisions described in this section "*Application of Sale and Leaseback Proceeds*" will be or have been complied with.

No disposal of a holiday park by CP Opco

CP Opco is not permitted to dispose of any of the real estate or operational interests which it owns in the Holiday Parks, except for a minor disposal or to another Obligor.

In addition, no Obligor shall dispose of any of the shares it owns in CP Opco, except where such disposal is made to another Obligor.

Permitted Disposal of Land

A Propco may effect a Permitted Disposal of Land subject to:

- (a) CP Opco certifying to the Issuer and the Borrower Security Trustee that:
 - (i) the proposed transaction complies with the requirements of a Permitted Disposal of Land as set out in the Class A Issuer/Borrower Loan Agreement; and
 - (ii) any such Permitted Disposal of Land is not reasonably likely to have a Material Adverse Effect on the position of the Borrower Secured Creditors; and
- (b) CP Opco or the relevant Propco providing such information and documentation relating to the proposed transaction as the Issuer or the Borrower Security Trustee shall reasonably request.



Provided that such conditions are satisfied:

- (a) the relevant Propco may enter into such documentation as is reasonably required in order to complete a Permitted Disposal of Land; and
- (b) the Borrower Security Trustee must (x) give its consent to such transfer and (y), at the cost of the Borrowers, provide all necessary discharges, consents, waivers and permissions (including any release and simultaneous re-taking of security which may be required) which are necessary to enable such Permitted Disposal of Land.

For these purposes, **Permitted Disposal of Land** means the transfer or sale (which includes the grant or surrender of a lease or the grant of a wayleave or an easement and an exchange for simultaneous transfer of land contiguous to the remaining part of the Property owned by the relevant Propco) of a part of a Property where:

- (a) the transfer or sale is made on arm's length terms;
- (b) the land the subject of the transfer or sale does not form part of a key access route and will not alter the then applicable access route(s) to the Property unless an equivalent or better access route(s) is/are provided;
- (c) the transfer or sale will not impair the operation, use or enjoyment of the Property in any way (including parking arrangements) which is reasonably likely to result in a material adverse impact on trading of the business being carried on at the Property;
- (d) the transfer or sale will not breach a planning condition affecting the Property or any term of any superior lease applicable to it or be made in breach of any planning regulations or requirements or any other laws or regulations applicable to the Property;
- (e) the part of the Property the subject of the transfer or sale does not represent more than 5% (together, if applicable, with any transfer of land made by that Propco since the Closing Date) of the aggregate area of the relevant Property (taking into account any land acquired by the Propco (or any other Obligor) in the event of an exchange of land);
- (f) if the relevant Permitted Disposal of Land involves an exchange of land, the piece of land so acquired must be capable of use and used in a manner consistent with the definition of "Class A Permitted Business"; and
- (g) the value of the consideration paid to or by the Propco for the sale or transfer or the value of the land exchanged does not exceed £500,000 (excluding VAT).

Purchase and Surrender of Notes

No Obligor may purchase any Class A Notes unless:

- (a) no Class A Loan Event of Default is outstanding or will occur as a result of the relevant purchase; and
- (b) the Class A Notes are purchased on arm's length terms.

If the Class A Restricted Payment Condition is not satisfied at any time, then no Obligor may purchase any Notes unless such purchase is: (i) funded by New Equity Funds; and (ii) effected at a price less than par.

If an Obligor purchases any Notes then it must surrender those Notes to the Issuer on the Loan Interest Payment Date which occurs after the relevant date of purchase.

The Issuer must, upon such Notes being surrendered to it, cancel such Notes and discharge the corresponding Loan in a principal amount equal to the Principal Amount Outstanding of the Notes so surrendered.

Property Covenants

Maintenance Capex

At the end of each Financial Year, to the extent that the Obligors have not spent a certain minimum amount on Maintenance Capex during such Financial Year (being £15 million per annum subject to adjustment as set out in the paragraph below), the Borrowers shall procure that an amount of Maintenance Capex they should have spent but did not is transferred to the Maintenance Capex Reserve Account.

The Obligors shall provide that every eight years (starting from the date falling eight years after the Closing Date) an independent expert provides an update of the minimum amount of Maintenance Capex the Obligors need to spend each



Financial Year. In the event that the amount standing on the Maintenance Capex Reserve Account is in excess of the new minimum amount of Maintenance Capex so determined by the independent expert the Obligors shall not be permitted to release any such excess from the Maintenance Capex Reserve Account and all amounts (including, for the avoidance of doubt, such excess) standing to the Maintenance Capex Reserve Account must be spent on Maintenance Capex.

Investment Capex

At the beginning of each Financial Year the Obligors must procure that the aggregate of: (a) the actual amount incurred in respect of investment capex (**Investment Capex**) in respect of the previous four Financial Years; and (b) the net change in the balance of the Investment Capex Reserve Account over the previous four Financial Years (which may be a negative number), is at least equal to £24 million.

The Obligors shall provide that every eight years (starting from the date falling eight years after the Closing Date) (each such consecutive period, an **Investment Cycle**) a new minimum amount of Investment Capex is determined by an independent expert.

At the end of each Investment Cycle, any amount standing on the Investment Capex Reserve Account may be used by the Obligors to satisfy the requirement to spend the minimum amount of Investment Capex.

Insurance

The Borrowers must ensure that, at all times after the Closing Date, the insurances in place for the Obligors insure each Obligor in respect of its interests in the Properties and the plant and machinery on the Properties for their full replacement value and to provide cover against (a) all normally insurable risks of loss or damage; (b) site clearance, professional fees and value added tax together with adequate allowance for inflation; and (c) business interruption insurance, including provision for any increases in rent during the period of insurance. The Borrowers must also ensure that such insurances: (i) include property owners' public liability and products liability insurance; (ii) insure such other risks as a prudent company in the same business as the Borrowers would insure; and (iii) in each case are in an amount, and in a form, and with an insurance company or underwriters, acceptable at all times to the Issuer and the Borrower Security Trustee.

The Borrowers must procure that the insurable interests of the Issuer and the Borrower Security Trustee are noted under each of the Insurances.

In addition, the Borrowers must procure that the Insurances:

- (a) contain:
 - (i) a non-invalidation and non-vitiation clause under which the Insurance will not be vitiated or avoided as against any insured party as a result of any circumstances beyond the control of that insured party or any misrepresentation, non-disclosure, or breach of any policy term or condition, on the part of any insured party or any agent of any insured party;
 - (ii) a waiver of the rights of subrogation of the insurer as against each Obligor, the Issuer and the Borrower Security Trustee; and
 - (iii) a loss payee clause in respect of insurance claim payments otherwise payable to any Obligor;
- (b) provide that the insurers will give at least 30 days' notice to the Issuer (with a copy to the Borrower Security Trustee) if any insurer proposes to repudiate, rescind, cancel any such Insurance, or treat it as avoided in whole or in part or as expired, or otherwise decline any valid claim under it by or on behalf of any insured party and must give the opportunity to rectify any such non-payment of premium within the notice period; and
- (c) allow each of the Borrowers to assign all amounts payable to it (and all rights in connection with those amounts) under each of the Insurances it is a party to in favour of the Borrower Security Trustee.

The proceeds of any Insurances must, if the Issuer or the Borrower Security Trustee so requires, be used by the Borrowers to prepay the Class A Loans, unless: (x) to the extent required by the basis of settlement under any Insurances or applicable lease, the Borrowers must apply monies received under any Insurances in respect of the Properties towards replacing, restoring or reinstating the Properties; (y) any proceeds of any loss of rent insurance will be treated as rental income and applied in such manner as the Issuer or the Borrower Security Trustee (acting reasonably) requires to have effect as if it were rental income received over the period of the loss of rent; or (z) any amounts received under liability policies which are required by the Borrowers to satisfy established liabilities of the Borrowers to third parties must be used to satisfy these liabilities.

Leases

For so long as a Propco is an Obligor, such Propco must comply in all material respects with any lease under which a Propco holds title to any relevant Property it has entered into.



CP Opco shall be under no obligation to comply with any term of any Opco Lease for so long as the lessor under such Opco Lease is an Obligor.

CP Opco and each of the New Propcos, for so long as any such New Propco is an Obligor, shall be permitted to vary the terms of any Opco Lease between CP Opco and the relevant New Propco, and the Borrower Security Trustee shall give its consent to such variation, subject to satisfactory evidence of no adverse accounting and/or tax consequences (as certified by CP Opco).

For these purposes, **Opco Lease** means any lease entered into by a New Propco and CP Opco in relation to the holding of the title to any part of the relevant Property.

Environmental matters

The Borrowers must:

- (a) comply with all environmental laws;
- (b) obtain, maintain and ensure compliance with all requisite environmental approvals applicable to them or to the Properties;
- (c) implement procedures to monitor compliance with and to prevent liability under any environmental law applicable to them or to the Properties; and
- (d) comply with all binding or enforceable covenants, conditions, restrictions or agreements directly or indirectly concerned with any environmental law, or any contamination, pollution, waste, release or discharge of any toxic or hazardous substance, in connection with any real property which is or was at any time owned, leased or occupied by any member of the Obligor Group or on which any member of the Obligor Group has conducted any activity,

where failure to do so has or is reasonably likely to have a Material Adverse Effect or result in any liability for the Issuer.

In addition, the Borrowers must, promptly upon becoming aware, notify the Issuer (with a copy to the Borrower Security Trustee) of:

- (a) any environmental claim against any member of the Group started, or to their knowledge, threatened;
- (b) any circumstances reasonably likely to result in an environmental claim against any member of the Group; or
- (c) any suspension, revocation or notification of any environmental approval owned by or used by the Group,

which has or, if substantiated, is reasonably likely to either have a Material Adverse Effect or result in any liability for the Issuer.

Provision of information

Center Parcs (Holdings 1) Limited must supply to the Borrower Security Trustee and to the Issuer its audited consolidated financial statements for each of its financial years, commencing for the financial year ending in April 2012, and its consolidated unaudited financial statements for the first financial half-year in each of its financial years.

UK Parcs Holding S.à r.l. must supply to the Borrower Security Trustee and to the Issuer its financial statements for each of its financial years, commencing for the financial year ending in April 2012.

Center Parcs (Holdings 1) Limited and UK Parcs Holding S.à r.l. must ensure that each set of financial statements gives (if audited) a true and fair view of its financial condition (consolidated or otherwise) as at the date to which those financial statements were drawn up.

Center Parcs (Holdings 1) Limited and UK Parcs Holding S.à r.l. must notify the Borrower Security Trustee and the Issuer of any change to the manner in which its audited consolidated (if appropriate) financial statements are prepared. In addition, if such change could reasonably be expected to result in a deviation of equal to or greater than 5% from the result of the calculation of the Class A FCF DSCR, the Borrowers shall appoint an international firm of auditors (acting as expert and not as an arbitrator) approved by the Borrower Security Trustee or, failing that approval, nominated (on the application of the Borrower Security Trustee) by the President for the time being of the Institute of Chartered Accountants of England and Wales to determine the amendments required to be made to the Class A FCF DSCR and its calculation to place the Borrower Secured Creditors in a comparable position to that in which they would have been if the change to the manner in which its audited financial statements are prepared had not happened.

On each Semi-Annual Investor Reporting Date, CP Opco must supply to the Borrower Secured Creditors (other than the Borrower Security Trustee unless it expressly requests a copy) an investor report on the performance of the Obligor



Group's business for the relevant financial period, together with a statement from any such director certifying that the calculations of the financial covenants and ratios required for the production of such report are undertaken accurately and that the information contained therein is true and accurate in all material respects. Furthermore, the investor report must contain details of a telephone conference into which Class A Noteholders may dial on which the senior management of the Obligors must present their financial results for the relevant period. The first such call must be in relation to the financial year ending in or around April 2012.

In addition, CP Opco must supply to the Borrower Security Trustee, the other Borrower Secured Creditors and the Issuer, within 45 days after the Financial Covenant Test Date, a certificate detailing the calculation of, and compliance with, the Financial Covenant and the calculation of, and compliance with, the Class A Restricted Payment Condition, and each such certificate must be signed by two directors (one of which shall be the Chief Financial Officer (or equivalent) of CP Opco) of CP Opco confirming, to the best of such persons' knowledge after verification, that the statements made in such certificate are true and accurate in all material respects and based on assumptions made in good faith.

The Borrower Security Trustee will have the right to: (a) investigate the calculations contained in any Class A compliance certificate in the event that the Borrower Security Trustee is notified in writing by the WCF Agent or the Class A Note Trustee acting on the directions of at least 25% by Principal Amount Outstanding of the Class A Noteholders that there appears to be a material inaccuracy in the relevant calculations and ratios; and (b) call for other substantiating evidence which it would be reasonably practicable for the Obligors to provide if it certifies to the Obligors that it has reason to believe that the historical or forward-looking ratios (or confirmation of compliance with the financial ratios) set out in the statement are incorrect or misleading in any material respect.

Each Obligor must supply to the Issuer and the Borrower Security Trustee: (i) details of any litigation, arbitration, administrative proceedings or any environmental claims or investigations against any member of the Obligor Group which are current, threatened or pending and which have or might, if adversely determined, have a Material Adverse Effect; (ii) all documents despatched by it to its creditors generally or any class of them at the same time as they are despatched; (iii) copies of any proposed amendments to the Senior Finance Documents; (iv) such information as the Borrower Security Trustee may reasonably require about the property, assets, shares or interests charged pursuant to the terms of the Borrower Security Documents and the compliance of the Obligors with such terms; (v) any documentation or other evidence which is reasonably requested by the Issuer or the Borrower Security Trustee to enable the Issuer, the Borrower Security Trustee or a third party providing finance or entering into a financing arrangement with the Issuer to carry out any applicable customer due diligence requirements; and (vi) if a Class A Loan Event of Default or a Class A Loan Potential Event of Default has occurred and is continuing, any information reasonably requested by the Issuer or the Borrower Security Trustee (as applicable) regarding the investigation by the Issuer or the Borrower Security Trustee of such Class A Loan Event of Default or Class A Loan Potential Event of Default.

Each Obligor must notify the Borrower Security Trustee and the Issuer of any Class A Loan Event of Default or Class A Loan Potential Event of Default (and the steps, if any, being taken to remedy it) promptly (and in any event within ten Business Days) upon becoming aware of its occurrence.

If a Class A Loan Event of Default has occurred and is continuing for not less than 14 days, the Issuer or the Borrower Security Trustee may instruct the Borrowers, at such Borrowers' expense, to provide them with an updated Valuation in respect of the Properties.

The Obligors may deliver any information, certificate or report required to be provided under the Class A Issuer/Borrower Loan Agreement to the Issuer, the Borrower Security Trustee or the other Borrower Secured Creditors by posting it on to an electronic website provided that (A) the relevant Obligor designates an electronic website (the access to which shall be protected) for this purpose; and (B) the relevant Obligor notifies such persons of the address of such website.

The Obligors must, as soon as reasonably practicable after becoming aware of any Relevant Information which would be required to be disclosed by the relevant Obligor (if that Obligor were itself the issuer of the Notes under the Transaction) in accordance with the Market Abuse Directive as implemented in Ireland, prepare a notice (an **RIS**) for submission to the Regulatory Information Service in relation to such information which shall be provided to the Issuer for its approval. Following receipt of the Issuer's approval the relevant Obligor must file the RIS with the Regulatory Information Service.

For these purposes:

Relevant Information means any information relating to the Obligors which would be required to be disclosed by the relevant Obligor in accordance with the Market Abuse Directive as implemented in Ireland by the Market Abuse (Directive 2003/6/EC) Regulations 2005, Part 4 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 and the "market abuse rules" under section 34 of such Act, as if that Obligor were itself the issuer of the Notes under the Transaction.

Regulatory Information Service means any entity that is on the list of Regulatory Information Services maintained by the Central Bank.



Additional Site Entities — covenants

Notwithstanding any other provisions of the Class A Issuer/Borrower Loan Agreement, the Obligors may also make any payment to, or on behalf of, any Fifth Site Entity in respect of rental income (whether by way of guarantee payments or otherwise) owed to the relevant landlord under the Fifth Site Headlease, provided that such payment does not exceed the relevant rental payment amount as provided under the Fifth Site Headlease. Such payment may be made directly, or indirectly by way of intra-group transfers, to such Fifth Site Entity. In addition, notwithstanding any provision of the Class A Issuer/Borrower Loan Agreement, any Obligor may, in connection with any Additional Site, incur Relevant Costs (on behalf of an Additional Site Entity) provided that:

- (a) the Net Exposure Amount does not at any time exceed £1,000,000; and
- (b) the Long Term Net Exposure Amount does not at any time exceed £5,000,000,

each such amount to be indexed, upwards only, at the end of each financial year based on the CPI applicable to that Financial Year.

For these purposes:

Long Term Net Exposure Amount means, at any time:

- (a) the aggregate of Relevant Costs (x) which have been incurred and paid by the Obligors (in accordance with the terms of the Class A Issuer/Borrower Loan Agreement) which have been funded otherwise than by utilisation of funds which have been able to be distributed as Restricted Payments and (y) which have been contracted to be paid but are not yet payable by the Obligors; less
- (b) the aggregate of amounts reimbursed to the Obligors by the relevant Additional Site Entities.

Net Exposure Amount means, at any time:

- (a) the aggregate of Relevant Costs incurred and paid by the Obligors which have been funded otherwise than by utilisation of funds which have been able to be distributed as Restricted Payments; less
- (b) the aggregate of amounts reimbursed to the Obligors by the relevant Additional Site Entities.

Relevant Costs means costs:

- (a) which relate only to services provided to or in respect of an Additional Site; and/or
- (b) which represent the proportion of costs incurred in respect of obligations to third parties which are attributable to an Additional Site,

and which, in either case, are not costs relating to management, internal accounting (including tax but not external audit), personnel, compliance support, supply arrangements, health & safety, IT site maintenance services, concessionary arrangements, customer services, legal and information technology, sales and/or marketing central costs incurred by an Obligor in respect of the Center Parcs Group generally, a proportion of which may be recharged to the relevant Additional Site Entity.

In addition, notwithstanding any provision of the Class A Issuer/Borrower Loan Agreement, the Obligors may make loans to any Additional Site Entity from time to time on such terms as they see fit if:

- (a) the loans are funded by funds which would otherwise be able to be distributed by the Obligors under the Class A Issuer/Borrower Loan Agreement; and
- (b) at the time of making a loan, no Obligor is then required to make any payments to the WCF Lenders under the terms of the Working Capital Facility Agreement.

Furthermore, no Obligor may either (i) provide Third Party Management Services, to or with any Additional Site Entity unless: such services are provided on arm's length terms (or, in respect of the Fifth Site, on the terms set out in the Fifth Site Management Services Agreement); and to the extent that the provision of such services involves the incurrence of any costs by an Obligor on behalf of an Additional Site Entity, the provisions of the Class A Issuer/Borrower Loan Agreement are complied with.

For these purposes, **Third Party Management Services** means (i) management or payment services; or (ii) the licensing or the sharing of any Intellectual Property Rights.



In addition, the Obligors must procure that no Fifth Site Entity pays any dividend, or makes any other distribution in respect of its shares, or any redemption in respect of share capital, or any repayment of principal or payment of interest in respect of Group Debt, or grants a loan in cash or in kind, to any entity which is not itself a Fifth Site Entity, for so long as such first Fifth Site Entity has not acceded as a Material Obligor into the Group in accordance with the terms of the Class A Issuer/Borrower Loan Agreement and as an "Additional Obligor" in accordance with the terms of the Intercreditor Agreement, until the earlier to occur of:

- (a) any enforcement of any security granted by the Fifth Site Entities under the Fifth Site Financing Transaction Documents; and
- (b) any *de facto* loss of control by the Center Parcs Group of the Fifth Site Entities following the occurrence of an event of default under the Fifth Site Financing Transaction Documents.

The above restriction on dividends and distributions with respect to the Fifth Site Entity does not apply to any dividends or distributions, the net proceeds of which are paid or contributed to any Obligor.

Furthermore, the Obligors must procure that the beneficial ownership of the Fifth Site is not transferred outside of the Center Parcs Group (whether by way of share sale or asset sale) to a third party purchaser.

This restriction shall cease to apply on the earlier to occur of:

- (a) any enforcement of any security granted by the Fifth Site Entities under the Fifth Site Financing Transaction Documents; and
- (b) any *de facto* loss of control by the Center Parcs Group of the Fifth Site Entities following the occurrence of an event of default under the Fifth Site Financing Transaction Documents.

For these purposes:

Center Parcs Group means CP Cayman Limited Holdings LP and its Subsidiaries.

Fifth Site Financing Transaction Documents means the transaction documents relating to the financing for the Fifth Site entered into on about the Closing Date.

Additional Site Entities — accession to the Class A Issuer/Borrower Loan Agreement

If any Additional Site is owned by the Center Parcs Group but not by the Obligor Group, the Borrowers must use all reasonable endeavours (but only to the extent that the Borrowers are able to satisfy all the conditions set out in Condition 19 (Further Notes and New Notes) of the Class A Notes and the conditions set out below) to procure the accession of the relevant Additional Site Entities as a Material Obligor into the Obligor Group within three years of the later of: (i) the acquisition of the relevant Additional Site; and (ii) the relevant Additional Site becoming operational and starting to receive paying guests, unless (A) the market conditions then prevailing are such that the acquisition of such Additional Site (whether by the issuance of Additional Notes or in the bank loan market) would not be executable in a commercially reasonable manner having regard to the then expected pricing for such acquisition and (B) in respect of the Fifth Site only, the amount of financing capable of being received (whether by the issuance of Additional Notes or in the bank loan market) is insufficient to repay the aggregate of any then existing senior financing and any third party financing (but excluding, for the avoidance of doubt, any then existing junior financing and/or subordinated financing) of the Fifth Site (as certified to the Borrowers by a financial institution of international standing and recognised as having sufficient knowledge and expertise in the corporate bond and term loan market) (in which case such accession should be completed as soon as possible thereafter).

Any accession of any Additional Site Entity as a Material Obligor into the Obligor Group shall be conditional upon CP Opco certifying that the following conditions have been complied with:

- (a) the practical completion of the relevant Additional Site has been certified by an independent expert under the building contract for its construction and that the relevant Additional Site is open for trading;
- (b) the Obligor Group having confirmed that it has expressly conferred with the Rating Agencies prior to the acquisition, no adverse effect on the then current ratings of the Class A Notes is reasonably expected to occur;
- (c) the holiday park constituting the relevant Additional Site would fall within the definition of "Class A Permitted Business";
- (d) the relevant Additional Site Entities have not incurred Financial Indebtedness, or there is no Financial Indebtedness connected to the relevant Additional Site (other than certain exceptions expressly specified in the Class A Issuer/Borrower Loan Agreement);



- (e) if applicable, the relevant Additional Site Entities have acceded to the Class A Issuer/Borrower Loan Agreement;
- (f) a first-ranking fixed and floating security over all of the assets and undertakings (including, without limitation, over the relevant Additional Site) of the relevant Additional Site Entities have been granted in favour of the Borrower Security Trustee;
- (g) CP Opco has certified (such certification to be supported by an opinion of the professional tax advisor to the Group) that either (A) there are no adverse tax consequences that arise as a result of the accession, or (B) an appropriate amount has been deposited into the Tax Reserve Account to meet any adverse tax consequences;
- (h) any relevant Additional Site Entity has acceded to the Intercreditor Agreement and all other relevant Transaction Documents (as amended, if required); and
- (i) there is no Class A Loan Event of Default, Class A Loan Potential Event of Default or Note Event of Default outstanding, unless the accession of any such Additional Site Entity as a Material Obligor into the Obligor Group would remedy any such default.

Other covenants

The Obligors will also provide the Issuer and the Borrower Security Trustee with the benefit of certain other covenants, including those described below.

Positive covenants

Each Obligor will give a covenant that it shall, among other things:

- (a) obtain, maintain and comply with the terms of, and do all that is necessary to maintain in full force and effect, and supply certified copies to the Issuer and the Borrower Security Trustee of, any authorisation required under any law or regulation to (i) enable it to perform its obligations under, or for the validity or enforceability or admissibility in evidence of, any Senior Finance Document to which it is a party; or (ii) own its assets and carry on its business as it is being conducted;
- (b) comply in all respects with all laws to which it is subject where failure to do so has, or would have, a Material Adverse Effect;
- (c) ensure that its payment obligations under the Senior Finance Documents at all times rank at least *pari passu* with all its other present and future unsecured payment obligations, except for obligations mandatorily preferred by law applying to companies generally;
- (d) use its reasonable endeavours to ensure that, for so long as the Class A Loans remain outstanding, the Issuer has available to it either a liquidity facility agreement with one or more banks with the Requisite Ratings substantially on the same terms as the Liquidity Facility Agreement entered into on the Closing Date, and/or a funded liquidity reserve available to be utilised by the Issuer in order to make payments in respect of the Class A Notes substantially in the same manner as would be available to the Issuer under the Liquidity Facility Agreement (such liquidity reserve, the **Liquidity Reserve**), provided that the aggregate amount available to the Issuer is not less than the Liquidity Cash Reserve Required Amount from time to time;
- (e) pay all taxes due and payable by it prior to the accrual of any fine or penalty for late payment, unless (and only to the extent that) (i) payment of those Taxes is being contested in good faith; (ii) adequate reserves are being maintained for such taxes and the costs required to contest them; and (iii) failure to pay such taxes is not reasonably likely to have a Material Adverse Effect;
- (f) do all such things necessary to maintain its corporate status where failure to do so would be reasonably expected to have a Material Adverse Effect;
- (g) ensure that all filings with the Registrar of Companies and/or the Land Registry required to be made in connection with or pursuant to the Reorganisation and/or the Senior Finance Documents have been made or will be made within the time periods required thereunder;
- (h) (at such Obligor's cost) promptly take all such action as the Borrower Security Trustee may reasonably require of it for the purpose of perfecting, protecting and preserving the rights of the Borrower Security Trustee under the Borrower Security Documents and the security interests under the Borrower Security Documents;



- (i) keep in good and substantial repair and condition its assets and when necessary replace the same by items of similar quality and value where failure to do so would be reasonably expected to have a Material Adverse Effect;
- (j) safeguard, preserve and maintain the subsistence and validity of the Intellectual Property Rights as are necessary for its business (including making all required registrations and pay all registration fees and taxes), use all reasonable endeavours to prevent any infringement in any material respect of such rights, and no Obligor shall use or permit the Intellectual Property Rights to be used in a way or take any step or omit to take any step in respect of the Intellectual Property Rights which may materially or adversely affect the existence or value or the ability to use such, in each case where failure to do so would be reasonably likely to have a Material Adverse Effect;
- (k) maintain and keep funded in accordance with its terms and any applicable laws, any occupational pension schemes operated or maintained for the benefit of the members of the Obligor Group and/or any of its employees where failure to do so would reasonably be likely to have a Material Adverse Effect;
- (l) comply with its obligations under the Tax Deed of Covenant;
- (m) retain at all times reputable auditors, and shall not replace its auditors without the prior written consent of the Borrower Security Trustee unless the replacement auditors are one of a pre-approved list of reputable audit firms;
- (n) set its relevant Accounting Periods such that the end date of each Accounting Period immediately preceding each Financial Covenant Test Date shall be a date which is not more than 12 weeks prior to such Financial Covenant Test Date; and
- (o) CP Opco must comply with its obligations under the 2005 RBS Loan Agreement, including, without limitation, its obligation to pay principal and interest due under such loan.

In addition Center Parcs (Holdings 1) Limited must ensure that at all times it legally and beneficially owns and controls the entire share capital of the Obligors (other than itself and UK Parcs Holding S.à r.l.), except in relation to a disposal of a New Propco or the dissolution of a dormant subsidiary in accordance with the terms of the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement.

The Borrowers shall also procure that the transaction accounts be maintained in accordance with the provisions of the Borrower Account Bank Agreement.

For these purposes, **2005 RBS Loan Agreement** means the loan agreement dated 8 November 2005 and entered into by CP Opco and The Royal Bank of Scotland plc in connection with the granting of a £4,000,000 loan to CP Opco.

Negative covenants

No Obligor shall:

- (a) except as expressly provided under the Class A Issuer/Borrower Loan Agreement (including, without limitation, any security interest constituted by the Borrower Security Documents, any lien arising by operation of law and in the ordinary course of trading, or any netting or set-off arrangement entered into in the ordinary course of its banking arrangements), create or allow to exist any security interest on any of its assets;
- (b) except as expressly provided under the Class A Issuer/Borrower Loan Agreement:
 - (i) sell, transfer or otherwise dispose of any of its assets on terms where it is or may be leased to or re-acquired or acquired by it or any of its related entities;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangements having a similar effect, in circumstances where the transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset;
- (c) carry on any trade or business except as expressly set out in the Class A Issuer/Borrower Loan Agreement, all Obligors must conduct their respective businesses as a going concern, in accordance with good industry practice and its constitutional documents and, subject to certain exceptions as set out in the Class A Issuer/Borrower Loan Agreement, on arm's length terms;



- (d) incur or permit to be outstanding any Financial Indebtedness, other than (i) any Financial Indebtedness incurred under the Borrower Finance Documents; or (ii) any Permitted Financial Indebtedness;
- (e) except as expressly provided under the Class A Issuer/Borrower Loan Agreement, be the creditor in respect of any loan or any form of credit to any person (other than to another Obligor);
- (f) except as expressly provided under the Class A Issuer/Borrower Loan Agreement, give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which the Borrowers assume any liability of any other person;
- (g) enter into any general netting or set-off arrangement as between its activities and/or funds except with another Obligor or as otherwise permitted under the Intercreditor Agreement;
- (h) enter into any concession or similar arrangement for the provision of facilities at the Holiday Parks by third parties to guests under which there is any upfront premium payable by such third party (excluding set-up, fit-out and any administrative costs and expenses) unless:
 - (i) in respect of any financial year, the amount of the aggregate premiums receivable in that period in respect of all such arrangements entered into during that period is less than 5% of EBITDA for that period; and
 - (ii) the aggregate amount of premiums receivable in respect of all such arrangements entered into since the Closing Date is less than 25% of EBITDA for the current financial year;
- (i) cause or allow its registered office or centre of main interests to be in or maintain an Establishment in any jurisdiction other than its jurisdiction of incorporation (other than Center Parcs (Jersey) 1 Limited and Carp (Jersey) 2 Limited);
- (j) enter into any amalgamation, demerger, merger or reconstruction, except where such amalgamation, demerger, merger or reconstruction has been first approved by the Borrower Security Trustee;
- (k) change its accounting reference date unless certain conditions are satisfied;
- (l) compromise or settle any litigation, arbitration or administrative proceedings without prior notification to the Issuer and the Borrower Security Trustee if any such compromise or settlement would be reasonably likely to have a Material Adverse Effect;
- (m) make any acquisition or investment other than certain exceptions as expressly set out in the Class A Issuer/Borrower Loan Agreement (including, without limitation, the acquisition of a business which is a Class A Permitted Business for the purposes of the Class A Issuer/Borrower Loan Agreement if such acquisition is made through New Equity Funds or Net Free Cashflow, or the acquisition of an Additional Site or an Additional Site Entity in accordance with the terms of the Class A Issuer/Borrower Loan Agreement); and
- (n) amend any provision of its constitutional documents relating to transferability of its shares without the consent of the Borrower Security Trustee (except where any such amendment would not be reasonably likely to have a Material Adverse Effect, in which case such consent would not be required).

In addition, none of Center Parcs (Holdings 1) Limited, Center Parcs (Holdings 2) Limited and Center Parcs (Holdings 3) Limited must have any employees or premises, or become a director of any company, or trade or carry on any business, or incur liabilities other than:

- (i) owning the shares in its direct subsidiaries;
- (ii) liabilities or obligations arising under or in connection with the Borrower Finance Documents or the Reorganisation or arising from transactions permitted by the Borrower Finance Documents;
- (iii) the provision of administrative services to other members of the Center Parcs Group;
- (iv) liabilities arising in respect of tax or arising by operation of law;
- (v) liabilities to pay auditors or any other professional fees; or
- (vi) loans to or from any Obligor.



Class A Loan Events of Default

The events which can give rise to a Class A Loan Event of Default include (subject in certain cases to agreed exceptions, materiality thresholds and qualifications):

- (a) non-payment by an Obligor on the due date of any amount payable by it under the Senior Finance Documents in the manner required under the Senior Finance Documents, unless the non-payment is remedied within five Business Days of the due date;
- (b) the Borrowers do not comply with the Financial Covenant, subject to the cure rights described above;
- (c) an Obligor does not comply with any term of the Senior Finance Documents where such failure to comply would have a Material Adverse Effect, and unless the non-compliance: (i) is capable of remedy; and (ii) is remedied within 21 days of the earlier of the Issuer or the Borrower Security Trustee giving notice of the failure to comply to the Borrowers and the relevant Obligor becoming aware of the non-compliance;
- (d) a representation or warranty made or deemed to be made by an Obligor in any Senior Finance Document is incorrect or misleading in any material respect when made or deemed to be repeated, unless the circumstances giving rise to the misrepresentation or breach of warranty: (i) are capable of remedy; and (b) are remedied within 21 days of the earlier of the Borrower Security Trustee giving notice of the misrepresentation or breach of warranty to the Borrowers and the relevant Obligor becoming aware of the misrepresentation or breach of warranty;
- (e) except as expressly provided under the Class A Issuer/Borrower Loan Agreement (including in relation to Financial Indebtedness incurred under the Class B Issuer/Borrower Loan Agreement, under the Working Capital Facility or in relation to Subordinated Debt) the failure by an Obligor to pay any amount owed under Financial Indebtedness incurred by it, subject to a threshold of £10 million;
- (f) an insolvency event (which includes but is not limited to administration, liquidation or enforcement action being taken) occurs in respect of a Key Material Obligor;
- (g) any attachment, sequestration, distress, execution, or analogous event affects any asset of a Material Obligor (other than the Head Office) and is not discharged within 21 days;
- (h) a Material Obligor ceases, or threatens or proposes to cease, to carry on all or a substantial part of its business except (i) as a result of any disposal allowed under the Senior Finance Documents; or (ii) where such cessation (or potential cessation) would not be expected to give rise to a Material Adverse Effect;
- (i) repudiation, illegality or unenforceability of a Senior Finance Document;
- (j) part or all of the Properties, or all or a substantial part of the assets of a Material Obligor, are nationalised, expropriated or compulsorily purchased or an order from the relevant authority has been issued, or any relevant competition authority makes an order for the compulsory sale (or any other form of disposal) of one or more Properties, and taking into account the amount and timing of any compensation payable, the compulsory purchase, nationalisation, expropriation or sale would reasonably be expected to have a Material Adverse Effect;
- (k) any part of the Properties is destroyed or damaged and taking into account the amount and timing of receipt of the proceeds of insurance, the destruction or damage would reasonably be expected to have a Material Adverse Effect;
- (l) any litigation, arbitration, administrative proceedings or governmental or regulatory investigations, proceedings or disputes are commenced or threatened against any Material Obligor or its material assets which, in each case, would be likely to be adversely determined to it and which, if so adversely determined, would reasonably be expected to have a Material Adverse Effect;
- (m) a New Propco does not comply in all material respects with any headlease it has entered into, or CP Opco does not comply in all material respects with any sublease (where the lessor under such sub-lease is not an Obligor), and, in each case, such failure to comply would reasonably be expected to have a Material Adverse Effect;
- (n) the Pension Regulator issues, in respect of one or more Material Obligors, a financial support direction or a contribution notice which may reasonably be expected to have a Material Adverse Effect;
- (o) any security granted over the assets of a Material Obligor under the Borrower Security Documents becomes enforceable or is enforced provided that the value of the assets the security over which is being enforced exceeds (in aggregate) £10 million at any time;



- (p) any security interest created by a Borrower Security Document ceases to be in full force and effect or a Borrower Security Document does not create the security interest it purports to create, and where such cessation or failure (as applicable) is reasonably expected to have a Material Adverse Effect;
- (q) any Intellectual Property Rights owned by an Obligor terminate and such termination is reasonably expected to have a Material Adverse Effect;
- (r) any tax obligor does not comply with any term of any covenant or undertaking applicable to it, or breaches any representations it gives in the Tax Deed of Covenant, and such non-compliance or breach (as applicable):
 - (i) is reasonably expected by the Borrower Security Trustee (acting reasonably) to have a Material Adverse Effect; and
 - (ii) to the extent it is capable of remedy, is not remedied within 30 days of the earlier of the Borrower Security Trustee giving notice and any party to the Tax Deed of Covenant becoming aware of such non-compliance;
- (s) any Obligor, or any Non-Obligor Group Entity, does not comply with a provision of the Intercreditor Agreement, and such non-compliance can reasonably be expected or is reasonably expected to have a Material Adverse Effect;
- (t) the beneficial interest in any of the issued share capital in any Obligor ceases to be held, directly or indirectly, by Center Parcs (Holdings 1) Limited (or, in relation to UK Parcs Holding S.à r.l. only, by CP Cayman Limited) other than certain exceptions expressly permitted under the Class A Issuer/Borrower Loan Agreement;
- (u) any amount of principal is outstanding in respect of the Class A1 Loan on the Loan Interest Payment Date falling in February 2018;
- (v) any amount of principal is outstanding in respect of the Class A2 Loan on the Loan Interest Payment Date falling in February 2025; and
- (w) any step is taken by the Issuer Security Trustee to enforce the Issuer Security, or any direction is given to that effect by the relevant percentage amount of holders of the Class A Notes, in accordance with the Note Trust Deed following the occurrence of a Class A Note Event of Default.

Upon the occurrence of any event listed above, the whole of the Borrower Security shall become immediately enforceable and the Borrower Security Trustee may (after the expiry of any applicable grace period or cure period) on the terms of and subject to the conditions set out in the Intercreditor Agreement by notice to the Borrowers: (i) declare that all or part of any amounts outstanding under the Class A Issuer/Borrower Loan Agreement is immediately due and payable; and/or payable on demand by the Borrower Security Trustee (such notice, a **Class A Loan Acceleration Notice**); (ii) suspend or cancel the commitment of the Issuer to make any additional loans; (iii) enforce the Borrower Security on the terms and subject to the condition set out in the Intercreditor Agreement and the other Borrower Security Documents (such notice, a **Class A Loan Enforcement Notice**); and/or (iv) exercise any other rights under the Intercreditor Agreement and the other Borrower Security Documents (or any of them).

On the terms and subject to the conditions of the Intercreditor Agreement, at any time that the Borrower Security Trustee has actual notice of the occurrence of a Class A Loan Event of Default, it shall promptly request by notice to the Issuer Security Trustee an instruction from the Issuer Security Trustee, as directed by the Class A Instructing Group, as to whether the Borrower Security Trustee should be required to deliver a Class A Loan Enforcement Notice and/or a Class A Loan Acceleration Notice to the Borrowers.

Post-closing reorganisation

The Class A Issuer/Borrower Loan Agreement also provides that a number of post-closing transactions will be permitted (subject to certain conditions being satisfied), including:

Longleat Headlease Transfer and grant of the New Longleat Opco Lease

- (a) If CP Opco notifies the Issuer and the Borrower Security Trustee that it intends to arrange the transfer either directly or indirectly by means of a surrender and re-grant of the Longleat Headlease Interest from Longleat Propco to a new property-holding Obligor (a **Longleat Headlease Transfer**) and the grant of the Opco Lease between that new Obligor and CP Opco (the **New Longleat Opco Lease**) in each case with landlord consent, then provided that CP Opco certifies that the provisions relating thereto in the Tax Deed of Covenant are complied with the Borrower Security Trustee must, as soon as reasonably practicable after the receipt of such notice but subject to paragraph



(b) below, at the cost of the Borrowers, sign and execute all such documents, instruments and consents (including Land Registry forms) as are necessary or desirable in order to enable the transfer of the Longleat Headlease Interest and the grant of the New Longleat Opco Lease as aforesaid.

(b) In connection with the Longleat Headlease Transfer and the New Longleat Opco Lease, that new Obligor must:

- (i) execute and deliver in favour of the Borrower Security Trustee for the benefit of the Borrower Secured Creditors a mortgage over the relevant property; and
- (ii) provide the Borrower Security Trustee with a legal opinion (in a form satisfactory to the Borrower Security Trustee) on the enforceability of that mortgage,

in each case, at the same time as any relevant release or consent is to be given by the Borrower Security Trustee; and

- (iii) provide, as soon as reasonably practicable after the occurrence of the Longleat Headlease Transfer and the grant of the New Longleat Opco Lease, the Borrower Security Trustee with a new certificate of title in industry standard form evidencing that (A) that new Obligor is entitled to be registered as the registered proprietor of the Longleat Headlease Interest and CP Opco is entitled to be registered as the registered proprietor of the New Longleat Opco Lease, and (B) the Borrower Security Trustee is entitled to be registered as the proprietor of the relevant mortgage.

For these purposes, **Longleat Headlease Interest** means the interests held by Longleat Propco under the two underleases and the lease relating to the Holiday Park known as Longleat as these are particularly detailed above under the heading "*Longleat Forest — Tenure*".

Release of Designated Obligors

(a) If:

- (i) CP Opco certifies to the Issuer and the Borrower Security Trustee that the Group intends to wind up and ultimately dissolve some or all of the Designated Obligors; and
- (ii) CP Opco certifies to the Issuer and the Borrower Security Trustee that the provisions relating thereto as set out in the Tax Deed of Covenant are complied with,

then the Borrower Security Trustee must as soon as reasonably practicable after the receipt of such notice, at the cost of the Borrowers:

(A) release:

- I. all security interests granted by the relevant Designated Obligors under the Borrower Security Documents; and
- II. all security interests granted in respect of any share capital of the relevant Designated Obligors under the Borrower Security Documents; and

(B) irrevocably release and discharge the relevant Designated Obligors from all liabilities which they may have under the Senior Finance Documents.

(b) The above provisions may be utilised on more than one occasion in connection with different Designated Obligors.

Capital reductions

(a) If CP Opco (on behalf of the Obligors) notifies the Issuer and the Borrower Security Trustee in writing (and with reasonable detail as to what is proposed) that an Obligor proposes to undertake any capital reduction procedures then, subject to the paragraphs below, the Borrower Security Trustee must sign and/or execute such documents or instruments and give such consents (if any) as are or may be necessary or desirable in the opinion of CP Opco (acting reasonably) in order to implement the relevant capital reduction.

(b) Any costs of the Issuer and the Borrower Security Trustee in respect of any such capital reduction must be met by the Obligors.



- (c) CP Opco must first provide the Issuer and the Borrower Security Trustee with appropriate evidence (which may be, if required in writing by the Borrower Security Trustee, an opinion issued by the professional tax advisor of the Obligor Group) satisfactory to the Borrower Security Trustee (acting reasonably) that the proposed capital reduction will not give rise to any adverse tax liability in the Obligor or the Issuer subject to and in accordance with the terms of the Tax Deed of Covenant.

Permitted Pre-Sale Reorganisation

- (a) If CP Opco notifies the Issuer and the Borrower Security Trustee that, without prejudice to the Obligor Group's obligations under the Class A Issuer/Borrower Loan Agreement, the Obligor Group intends to enter into a transaction, or a series of transactions, in connection with a sale of a Propco or a Propco's interest in a Holiday Park pursuant to the conditions above (such transaction or series of transactions, a **Permitted Pre-Sale Reorganisation**), in each case with landlord consent (where such consent is required), then the Borrower Security Trustee must as soon as reasonably practicable after the receipt of such notice, at the cost of the Borrowers, provide all necessary consents, waivers and permissions (including any release and simultaneous re-taking of security which may be required) which are necessary to enable such Permitted Pre-Sale Reorganisation to take place, but only to the extent that:
 - (i) CP Opco certifies that the provisions relating thereto as set out in the Tax Deed of Covenant are complied with; and
 - (ii) CP Opco certifies to the Borrower Security Trustee and the Issuer that any such release is not reasonably likely to have a Material Adverse Effect on the position of the Borrower Secured Creditors.
- (b) The above provisions may be utilised on more than one occasion in connection with different Permitted Pre-Sale Reorganisations.

Permitted post-closing reorganisation

If CP Opco notifies the Issuer and the Borrower Security Trustee that, without prejudice to the Obligor Group's obligations under the Class A Issuer/Borrower Loan Agreement, the Obligor Group intends to enter into a transaction, or a series of transactions, as part of the reorganisation of the Obligor Group as envisaged in the Permitted Post Closing Reorganisation Paper, then the Borrower Security Trustee must as soon as reasonably practicable after the receipt of such notice, at the cost of the Borrowers, provide all necessary consents, waivers and permissions (including any release and simultaneous re-taking of security which may be required) which are necessary to enable post-closing reorganisation to take place, but only to the extent that:

- (a) CP Opco certifies that the provisions relating thereto as set out in the Tax Deed of Covenant are complied with; and
- (b) CP Opco certifies to the Borrower Security Trustee and the Issuer that any such release is not reasonably likely to have a Material Adverse Effect on the position of the Borrower Secured Creditors.

Governing law

The Class A Issuer/Borrower Loan Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.



DESCRIPTION OF THE CLASS B DEBT PROVISIONS

TERMS AND CONDITIONS OF THE CLASS B NOTES

The following are the terms and conditions of the Class B Notes in the form (subject to completion and amendment) in which they will be set out in the Note Trust Deed. The Conditions set out below will apply to the Class B Notes whether they are in definitive form or in global form.

The £280.0 million 11.625%/6.25% Class B Fixed Rate Secured Notes due 2042 (the **Class B Notes** and, together with the Class A Notes (as defined in the Class A Conditions), the **Notes**) of CPUK Finance Limited (the **Issuer**) are constituted by a note trust deed dated 28 February 2012 (the **Closing Date**) (the **Note Trust Deed**, which expression includes such note trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) and made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (in such capacity, the **Class B Note Trustee**, which expression includes its successors or any other trustee appointed pursuant to the Note Trust Deed) as trustee for the holders of the Class B Notes (the **Class B Noteholders**).

Certain Defined Terms

Business Day means, in relation to any place, a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Jersey and Dublin.

Class B Call Option Trigger Event means either of the following events:

- (a) the provision of a Disposal Intention Notice to the Issuer, the Class A Note Trustee, the Class B Note Trustee and to the Principal Paying Agent for each class of Notes by the Borrower Security Trustee (or its Representative) of its intention to enter into a Relevant Disposal; or
- (b) the occurrence of the last occurring Class A Note Expected Maturity Date with respect to the Class A Notes outstanding at any time.

Class B Extraordinary Resolution means, in respect of a Class B Voting Matter (a) a resolution approved by the holders of not less than 90% of the aggregate Principal Amount Outstanding of the Class B Notes or (b) a resolution in writing signed by or on behalf of the holders of not less than 90% of the aggregate Principal Amount Outstanding of the Class B Notes, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Class B Noteholders.

Class B Note Expected Maturity Date means the Note Interest Payment Date falling in February 2018.

Class B Note Final Maturity Date means the Note Interest Payment Date falling in February 2042.

Class B Note Step-Down Date means the Note Interest Payment Date falling in February 2020.

Class B Voting Matter means any matter which is required to be approved by the Class B Noteholders including, without limitation:

- (a) any matter which in accordance with the Intercreditor Agreement requires the approval of the Class B Noteholders; and
- (b) any directions required or entitled to be given by Class B Noteholders pursuant to the Transaction Documents.

Eligible Investments means short term investments rated A-1/F1 by S&P and Fitch respectively.

Insolvency Official means, in respect of any company, a liquidator (except in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation; the terms of which have previously been approved either in writing by the Class B Note Trustee or by a Class B Extraordinary Resolution of the holders of any of the Class B Notes then outstanding, as the case may be), provisional liquidator, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

Insolvency Proceedings means the winding-up, dissolution, company voluntary arrangement or administration of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief from creditors or the appointment of an Insolvency Official.



Issuer Insolvency Event means:

- (a) the Issuer is unable or admits inability to pay its debts as they fall due, or suspends making payments on any of its debts after taking into account amounts available to it under the Liquidity Facility Agreement at the relevant time;
- (b) the value of the assets of the Issuer is less than the amount of its liabilities, taking into account its contingent and prospective liabilities;
- (c) a moratorium is declared in respect of any indebtedness of the Issuer;
- (d) the commencement of negotiations by the Issuer with one or more creditors of the Issuer with a view to rescheduling any indebtedness of the Issuer;
- (e) any corporate action, legal proceedings or other procedure or step is taken (whether out of court or otherwise) in relation to:
 - (i) the appointment of an Insolvency Official (excluding the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) in relation to the Issuer or in relation to the whole or any part of the undertaking of the Issuer;
 - (ii) an encumbrancer (excluding the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) taking possession of the whole or any part of the undertaking or assets of the Issuer;
 - (iii) the making of an arrangement, composition or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditors (or any class of creditors) of the Issuer, a reorganisation of the Issuer, a conveyance to or assignment for the benefit of creditors of the Issuer (or any class of creditors) or the making of an application to a court of competent jurisdiction for protection from the creditors of the Issuer (or any class of creditors); or
 - (iv) any analogous procedure or step is taken in any jurisdiction; or
- (f) any distress, execution, diligence, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of the Issuer (excluding by the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee pursuant to the Issuer Deed of Charge) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days.

Relevant Disposal means any disposal of any or all of the Holiday Parks (whether by means of a share sale or an asset sale) following enforcement of the Borrower Security, other than a disposal forming part of a sale and lease back transaction.

The expression Class B Notes shall in these Conditions (the **Class B Conditions**), unless the context otherwise requires, include any Class B Further Notes or Class B New Notes (as defined below) issued pursuant to Condition 19.1 (Class B Further Notes and Class B New Notes) and forming a single class with the Class B Notes.

The security for the Class B Notes and other Issuer Secured Creditors is created pursuant to, and on the terms set out in, a deed of charge (the **Issuer Deed of Charge**, which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated the Closing Date and made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (in this capacity the **Issuer Security Trustee**, which expression includes its successors or any other security trustee under the Issuer Deed of Charge). In addition, the obligations of the Issuer under the Class B Notes, including the amounts owing to the Class B Note Trustee under the Note Trust Deed, will also be secured (indirectly) by security created by the Topco Share Security Agreement in favour of the Borrower Security Trustee.

Pursuant to an agency agreement dated the Closing Date (the **Agency Agreement**, which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) and made between the Issuer, the Class B Note Trustee, HSBC Bank plc as principal paying agent (the **Principal Paying Agent**, which expression includes its successors and, together with such additional or other paying agents, if any, appointed from time to time in respect of the Class B Notes pursuant to the Agency Agreement, the **Paying Agents**) provision is made for, among other things, the payment of principal, premium (if any) and interest in respect of the Class B Notes. The statements in these Class B Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Issuer Deed of Charge, the Intercreditor Agreement, the Agency Agreement and the master definitions schedule signed by, amongst others, the Class B Note Trustee and the Issuer on the Closing Date (the **Master Definitions Schedule**).



Copies of the Note Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the Liquidity Facility Agreement, the Issuer/Borrower Loan Agreements, the Borrower Security Documents, the Borrower Account Bank Agreement, the Cash Management Agreement, the Issuer Account Bank Agreement, the Tax Deed of Covenant, the Working Capital Facility Agreement, the Intercreditor Agreement, the Issuer Jersey Corporate Services Agreement, the Issuer Corporate Services Agreement, the Topco Transaction Documents (all as defined in the Master Definitions Schedule) and the Master Definitions Schedule (together, the **Transaction Documents**), are obtainable during normal business hours at the specified office of the Principal Paying Agent, being at the date hereof at 8 Canada Square, London E14 5HQ. The Class B Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Note Trust Deed, the Issuer Deed of Charge, the Topco Security Documents, the Intercreditor Agreement, the Agency Agreement and the other Transaction Documents.

In these Conditions, each reference to (a) **Class B Notes** shall include the Class B Global Notes and the Class B Definitive Notes and (b) **Class B Noteholders** shall include the bearer of any Class B Notes or any coupon or talon relating thereto.

Certain statements in these Class B Conditions are summaries of the detailed provisions appearing on the face of the Class B Notes (which expression shall include the body thereof), the Note Trust Deed, the Issuer Deed of Charge and the other Transaction Documents to which the Class B Note Trustee is a party for the benefit of the Class B Noteholders.

Capitalised terms not otherwise defined in these Class B Conditions shall bear the meaning given to them in the Master Definitions Schedule obtainable as described above. These Class B Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Schedule. In these Class B Conditions, words denoting the singular number only shall include the plural number also and *vice versa*.

1. Form, Denomination and Title

- 1.1 Each Class B Note is initially represented by a temporary global note (the **Class B Temporary Global Note**), in bearer form, in the aggregate principal amount on issue of £280.0 million. Each Class B Temporary Global Note has been deposited on behalf of the subscribers of the relevant Class B Notes with a common depository (the **Common Depository**) for Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V., (**Euroclear** and, together with Clearstream, Luxembourg, the **Clearing Systems**) on the Closing Date. Upon deposit of the Class B Temporary Global Note, the Clearing Systems credited each subscriber of Class B Notes with the principal amount of Notes of the relevant class equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in each Class B Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date (the **Exchange Date**), upon certification of non-US beneficial ownership by the relevant Class B Noteholders, for interests in a permanent global note (each, a **Class B Permanent Global Note**) representing the Class B Notes, without coupons (the expressions **Class B Global Notes** and **Class B Global Note** meaning, respectively, (a) all the Class B Temporary Global Note and the Class B Permanent Global Note and (b) either the Class B Temporary Global Note or Class B Permanent Global Notes, as the context may require). On the first exchange of interests in the Class B Temporary Global Note for the Class B Permanent Global Note, the Class B Permanent Global Note will be deposited with the Common Depository for the Clearing Systems. Title to the Class B Global Notes will pass by delivery.
- 1.2 Interests in a Class B Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing Systems.
- 1.3 For so long as the Class B Notes are represented by a Class B Global Note and the Clearing Systems so permit, the Class B Note will be tradeable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000, notwithstanding that no Class B Definitive Notes (as defined below) will be issued with a denomination above £199,000.
- 1.4 If, while any of the Class B Notes are represented by a Class B Permanent Global Note (a) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Class B Note Trustee is then in existence or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Note Interest Payment Date (as defined below) be required to make any deduction or withholding from any payment in respect of such Class B Notes which would not be required were such Class B Notes in definitive form, then the Issuer will issue Class B Notes of the relevant class in definitive form (**Class B Definitive Notes**) in exchange for such Class B Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These Class B Conditions and the Transaction Documents will be amended in such manner as the Class B Note Trustee and the Issuer Security Trustee require to take account of the issue of Class B Definitive Notes.
- 1.5 Class B Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof and up to and including £199,000. Such Class B Notes will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.



- 1.6 Class B Definitive Notes are issued with coupons (and, where appropriate, a talon, attached). After all the coupons attached to, or issued in respect of, any Class B Note in bearer form which was issued with a talon have matured, a coupon sheet comprising further coupons (other than coupons which would be void) and (if necessary) one further talon will be issued against presentation of the relevant talon at the specified office of any Paying Agent.
- 1.7 Subject as set out below, title to the Class B Notes, coupons and talons will pass by delivery. The Issuer, the Class B Note Trustee and any Paying Agent will (except as otherwise required by law) deem and treat the bearer of any of the Class B Notes, coupons and talons as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Class B Global Note, without prejudice to the provisions set out in the next succeeding paragraphs.
- 1.8 For so long as any of the Class B Notes are represented by a Class B Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Class B Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Class B Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Class B Note Trustee and any Paying Agent as the holder of such nominal amount of such Class B Notes for all purposes, other than with respect to the payment of principal or interest on such nominal amount of such Class B Notes, for which purpose the bearer of the relevant Class B Global Note shall be treated by the Issuer, the Class B Note Trustee and any Paying Agent as the holder of such nominal amount of such Class B Notes in accordance with and subject to the terms of the relevant Class B Global Note.
- 1.9 The Issuer may, from time to time, create and issue Class B Further Notes (in accordance with Condition 19.1 (Class B Further Notes and Class B New Notes)) having the same terms and conditions as the Class B Notes in all respects (or in all respects except for the first payment of interest). Such Class B Further Notes shall be consolidated with the Class B Notes or sub-class thereof and form one series with the prior issues of the Class B Notes. In addition, the Issuer may, from time to time, create and issue Class B New Notes (in accordance with Condition 19.1 (Class B Further Notes and Class B New Notes)) having terms that differ from any Class B Notes and do not form a single series with any of them.
- 1.10 Accordingly the Class B Notes or any sub-class thereof may comprise a number of issues in addition to the initial issue of such Class B Notes.

2. Status, Priority and Security

2.1 Status and relationship between the Class B Notes

- (a) The Class B Notes, coupons and talons (if any) relating thereto constitute direct, secured, limited recourse and, subject as provided in Condition 11 (Enforcement), unconditional obligations of the Issuer and are secured by the same security over the assets of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but are subordinated to the Class A Notes only as to payment provisions and as to the ranking of their interest in the security provided of, and pursuant to, the Issuer Deed of Charge, the Intercreditor Agreement, and the Note Trust Deed.
- (b) The Note Trust Deed contains provisions requiring the Class B Note Trustee to have regard to the Class B Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Class B Note Trustee (except where expressly provided otherwise).
- (c) In the event of an issue of Class B Further Notes or Class B New Notes, the provisions of the Note Trust Deed, these Class B Conditions, the Issuer Deed of Charge and the other Transaction Documents, including (in the case of Class B New Notes) those concerning:
- (i) the basis on which the Class B Note Trustee and/or the Issuer Security Trustee (as applicable) will be required to exercise or perform their respective rights, powers, trusts, authorities, duties and discretions (including in circumstances where, in the opinion of the Class B Note Trustee, there is a conflict between the interests of any of the Issuer Secured Creditors);
 - (ii) the circumstances in which the Class B Note Trustee and/or the Issuer Security Trustee (as applicable) will become bound to take action, as referred to in Condition 9 (Class B Note Events of Default) and Condition 11 (Enforcement);
 - (iii) the passing of effective Class B Extraordinary Resolutions; and
 - (iv) the order of the Issuer Pre-Acceleration Priority of Payments or of the Issuer Post-Acceleration Priorities of Payment,



will be modified in such manner as the Class B Note Trustee considers necessary to reflect the issue of such Class B Further Notes or, as the case may be, Class B New Notes and any new Transaction Documents entered into in connection with such Class B Further Notes or, as the case may be, Class B New Notes and the ranking thereof and of the claims of any party to any of such new Transaction Documents in relation to the Class B Notes.

- (d) If any Class B Further Notes or Class B New Notes are issued, the Issuer will immediately advise the Central Bank and the Irish Stock Exchange accordingly, procure the publication of a notice of the issue in accordance with Condition 17 (Notice to Class B Noteholders), file a new prospectus in respect of the issue of the Class B Further Notes or Class B New Notes with the Central Bank and the Irish Stock Exchange and make such prospectus and any related agreements available at the specified office of the relevant Paying Agent.
- (e) The Class B Note Trustee and the Issuer Security Trustee shall be entitled to assume, for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to these Class B Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Class B Noteholders (or any class thereof) if the Rating Agencies have confirmed that the then current CLN ratings of the Class B Notes would not be adversely affected by such exercise.
- (f) The Class B Notes are solely the obligation of the Issuer and are not the obligation of, nor guaranteed by, any of the Class B Note Trustee, the Issuer Security Trustee, the Issuer Account Bank, the Cash Manager or the Principal Paying Agent.
- (g) Prior to the delivery of a Class B Note Acceleration Notice pursuant to Condition 9 (Class B Note Events of Default), the Issuer shall be required to apply all amounts standing to the credit of the Issuer Transaction Account in accordance with the Issuer Pre-Acceleration Priority of Payments, and following delivery of a Class B Note Acceleration Notice, the Issuer Post-Acceleration Priorities of Payments.

2.2 Security

- (a) As continuing security for the payment or discharge of the Issuer Secured Liabilities (including, without limitation, all monies payable in respect of the Class B Notes, coupons and otherwise under the Note Trust Deed and the Issuer Deed of Charge (including, without limitation, any remuneration, expenses and other claims of the Class B Note Trustee, the Issuer Security Trustee and any Receiver appointed thereunder)), the Issuer has entered into the Issuer Deed of Charge to create as far as permitted by and subject to compliance with any applicable law, and has granted to the Issuer Security Trustee, first-ranking fixed and floating charges over all the assets and undertaking of the Issuer in favour of the Issuer Security Trustee, including:
 - (i) an assignment by way of first fixed security of all the rights, title, interest and benefit, present and future, of the Issuer in, to and under each of the Transaction Documents to which it is a party, including the security trusts created under the Borrower Deed of Charge, and each other Transaction Document to which it is a party;
 - (ii) a first fixed charge over all of the rights in the amount from time to time standing to the credit of the Issuer Accounts;
 - (iii) a first fixed charge over all the rights of the Issuer in respect of all investments in Eligible Investments of the Issuer; and
 - (iv) a first floating charge over all the Issuer's assets, property, undertaking and rights whatsoever and wheresoever situated or present and future including, without limitation, the Issuer's uncalled capital other than any assets at the time otherwise effectively charged or assigned by way of the first-ranking security referred to in this Conditions 2.2(a)(i), (ii) and (iii) above.
- (b) All Class B Notes issued by the Issuer will share in the Issuer Security constituted by the Issuer Deed of Charge, upon and subject to the terms thereof and of the Intercreditor Agreement.
- (c) The Issuer Security Trustee will hold the benefit of the Issuer Security on trust for itself and the Issuer Secured Creditors.
- (d) The Note Trust Deed contains provisions detailing the Class B Note Trustee's obligations to consider the interests of the Class B Noteholders as regards all discretions of the Class B Note Trustee (except where expressly provided otherwise or as referred to in Condition 15 (Indemnification and Exoneration of the Class B Note Trustee and the Issuer Security Trustee)).



- (e) In addition the Issuer has entered into the Topco Security Documents to create, as far as permitted by and subject to compliance with any applicable law, in favour of the Borrower Security Trustee for itself and the Issuer, a first fixed charge over all shares held by Topco in CP Cayman Limited.
- (f) The Class B Noteholders will share the benefit of the Topco Share Security constituted by the Topco Security Documents, upon and subject to the terms thereof.

2.3 Enforceable Security

- (a) The Class B Note Trustee shall, in the event of the Issuer Security becoming enforceable as provided in and subject to the Issuer Deed of Charge and the Intercreditor Agreement (if directed by the Class B Noteholders), direct the Issuer Security Trustee to enforce its rights with respect to the Issuer Security (subject in all cases to the Class A Notes having been discharged in full) but without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any particular Class B Noteholder; **provided** that neither the Class B Note Trustee nor the Issuer Security Trustee shall be obliged to take any action unless they are indemnified and/or secured to their satisfaction.
- (b) After enforcement of the Issuer Security, the Issuer Security Trustee shall (to the extent that such funds are available) use funds standing to the credit of the Issuer Transaction Accounts and any other proceeds of such enforcement of the Issuer Security to make payments in accordance with the Issuer Post-Acceleration Priorities of Payments (as set out in the Intercreditor Agreement).
- (c) Subject to the terms of the Intercreditor Agreement, the Class B Note Trustee or the Issuer Security Trustee (as the case may be) may upon the occurrence of a Class B Trigger Event, for and on behalf of the Class B Noteholders, be entitled to direct the Borrower Security Trustee to (i) make a demand on the Topco Payment Undertaking, and (ii) if such demand is not met in full, to enforce the Topco Security (including, but not limited to, the enforcement of the security granted under the Topco Share Security Agreement).
- (d) The rights of the Class B Note Trustee or the Issuer Security Trustee (as the case may be) to enforce the Topco Security pursuant to Condition 11.1 (Service of notice) below will in all cases be subject to there being no actual or contingent tax liability in the Group as certified by a reputable, internationally recognised firm in accordance with the terms of the Intercreditor Agreement.

3. Covenants

- 3.1 Save with the prior written consent of the Issuer Security Trustee or as provided in or as envisaged by any of the Transaction Documents or the Class B Conditions, the Issuer shall not, so long as any Class B Note remains outstanding:
 - (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking, present or future save as permitted by the Transaction Documents;
 - (b) **Restrictions on activities:**
 - (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which these Class B Conditions or the Transaction Documents provide or envisage that the Issuer will engage;
 - (ii) have any subsidiaries (as defined in the Companies Act 2006 or the Companies (Jersey) Law 1991), any subsidiary undertakings (as defined in the Companies Act 2006) or any employees or premises;
 - (iii) amend its constitutional documents;
 - (iv) acquire any leasehold, freehold or heritable property; or
 - (v) pay or deposit any monies in consideration for the allotment and issue of its shares other than the sum of £10,000 constituting its share capital;
 - (c) **Property:** acquire or purchase any leasehold, freehold or heritable property;
 - (d) **Disposal of assets:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;



- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness or give any guarantee in respect of any financial indebtedness or of any other obligation of any person unless permitted pursuant to Condition 19 (Further Notes and New Notes);
- (g) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto, to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of these Class B Conditions or the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents or Issuer Security to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents or Issuer Security to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Issuer Security Trustee on terms acceptable to it;
- (j) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006;
- (k) **VAT:** apply to become part of any group for the purposes of section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994; or
- (l) **Surrender of group relief:** offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Part 5 of the Corporation Tax Act 2010.

3.2 Save with the prior written consent of the Issuer Security Trustee or unless otherwise permitted under any of the Transaction Documents, the Issuer shall, so long as any Class B Note remains outstanding:

- (a) maintain its books and records, accounts and financial statements separate from and not commingled with any other person or entity and use separate stationery, invoices and cheques;
- (b) hold itself out as a separate entity, conduct its business in its own name and maintain an arm's length relationship with its affiliates (if any);
- (c) pay its own liabilities out of its own funds;
- (d) not commingle its assets with those of any other entity;
- (e) observe all formalities required by its memorandum and articles of association (including maintaining adequate capital for its operations) and any other corporate formalities; and
- (f) correct, as soon as possible, any known misunderstandings regarding its separate identity.

3.3 In the event that any Obligor accedes to the Class B Issuer/Borrower Loan Agreement, the Issuer will notify the Class B Note Trustee and the Class B Noteholders in accordance with the provisions of Condition 17 (Notice to Class B Noteholders) of such accession.

4. Class B Interest

4.1 Period of accrual

Each Class B Note (or, in the case of the redemption of part only of a Class B Note, that part only of such Class B Note) will cease to bear interest from (and including) the due date for redemption unless, upon due presentation in accordance with Condition 6 (Payments), payment of the principal in respect of the Class B Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Note Trust Deed.

4.2 Class B Interest Rate and Note Interest Payment Dates

- (a) The Class B Notes bear interest on their respective Principal Amount Outstanding (i) from (and including) the Closing Date until (but excluding) the Class B Note Step-Down Date at 11.625% per annum and (ii) from (and including) the Class B Note Step-Down Date to (and including) the Class B Note Final Maturity Date, at 6.25% per annum (in each case, the applicable **Class B Interest Rate**). From (and including) the Closing Date to (but



excluding) the Class B Note Expected Maturity Date, interest will accrue on any overdue amount of principal or interest (including Additional Amounts, if any) in respect of the Class B Notes at the applicable Class B Interest Rate plus 1% per annum. For the avoidance of doubt, any failure to pay interest on any Note Interest Payment Date (as defined below) will not constitute a Class B Note Event of Default for as long as any Class A Notes remain outstanding.

- (b) Interest is payable semi-annually in arrear in pounds sterling on 28 February and 28 August, commencing on 28 August 2012 (each, a **Note Interest Payment Date**) in respect of the applicable Note Interest Period (as defined below). If, however, any such day is not a Business Day, the Note Interest Payment Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not). The period from and including the Closing Date to (but excluding) the first Note Interest Payment Date and each successive period from (and including) a Note Interest Payment Date to (but excluding) the next succeeding Note Interest Payment Date is called a **Note Interest Period**.
- (c) From (and including) the Class B Note Expected Maturity Date, the Issuer will not make payments of interest. Instead, interest will accrue on the Class B Notes at the applicable Class B Interest Rate and will be deferred and will be payable only on the earlier of (x) the date on which the Class A Notes are repaid in full and (y) the Class B Note Final Maturity Date. Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Notes at such time.
- (d) Notwithstanding the foregoing provisions in paragraph (c), if the Borrowers pay interest on the Class B Loan in accordance with the Class B Issuer/Borrower Loan Agreement, then the Issuer will be required to make the corresponding payments of interest in the Class B Notes.

4.3 Calculation of Class B Interest

Interest in respect of the Class B Notes and any overdue amount of principal or interest shall be calculated by applying the relevant rate of interest to the aggregate Principal Amount Outstanding of the Class B Notes or the aggregate amount of any overdue amount of principal or interest, as the case may be, and on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (being the Closing Date (in respect of the first such period) or a Note Interest Payment Date (in respect of subsequent such periods)) (the **Class B Accrual Date**) to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Class B Accrual Date to (but excluding) the next following Note Interest Payment Date multiplied by two. The resulting figure shall be rounded down to the nearest penny.

5. Redemption, Purchase and Cancellation

5.1 Final Redemption

- (a) Unless previously redeemed in full as provided in this Condition 5 (Redemption, Purchase and Cancellation), the Issuer shall redeem the Class B Notes at their aggregate Principal Amount Outstanding together with any accrued but unpaid interest, if any, on the Class B Note Final Maturity Date.
- (b) The Issuer may not redeem the Class B Notes in whole or in part prior to the Class B Note Final Maturity Date except as provided below in Condition 5.2 (Redemption), Condition 5.3 (Optional Redemption for taxation or other reasons) or Condition 5.4 (Early redemption following a Class B Loan Enforcement Event) but without prejudice to Condition 9 (Class B Note Events of Default).

5.2 Redemption

- (a) The aggregate Principal Amount Outstanding on each of the Class B Notes shall be repaid by the Issuer, if the Issuer has sufficient funds to enable it to do so, on the Class B Note Expected Maturity Date, subject to Condition 5.3 (Optional Redemption for taxation or other reasons), Condition 5.4 (Early redemption following a Class B Loan Enforcement Event) and Condition 5.5 (Principal Amount Outstanding), as applicable.
- (b) A failure of the Issuer to redeem in full the Class B Notes on the Class B Note Expected Maturity Date in accordance with these Class B Conditions and/or the occurrence of a Class B Note Event of Default (or any event which would constitute a Class B Note Event of Default but for Condition 9.2) will result in the Class B Note Trustee having the right (subject to the Note Trust Deed and the Intercreditor Agreement) at its discretion to, or shall, upon the instruction of holders of at least 30% of the aggregate principal amount outstanding of the Class B Noteholders direct the Borrower Security Trustee to exercise its rights under the Topco Payment Undertaking and the Topco Security Documents (a **Class B Trigger Event**). The non-payment on the Class B Note Expected Maturity Date of any principal amount which would otherwise be payable under this Condition 5.2 (Redemption) shall not constitute a Class B Note Event of Default pursuant to Condition 9 (Class B Note Events of Default).



- (c) If the proceeds realised following a Class B Trigger Event are insufficient to satisfy all amounts due under paragraph (a) above, the Issuer will be obliged to use any further amounts, if any, it receives as a result of and pursuant to the Class B Issuer/Borrower Loan Agreement to repay any outstanding amounts on the Class B Notes until the earlier of the Class B Note Final Maturity Date or the date on which the Class B Notes have been discharged in full.
- (d) In addition, promptly upon receipt by the Issuer of a notice of prepayment from a Borrower under the Class B Issuer/Borrower Loan Agreement of its intention to make prepayment in whole or in part of the Class B Loan in accordance with the Class B Issuer/Borrower Loan Agreement, the Issuer shall give not more than 60 nor less than 30 days' notice to the Class B Noteholders, the Class B Note Trustee and the Principal Paying Agent that it will apply the principal funds received from the prepayment of the Class B Loan to redeem a corresponding Principal Amount Outstanding of the Class B Notes together with accrued but unpaid interest and Additional Amounts, if any, on the aggregate Principal Amount Outstanding of such Class B Notes at the applicable redemption prices set out in the Class B Issuer/Borrower Loan Agreement (and as described in "Description of the Class B Loan — Prepayment — Optional Prepayment" in the Offering Circular).
- (e) In the case of a partial redemption of Class B Notes, the Class B Notes to be redeemed (the **Class B Redeemed Notes**) will be selected individually by lot, in the case of Class B Redeemed Notes represented by Class B Definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Class B Redeemed Notes represented by a Class B Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection, the **Selection Date**). In the case of Class B Redeemed Notes represented by Class B Definitive Notes, a list of the serial numbers of such Class B Redeemed Notes will be published in accordance with Condition 17 (Notice to Class B Noteholders) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Class B Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5.2(e) to that effect shall be given by the Issuer to the Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders) at least five days prior to the Selection Date.

5.3 Optional Redemption for taxation or other reasons

- (a) If the Issuer at any time satisfies the Class B Note Trustee immediately prior to taking the reasonable measures available to it referred to below that:
 - (i) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Note Interest Payment Date, the Issuer would be required to deduct or withhold from any payment of principal, interest or other amounts due and payable under the Class B Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or Jersey or any political sub-division thereof or any authority thereof or therein; or
 - (ii) by reason of an agreement entered into by the Issuer or any Paying Agent with the United States federal tax authorities under FATCA (as defined below) or otherwise pursuant to the provisions of FATCA on or after the Closing Date, the Issuer or any Paying Agent would be required to deduct or withhold any amount from any payment in respect of the Notes (other than any withholding or deduction which arises because the relevant holder has not entered into an agreement under the provisions of FATCA or is a "recalcitrant account holder" as that term is defined in Section 1471(d)(6) of the Code (as defined below) and any regulations or other official guidance issued thereunder); or
 - (iii) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Note Interest Payment Date, the Borrowers under the Class B Issuer/Borrower Loan Agreement would be required to deduct or withhold from any payment of principal, interest or other sum due and payable thereunder any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority of either thereof or therein; or
 - (iv) by reason of an agreement entered into by the Borrowers with the United States federal tax authorities under FATCA or otherwise pursuant to the provisions of FATCA on or after the Closing Date, the Borrowers would be required to deduct or withhold any amount from any payment in respect of the Class B Issuer/Borrower Loan Agreement (other than any withholding or deduction which arises because



the Issuer has not entered into an agreement under the provisions of FATCA or is a “recalcitrant account holder” as that term is defined in Section 1471(d)(6) of the Code (as defined below) and any regulations or other official guidance issued thereunder); or

- (v) by reason of a change in tax law, which change becomes effective on or after the Closing Date, it ceases to be a “securitisation company” (as defined in the Taxation of Securitisation Companies Regulations 2006) or otherwise entitled to relief on any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein for any amount that it is obliged to pay and satisfies the Class B Note Trustee that such change will result in a material rise in the tax liabilities of the Issuer; or
- (vi) due to a change in law, which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any advances made or to be made by it under the Class B Issuer/Borrower Loan Agreement,

then the Issuer shall, in consultation with the Borrowers and the Class B Note Trustee, takes reasonable measures to avoid the relevant event described in (i), (ii), (iii), (iv), (v) or (vi) above, (including, without limitation, appointing a Paying Agent in another jurisdiction and/or using its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction (approved in writing by the Class B Note Trustee) as principal debtor under the Class B Notes and as lender under the Class B Issuer/Borrower Loan Agreement; **provided** that the Class B Note Trustee is satisfied that taking such measures will not be materially prejudicial to the interests of the Class B Noteholders and has received confirmation from the Rating Agencies that the current rating of the then Class B Notes will not be affected.

In these Class B Conditions **FATCA** means sections 1471 through 1474 of the Code as of the date of the Offering Circular and any current or future regulations promulgated thereunder or official interpretations thereof.

The **Code** means the U.S. Internal Revenue Code of 1986.

FFI means a “foreign financial institution” as such term is defined pursuant to Section 1471(d) of the Code and any regulations or other official guidance issued thereunder.

Participating FFI means an FFI that, as from the effective date of any rules requiring withholding on “passthru payments” (as such term is defined pursuant to FATCA), meets the requirements of Sections 1471(b) of the Code and any regulations or other official guidance issued thereunder and that has not elected withholding pursuant to Section 1471(b)(3) of the Code.

- (b) If the Issuer satisfies the Class B Note Trustee immediately before giving the notice referred to below, that one or more of the events described in (a)(i), (ii), (iii), (iv), (v) or (vi) above (as the case may be) is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer may, on any Note Interest Payment Date and having given not more than 60 nor less than 30 days’ notice (or, in the case of an event described in (a)(i), (ii), (iii), (iv), (v) or (vi) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Class B Note Trustee and the Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders) (notice being irrevocable), redeem all, but not some, of the Class B Notes at their respective principal amount outstanding together with accrued but unpaid interest, if any, up to but excluding the date of redemption. Prior to giving any notice of redemption pursuant to this Condition 5.3 (Optional Redemption for taxation or other reasons), the Issuer shall deliver to the Class B Note Trustee (A) a certificate signed by two directors of the Issuer stating that (x) one or more of the events described in (a)(i), (ii), (iii), (iv), (v) or (vi) above is continuing and that the effect of the relevant event cannot be avoided by the Issuer taking reasonable measures available to it; and (y) the Issuer will have the necessary funds to pay all principal and interest due, if any, in respect of the Class B Notes on the relevant Note Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Note Interest Payment Date in priority to, or *pari passu* with, the Class B Notes under the Issuer Priorities of Payments; and (B) if required by the Class B Note Trustee, an opinion (in form and substance satisfactory to the Class B Note Trustee) of independent legal advisors of recognised standing opining on the relevant event described in (a)(i), (ii), (iii), (iv), (v) or (vi). The Class B Note Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (x) and (y) above, and it shall be conclusive and binding on the Class B Noteholders.
- (c) Notwithstanding paragraph 5.3(a) above, if:
 - (i) any of the events described in 5.3(a)(i), (ii), (iii), (iv), (v) or (vi) occurs; and
 - (ii) the corresponding obligation of the Borrowers to gross up any amounts in respect of which a deduction or withholding is required or is triggered as described under “— *Description of the Class B Loan — Additional Amounts*”, then the Issuer will pay all such Additional Amounts (as defined in the Class B Issuer/Borrower Loan Agreement) which it receives from the Borrowers as described under “— *Description of the Class B Loan — Additional Amounts*” to the Class B Note.



5.4 Early redemption following a Class B Loan Enforcement Event

If the Issuer receives (or is to receive) any monies from any Obligor following the service of a Class B Loan Enforcement Notice in accordance with the Intercreditor Agreement in repayment of all or any part of the Class B Loan, the Issuer shall, upon giving not more than ten nor less than five Business Days' notice to the Class B Note Trustee, the Issuer Secured Creditors and the Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders), apply such monies in accordance with the Issuer Pre-Acceleration Priority of Payments or the Issuer Post-Acceleration Priority of Payments, as applicable, and redeem (to the extent of such monies as are available in accordance with the relevant Issuer Priorities of Payments), each Class B Note then outstanding at its aggregate Principal Amount Outstanding *plus* accrued but unpaid interest and Additional Amounts, if any, on the relevant date for payment. In the event there are insufficient monies to redeem all the Class B Notes the Class B Notes shall be redeemed in part in the proportion with which the repayment amount bears to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding.

5.5 Principal Amount Outstanding

- (a) The **Principal Amount Outstanding** of a Class B Note on any date shall be its original principal amount less the amount of all principal payments (excluding premium payable in accordance with Condition 5.2 (Redemption)), in respect of such Class B Note which have become due and payable since the Closing Date except if and to the extent that any such payment has been improperly withheld or refused.
- (b) Each determination by or on behalf of the Issuer of any Class B Note principal payment and the aggregate Principal Amount Outstanding of a Class B Note shall in each case (in the absence of wilful default, bad faith or demonstrable or manifest error) be final and binding on all persons. As soon as practicable following a determination of a Class B Note principal payment and/or the aggregate Principal Amount Outstanding of a Class B Note, the Issuer will cause such determination of a Class B Note principal payment and/or the aggregate Principal Amount Outstanding of each Class B Note to be notified to the Class B Note Trustee and the Principal Paying Agent and will cause notice of each such determination to be given to Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders).
- (c) Within five Business Days after each Note Interest Payment Date, the Issuer will notify the Irish Stock Exchange of the aggregate Principal Amount Outstanding of each of the Class B Notes.

5.6 Notice of Redemption

Any such notice as is referred to in Condition 5.3 (Optional Redemption for taxation or other reasons), Condition 5.4 (Early redemption following a Class B Loan Enforcement Event) and Condition 5.5 (Principal Amount Outstanding) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the relevant Class B Notes at the applicable amounts specified in these Class B Conditions.

5.7 No purchase by the Issuer

- (a) The Issuer will not be permitted to purchase any Class B Notes. However the Obligors may repurchase any Class B Notes subject to the satisfaction of the terms set out in the Class B Issuer/Borrower Loan Agreement (and as described in "*Description of the Class B Loan — Certain Covenants — Class B Restricted Payment*" in the Offering Circular).
- (b) If an Obligor purchases any Class B Notes then it must surrender those Class B Notes to the Issuer immediately on the relevant date of purchase.
- (c) Upon such Class B Notes being surrendered to the Issuer in accordance with paragraph (b) above, the Class B Loan will be deemed to have been discharged in a principal amount equal to the Principal Amount Outstanding of the Class B Notes so surrendered.

5.8 Cancellation

Any Class B Notes redeemed or surrendered in accordance with Condition 5.6 (Notice of Redemption), Condition 5.7 (No purchase by the Issuer) or Condition 16 (Replacement of Class B Notes, coupons and talons) by the Issuer will be cancelled forthwith (together with, in the case of Class B Notes in bearer form, all unmaturing coupons and unexchanged talons attached thereto or surrendered therewith). Any Class B Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Class B Notes shall be discharged.



6. Payments

6.1 General

- (a) Payments in respect of principal and premium (if any) and interest subject to Condition 6.6 (Unmatured coupons and Unexchanged talons) below in respect of any Class B Global Notes will be made against presentation of such Class B Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall be notified to the Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders) for such purpose, subject, in the case of any Class B Temporary Global Note, to certification of non-US beneficial ownership as provided in such Class B Temporary Global Note. A record of each payment of principal, premium or interest made in respect of a Class B Global Note will be made on the relevant Class B Global Note by or on behalf of the Paying Agent or such other Paying Agent as aforesaid and such record shall be *prima facie* evidence that the payment in question has been made. No person from time to time in the records of either of the Clearing Systems as the holder of the Class B Note shall have any claim directly against the Issuer in respect of payments due on such Class B Note whilst such Class B Note is represented by a Class B Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Class B Global Note. Each such payment will be made in sterling at the specified office of any Paying Agent by transfer to a sterling account maintained by the payee with a bank in London.
- (b) Payments to the Class B Noteholders of principal and interest in respect of Class B Definitive Notes will, subject as mentioned below, be made against presentation and surrender (provided payment is in full) of the relevant Class B Notes (in the case of all payments of principal) and coupons (in the case of interest, save as specified in Condition 6.6 (Unmatured coupons and Unexchanged talons)), as the case may be, at the specified office of any Paying Agent outside the United States of America by transfer to an account denominated in the currency in which such payment is due with a bank in (i) the principal financial centre of that currency provided that such currency is not euro, or (ii) the principal financial centre of any Member State if that currency is euro. On the occasion of each payment, (i) in the case of any Class B Definitive Note, a record of such payment made on such Class B Note, distinguishing between any payment of principal and any payment of interest, will be made on such Class B Note by the Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made and (ii) in the case of any Class B Global Note which is issued the Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

6.2 Method of Payment

Payments will be made by credit or transfer to an account in sterling maintained by the payee with or, at the option of the payee, by a cheque in sterling drawn on a bank in London.

6.3 Payments subject to Applicable Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of this Condition 6 (Payments). No commission or expenses shall be charged to the Class B Noteholders, couponholders or holders of talons (if any) in respect of such payments.

The holder of a Class B Global Note shall be the only person entitled to receive payments of principal and interest on the Class B Global Notes (as the case may be) and the Issuer will be discharged by payment to, or to the order of, the holder of such Class B Global Note in respect of each amount paid.

6.4 Payment only on a Presentation Date

A holder shall be entitled to present a Class B Global Note for payment only on a Presentation Date (as defined below), and shall not, except as provided in Condition 4 (Class B Interest), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8 (Prescription)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Class B Global Note is presented for payment; and
- (c) in the case of payment by credit or transfer to a sterling account in London (as referred to above), is a Business Day.



6.5 Initial Paying Agents

- (a) The name of the Principal Paying Agent and its initial specified office are set out at the end of these Class B Conditions. The Issuer reserves the right, subject to the prior written approval of the Class B Note Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents (including in circumstances where the Principal Paying Agent or any Paying Agent does not become, or ceases to be, a Participating FFI at a time when the Issuer would be required to withhold or deduct any amount from any payment made by it to the Principal Paying Agent or any Paying Agent pursuant to FATCA) provided that:
- (i) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent;
 - (ii) so long as the Class B Notes are listed on an exchange, there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority;
 - (iii) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive; and
 - (iv) the Issuer will use all reasonable endeavours to ensure that at any time the Issuer would otherwise be required to withhold tax on payments to the Principal Paying Agent or any other Paying Agent pursuant to FATCA, the Principal Paying Agent and any other Paying Agents are Participating FFIs or are otherwise exempt from FATCA withholding.
- (b) Notice of any termination, variation or appointment and of any changes in specified offices will be given to the Class B Noteholders promptly by the Issuer in accordance with Condition 17 (Notice to Class B Noteholders).

6.6 Unmatured coupons and Unexchanged talons

- (a) Upon the due date for redemption of any Class B Note, unexpired coupons relating to such Class B Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (b) Upon the date for redemption of any Class B Note, any unexpired talon relating to such Class B Note (whether or not attached) shall become void and no coupon shall be delivered in respect of such talon.
- (c) Where any Class B Note is presented for redemption without all unexpired coupons and any unexpired talon relating to it, a sum equal to the aggregate amount of the missing unexpired coupons will be deducted from the amount of principal due for payment and redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (d) If the due date for redemption of any Class B Note is not a Note Interest Payment Date, interest accrued from the preceding Note Interest Payment Date, or the interest amount payable on such date for redemption, shall only be payable against presentation (and surrender if appropriate) of the relevant Class B Note and coupon.

6.7 Non-Business Days

If any date for payment in respect of any Class B Note or coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not), nor to any interest or other sum in respect of such postponed payment.

6.8 Talons

On or after the Note Interest Payment Date for the final coupon forming part of a coupon sheet issued in respect of any Class B Note, the talon forming part of such coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further coupon sheet (and if necessary another talon for a further coupon sheet) (but excluding any coupons which may have become void pursuant to Condition 8 (Prescription)). Upon the due date for redemption of any Class B Note, any unexpired talon relating to such Class B Note shall become void and no coupon will be delivered in respect of such talon.

7. Taxation

All payments in respect of the Class B Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of



whatever nature (**Taxes**), unless (a) the withholding or deduction of the Taxes is required by applicable law or (b) required pursuant to an agreement described in FATCA or otherwise imposed pursuant to FATCA. In either such event, the Issuer shall account to the relevant authorities for the amount required to be withheld or deducted. In either such event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Class B Noteholders or, as the case may be, holders of coupons of the Class B Notes after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Class B Notes or, as the case may be, coupons of the Class B Notes in the absence of the withholding or deduction; except that no such additional amounts shall be payable where such withholding or deduction is required by reason of the failure by a Class B Noteholder (or its agent or custodian) to claim or perfect an exemption from any withholding or deduction required by FATCA or otherwise comply with requirements under FATCA.

8. Prescription

8.1 Claims in respect of principal and interest on the Class B Notes or coupons (which, for this purpose, shall not include talons) will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

8.2 In this Condition 8 (Prescription), the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Class B Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders).

9. Class B Note Events of Default

9.1 Subject to the Intercreditor Agreement, the Class B Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 30% of the aggregate Principal Amount Outstanding of the Class B Notes then outstanding or if so directed by a Class B Extraordinary Resolution of the Class B Noteholders shall (subject, in each case, to being indemnified and/or secured to its satisfaction in accordance with the Note Trust Deed) give a notice (a **Class B Note Acceleration Notice**) to the Issuer declaring all of the Class B Notes immediately due and payable at any time after the occurrence of any of the following events or circumstances specified below (each such event or circumstance, a **Class B Note Event of Default**):

- (a) default being made in the payment of principal or other amounts (other than those set out in paragraph (b) below) on any Class B Notes, when due; or
- (b) default being made for a period of 30 days or more in the payment of interest or Additional Amounts (if any), on the Class B Notes, when due; or
- (c) the Issuer failing to duly perform or observe any other obligation, condition, provision, representation or warranty binding on it under the Class B Notes, Note Trust Deed, the Issuer Deed of Charge or any of the other Transaction Documents and such failure being in the opinion of the Class B Note Trustee (or, in the case of the Issuer Deed of Charge, the Issuer Security Trustee), capable of remedy, but which remains unremedied for a period of 21 days following the giving of notice by the Class B Note Trustee (or the Issuer Security Trustee, as applicable) to the Issuer requiring the same to be remedied and, in either case; **provided** that the Class B Note Trustee shall have determined that such event is, in its opinion, materially prejudicial to the interests of the Class B Noteholders; or
- (d) an Issuer Insolvency Event; or
- (e) the delivery of the Class A Note Acceleration Notice in accordance with Condition 2.3 (Enforceable Security) of the Class A Conditions; or
- (f) it is or will become unlawful for the Issuer to perform or comply with its obligations under or in respect of these Class B Conditions or any Transaction Documents to which it is a party.

9.2 Subject to the Intercreditor Agreement, until the earlier of (i) the date on which all Class A Notes are redeemed in full and (ii) the date on which the Class A Notes are accelerated, the occurrence of any of the events or circumstances described in Condition 9.1 above, which otherwise give rise to a Class B Note Event of Default, will not constitute a Class B Note Event of Default, but will constitute a Class B Trigger Event under Condition 5.2(b).

10. Acceleration

Subject to the Intercreditor Agreement, upon delivery of a Class B Note Acceleration Notice, the Class B Notes shall become immediately due and payable at their principal amount outstanding together with accrued interest, if any, and any other amounts payable in accordance with these Class B Conditions.



11. Enforcement

11.1 Service of notice

- (a) Subject to the Intercreditor Agreement, at any time after the service of a Class B Note Acceleration Notice by the Class B Note Trustee in accordance with Condition 9 (Class B Note Events of Default) above, the Class B Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 30% in aggregate Principal Amount Outstanding of the Class B Notes then outstanding, or if so directed by a Class B Extraordinary Resolution of the Class B Noteholders shall (subject, in each case, to being indemnified and/or secured to its satisfaction in accordance with the Note Trust Deed), instruct the Issuer Security Trustee to take enforcement steps in relation to the Issuer Security.
- (b) Under the terms of the Intercreditor Agreement and the Issuer Deed of Charge, if the Class B Note Trustee provides the Issuer Security Trustee with a copy of a Class B Note Acceleration Notice given to the Issuer and instructs it to take enforcement steps in relation to the Issuer Security, the Issuer Security Trustee is required to give a notice (the **Class B Note Enforcement Notice**) to the Issuer declaring the whole of the Issuer Security to be enforceable.

11.2 No Class B Note Events of Default

The Issuer, pursuant to the terms of the Note Trust Deed, shall provide on a semi-annual basis written confirmation to the Class B Note Trustee that no Class B Note Event of Default has occurred.

12. Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Class B Noteholders are limited in recourse to the property, assets and undertakings of the Issuer that are the subject of any security created by the Issuer Deed of Charge (the **Issuer Secured Property**). If:

- (a) there is no Issuer Secured Property remaining which is capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Issuer Secured Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (c) there are insufficient amounts available from the Issuer Secured Property to pay in full, in accordance with the provisions of the Issuer Deed of Charge, amounts outstanding under the Class B Notes (including payments of principal and interest),

then the Class B Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal and/or interest in respect of the Class B Notes) and such unpaid amounts shall be discharged in full and any relevant payment rights shall be deemed to cease.

13. Non-petition

- 13.1 No Class B Noteholder nor any person acting on behalf of a Class B Noteholder (other than the Class B Note Trustee or the Issuer Security Trustee or a Receiver), shall have any right to take or initiate any proceedings or steps against the Issuer to enforce rights under the Transaction Documents including without limitation by way of attachment, execution or diligence, provided that nothing shall prevent a Class B Noteholder from proving for the full amount owed to it by the Issuer in the insolvency of the Issuer.
- 13.2 No Class B Noteholder, nor any person acting on behalf of a Class B Noteholder (other than the Issuer Security Trustee or any Receiver appointed by the Issuer Security Trustee), shall initiate or join any person in initiating howsoever an Issuer Insolvency Event and it shall not be entitled to take any steps or proceedings which would result in any of the provisions described in the Intercreditor Agreement or this Condition not being observed.

14. Amendment, Supplement and Waiver

- 14.1 The Note Trust Deed contains provisions for the Class B Noteholders to consider any matter affecting their interests, including any modification of these Class B Conditions or the provisions of any of the Transaction Documents, and the relevant voting procedures and provisions. Any such matter may be put to the Class B Noteholders for their consideration by way of a **Class B Voting Notice** given by the Issuer or the Class B Note Trustee to the Class B Noteholders. Each Class B Voting Notice shall give at least 21 days' notice (exclusive of the day on which the notice is given and the day on which voting is to occur (the **Voting Date**)) specifying the Voting Date to the Class B Noteholders. Such Class B Voting Notice, which shall be in the English language, shall state the Class B Voting Matter(s) including the terms of any resolution to be proposed.



- 14.2 Except as provided below, the terms of the Class B Notes may be modified with the consent of the holders of a majority of the aggregate Principal Amount Outstanding of Class B Notes.
- 14.3 Without the consent of the holders of at least 90% of the aggregate Principal Amount Outstanding of Class B Notes, the Class B Notes may not be modified to:
- (a) reduce the principal amount of the Class B Notes whose holders must consent to an amendment, supplement or waiver;
 - (b) reduce the principal or interest on, or to change the fixed maturity of, any Class B Notes or to alter the provisions with respect to the redemption of the Class B Notes;
 - (c) reduce the rate of, or change the timing for the payment of interest, including default interest or make any Class B Note payable in money other than that stated in the Notes;
 - (d) impair the right of any Class B Noteholder to receive payment of principal and interest on such Class B Notes on or after the due date therefor;
 - (e) waive a redemption payment with respect to any Class B Notes;
 - (f) make any change in the Class B Conditions relating to waivers of defaults or Share Enforcement Events or the rights of holders of Class B Notes to receive payments of principal of, or interest, or Additional Amounts or premium, if any, on the Class B Notes;
 - (g) impair the rights of the Class B Noteholders to institute a suit for the enforcement of any payment on or with respect to the Class B Notes or the Topco Share Security;
 - (h) release Topco from its obligations under the Topco Payment Undertaking, except as provided in the Note Trust Deed, the Class B Issuer/Borrower Loan Agreement or other Transaction Documents;
 - (i) release any Issuer Security, except as provided in the Note Trust Deed, the Intercreditor Agreement or other security documents;
 - (j) amend, change or modify the Topco Payment Undertaking in a manner that adversely affects the Class B Noteholders;
 - (k) waive a default or an event of default in the payment of principal of and/or interest on the Class B Notes; or
 - (l) make any change in the preceding amendment and waiver provisions,

each, a **Class B Basic Terms Modification**.

- 14.4 Any resolution, howsoever passed, shall be binding on all the Class B Noteholders.
- 14.5 Subject to the terms of the Intercreditor Agreement, the Class B Note Trustee may agree, or may direct the Issuer Security Trustee to agree, without the consent of the Class B Noteholders, to any modification which, in the opinion of the Class B Note Trustee is:
- (a) to correct a manifest error or to cure any ambiguity, defect or inconsistency of a formal, minor or technical nature;
 - (b) to make any change that would provide the Class B Noteholders with any additional benefits or rights, or that does not adversely affect the legal rights of any such holder in any material respect;
 - (c) to allow any member of the Group established or incorporated after the Closing Date to become an Obligor;
 - (d) to provide the issuance of Class B Additional Notes in accordance with Condition 19 (Further Notes and New Notes); or



- (e) to provide for a successor Class B Note Trustee in accordance with the provisions of the Note Trust Deed.
- 14.6 Subject to the terms of the Intercreditor Agreement, the Class B Note Trustee may also, without the consent of the Class B Noteholders, determine that a Class B Note Event of Default or a Share Enforcement Event shall not, or shall not subject to specified conditions, be treated as such.
- 14.7 Any such modification, waiver, authorisation or determination shall be binding on the Class B Noteholders and, unless the Class B Note Trustee agrees otherwise, any such modification shall be notified to the Class B Noteholders as soon as practicable thereafter in accordance with Condition 17 (Notice to Class B Noteholders).
- 14.8 The Class B Note Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, among other things, to the extent that it considers, in its sole and absolute discretion, it is necessary and/or appropriate, and/or relevant, any confirmation by any Rating Agency (whether or not such confirmation is addressed to, or provides that it may be relied upon by, the Class B Note Trustee and irrespective of the method by which such confirmation is conveyed) (a) that the then current rating by it of the relevant class of Class B Notes would not be downgraded, withdrawn or qualified by such exercise or performance and/or (b) if the original rating of the relevant class of Class B Notes has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such class of the Class B Notes.
- 14.9 Subject to the terms of the Intercreditor Agreement in connection with any such substitution of principal debtor as is referred to in Condition 5.3 (Optional Redemption for taxation or other reasons), the Class B Note Trustee and the Issuer Security Trustee may also agree, without the consent of the Class B Noteholders, to a change in the laws governing the Class B Notes, these Class B Conditions and/or the Transaction Documents, provided that such change would not, in the opinion of the Class B Note Trustee be materially prejudicial to the interests of the Class B Noteholders.
- 14.10 Where the Class B Note Trustee is required to have regard to the interests of the Class B Noteholders, it shall have regard to the interests of such Class B Noteholders as a class and, in particular but without prejudice to the generality of the foregoing, shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Class B Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Class B Note Trustee shall not be entitled to require, nor shall any Class B Noteholder be entitled to claim, from the Issuer to any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Class B Noteholders.
- 15. Indemnification and Exoneration of the Class B Note Trustee and the Issuer Security Trustee**
- 15.1 The Note Trust Deed and the Intercreditor Agreement contain provisions governing the responsibility (and relief from responsibility) of the Class B Note Trustee and the Issuer Security Trustee, respectively, and providing for their indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or, in the case of the Issuer Security Trustee, enforcing the Issuer Security unless indemnified and/or secured to their satisfaction.
- 15.2 The Note Trust Deed and the Intercreditor Agreement also contain provisions pursuant to which the Class B Note Trustee and the Issuer Security Trustee and their related companies are entitled, amongst other things, to (a) enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustees for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Class B Noteholders, and (c) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.
- 16. Replacement of Class B Notes, coupons and talons**
- If any Class B Note, coupon or talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Class B Note will only be made on payment of such costs, by the respective Class B Noteholder, as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Class B Notes, coupons or talons must be surrendered before new ones will be issued.
- 17. Notice to Class B Noteholders**
- 17.1 Any notice shall be deemed to have been duly given to the Class B Noteholders if sent to the Clearing Systems for communication by them to the holders of the Class B Notes and shall be deemed to be given on the date on which it



was so sent and shall also be published in the following manner. In respect of Class B Definitive Notes, any notice to the Class B Noteholders shall be validly given if published in a leading daily newspaper printed in the English language and with general circulation in London and Ireland (which is expected to be the *Financial Times* and in the *Irish Times*, respectively) and (so long as the relevant Class B Notes are admitted to trading on and listed on an exchange), any notice shall also be published in accordance with the relevant listing rules and regulations.

- 17.2 Class B Noteholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Class B Notes in bearer form in accordance with this Condition 17 (Notice to Class B Noteholders).
- 17.3 A copy of each notice given in accordance with this Condition 17 (Notice to Class B Noteholders) shall be provided to the Rating Agencies, and so long as the Class B Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.
- 17.4 The Class B Note Trustee shall be at liberty to sanction some other method of giving notice to the Class B Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Class B Notes are then admitted to trading and listed and provided that notice of such other method is given to the Class B Noteholders in such manner as the Class B Note Trustee shall require.

18. Notification

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class B Notes will be deferred or that a payment previously deferred will be made in accordance with these Class B Conditions, the Issuer will give notice thereof to the Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders), and so long as the Class B Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.

19. Further Notes and New Notes

19.1 Class B Further Notes and Class B New Notes

- (a) The Issuer may, without the consent of the Class B Noteholders, but subject always to the provisions of these Class B Conditions and the Note Trust Deed, at its option, raise further funds, from time to time, on any date by the creation and issue of:
- (i) further Class B Notes carrying the same terms and conditions in all respects (or in all respects except in relation to the first Note Interest Period and first Note Interest Payment Date, the issue date, first coupon and initial principal amount outstanding) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class B Notes (the **Class B Further Notes**); and/or
 - (ii) new notes which may equally have terms and conditions that differ from the Class B Notes and which do not form a single series with the Class B Notes (**Class B New Notes**).
- (b) It shall be a condition precedent to issue any Class B Further Notes and/or Class B New Notes (together, the **Class B Additional Notes**) that:
- (i) the aggregate principal amount of all such Class B Additional Notes to be issued on such date is not less than £5.0 million;
 - (ii) the Rating Agencies have confirmed that any Class B Additional Notes are assigned the same ratings (or better) as are then applicable to the Class B Notes with which they are to be consolidated and form a single series;
 - (iii) the Rating Agencies have confirmed that the ratings of the Class B Notes at that time outstanding are not downgraded, withdrawn or qualified as a result of such issue of Class B Further Notes or, as the case may be, Class B New Notes, and none of such ratings is lower than it was upon the date of issue of any of the Class B Notes;
 - (iv) an amount equal to the gross proceeds of such Class B Further Notes or, as the case may be, the Class B New Notes (with an amount in respect of any issue expenses or commissions agreed to be paid by way of fee by the Borrowers pursuant to the Class B Issuer/Borrower Loan Agreement) is applied by the Issuer to make a loan to the Borrowers pursuant to the Class B Issuer/Borrower Loan Agreement and the conditions precedent therein for an advance under any Additional Class B Facilities are satisfied;
 - (v) the Class B Note Trustee has received a legal opinion satisfactory to it in relation to, *inter alia*, the issue of the Class B Further Notes, or as the case may be, the Class B New Notes from a reputable international law firm; and



- (vi) no Class B Note Event of Default has occurred and is continuing (which has not been waived) or would occur as a result of such issue.
- (c) Nothing in this Condition 19 (Class B Further Notes and Class B New Notes) prohibits the Issuer from issuing Class A Further Notes and/or Class A New Notes in accordance with the Class A Conditions.

19.2 Deeds and Security

Any such Class B Further Notes or Class B New Notes will be constituted by a further deed or deeds supplemental to the Note Trust Deed and have the benefit of the security constituted by the Issuer Deed of Charge. Any of the Transaction Documents may be amended as provided in Condition 2.1(c) (Status and relationship between the Class B Notes) or otherwise, and further Transaction Documents may be entered into, in connection with the issue of such Class B Further Notes or Class B New Notes and the claims of any of the parties to any amended Transaction Document or any further Transaction Document may rank *pari passu* with or behind, the Class B Notes, provided, in each case, that the conditions set out in Condition 19.1(a) have been satisfied, *mutatis mutandis*.

20. Class B Call Option

- 20.1 The Class B Notes are issued with the benefit of the Class B Call Option (as defined in and set out in the Intercreditor Agreement).
- 20.2 If a Class B Call Option Trigger Event occurs, then subject to and in accordance with the terms of the Class B Call Option and the other terms of the Intercreditor Agreement, any Class B Noteholder will be entitled (but not obliged) to purchase all (but not some) of the then outstanding Class A Notes at a price equal to the then aggregate Principal Amount Outstanding of the Class A Notes together with accrued but unpaid interest.
- 20.3 Following notification of the occurrence of any Class B Call Option Trigger Event by or on behalf of the Issuer to the Class B Noteholders (such notification, the **Class B Call Option Notice**), any Class B Noteholders who wish to exercise the Class B Call Option must comply with the terms (as to procedures and timing for payment and settlement) set out in the Class B Call Option Notice in order to purchase the Class A Notes in such proportions as the terms of the Intercreditor Agreement may specify.

21. European Economic and Monetary Union

21.1 Notice of redenomination

The Issuer may, without the consent of the Class B Noteholders, and on giving at least 30 days' prior notice to the Class B Noteholders, the Class B Note Trustee and the Principal Paying Agent, designate a date (the **Redenomination Date**), being a Note Interest Payment Date falling on or after the date on which the UK becomes a Member State.

21.2 Redenomination

Notwithstanding the other provisions of these Class B Conditions, with effect from the Redenomination Date:

- (a) the Class B Notes denominated in sterling (the **Class B Sterling Notes**) shall be deemed to be redenominated into euro in the denomination of €0.01 with a principal amount for each Class B Note equal to the principal amount of that Class B Note in sterling, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty establishing the European Union, as amended (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer determines, that the then current market practice in respect of the redenomination into €0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Class B Noteholders, the Irish Stock Exchange (or any stock exchange (if any) on which the Class B Notes are then listed) and the Principal Paying Agent of such deemed amendments;
- (b) if Class B Notes have been issued in definitive form:
 - (i) all Class B Notes denominated in sterling will become void with effect from the date (the **Euro Exchange Date**) on which the Issuer gives notice (the **Euro Exchange Notice**) to the Class B Noteholders and the Class B Note Trustee that replacement Class B Notes denominated in euro are available for exchange (provided that such Class B Notes are available) and no payments will be made in respect thereof;
 - (ii) the payment obligations contained in all Class B Notes denominated in sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Class B Notes in accordance with this Condition 21 (European Economic and Monetary Union)) shall remain in full force and effect; and



- (iii) new Class B Notes denominated in euro will be issued in exchange for Class B Sterling Notes in such manner as the Issuer may specify and as shall be notified to the Class B Noteholders in the Euro Exchange Notice;
- (c) all payments in respect of the Class B Sterling Notes will be made solely in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any Member State; and
- (d) a Class B Note may only be presented for payment on a day which is a business day in the place of presentation.

21.3 Interest

Following redenomination of the Class B Notes pursuant to this Condition 21 (European Economic and Monetary Union) where Class B Sterling Notes have been issued in definitive form, the amount of interest due in respect of the Class B Sterling Notes will be calculated by reference to the aggregate principal amount of the Class B Sterling Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01.

22. Rights of Third Parties

No rights are conferred under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Class B Notes or these Class B Conditions, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

23. Governing Law

Each of the Transaction Documents, the Class B Global Notes, the coupons and the talons (if any) and these Class B Conditions (and, in each case, any non-contractual obligations arising out of or in connection with the relevant document) are governed by, and shall be construed in accordance with, English law (other than the Issuer Jersey Corporate Services Agreement, the Issuer Deed of Charge (to the extent governed by Jersey law), the Security Interest Agreement and the Topco Share Security Agreement, which will be governed by, and construed in accordance with, Jersey law and Cayman law, respectively).

24. Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any dispute including any dispute as to any non-contractual obligations that may arise out of or in connection with the Class B Notes, the coupons and the talons (if any) and the Transaction Documents (save to the extent governed by Jersey law) to which the Issuer is party and, accordingly, any legal action or proceedings arising out of or in connection with the Class B Notes, the coupons and the talons (if any) and/or the Issuer Transaction Documents may be brought in such courts. The Issuer has in each of the Issuer Transaction Documents to which it is a party irrevocably submitted to the jurisdiction of such courts.



DESCRIPTION OF THE CLASS B LOAN

Under the terms of the Class B Issuer/Borrower Loan Agreement, the Issuer will agree to make available to the Borrowers on the Closing Date the facilities as described below. The following is a summary of certain provisions of the Class B Issuer/Borrower Loan Agreement. It is qualified in its entirety by reference to the detailed provisions of the Class B Issuer/Borrower Loan Agreement. Capitalised terms used, but not defined in this “Description of the Class B Loan” shall have the meaning given to them in the section “Certain Definitions” set out in the Offering Circular, the Class A Conditions, the Description of the Class A Loans or the Class B Conditions, as applicable.

On the Closing Date, the proceeds of the issue of the Class B Notes will be applied by the Issuer to make advances to the Borrowers in an aggregate principal amount of £280.0 million pursuant to the terms of the Class B Issuer/Borrower Loan Agreement. Pursuant to that agreement, the Issuer will provide to the Borrowers a secured facility in an aggregate principal amount of £280.0 million (the **Class B Facility** and the advance thereunder, the **Class B Loan**) which will be contractually subordinated to the Class A Facilities pursuant to the terms of the Intercreditor Agreement.

The economic terms and conditions of the Class B Facility (including, among other things, in relation to the payment of interest and the repayment and prepayment of principal) will be broadly similar to the terms and conditions of the Class B Notes.

On the Closing Date, the entities specified as such in the Class B Issuer/Borrower Loan Agreement (being, Forest Cayco Topco, Forest Luxco S.à r.l., Forest Cayco and Forest Cayco Subtopco, all of which are non-trading entities) will be Unrestricted Subsidiaries.

REPAYMENT

The Borrowers must repay the Class B Loan in full on the Class B Loan Final Maturity Date to the extent not repaid, prepaid or otherwise discharged in full prior to that date.

The occurrence of the Class B Loan Expected Maturity Date does not in and of itself result in any outstanding principal amounts under the Class B Loan becoming due. However, if, on the Class B Loan Expected Maturity Date the Class B Loan remains outstanding, Topco will be required, under the terms of the Topco Payment Undertaking, to procure the payment of an amount equal to the aggregate of: (a) the then outstanding principal balance on the Class B Loan; (b) accrued but unpaid interest then outstanding in respect of the Class B Loan; and (c) all other amounts due and payable by the Obligors to the Issuer under the Class B Issuer/Borrower Loan Agreement. Failure by Topco to pay such amount will give the right to the Borrower Security Trustee (on instruction from the Class B Note Trustee as directed by the Class B Noteholders) to enforce the Topco Share Security granted to it (on trust for the Issuer) by Topco over the shares Topco holds in CP Cayman Limited.

PREPAYMENT

Optional prepayment

- (a) At any time prior to 28 February 2015, the Borrowers may on any one or more occasions prepay up to 40% of the aggregate principal amount of the Class B Loan at a prepayment price equal to 112.625% of the principal amount of the Class B Loan prepaid upon not less than 30 nor more than 60 days’ notice, plus accrued and unpaid interest and Additional Amounts, if any, to the date of prepayment (subject to the rights of the Issuer to receive interest on the relevant Loan Interest Payment Date), with the net cash proceeds of an Equity Offering, **provided that**:
 - (i) at least 60% of the aggregate principal amount of the initial Class B Loan remains outstanding immediately after the occurrence of such prepayment; and
 - (ii) the prepayment occurs within 180 days of the date of the closing of such Equity Offering.
- (b) At any time prior to 28 February 2015, the Borrowers may on any one or more occasions, at their option, prepay all or a part of the Class B Loan upon not less than 30 nor more than 60 days’ prior notice, at a prepayment price equal to 100% of the principal amount of the Class B Loan prepaid, plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to the date of prepayment (subject to the rights of the Issuer to receive interest due on the relevant Loan Interest Payment Date).
- (c) Except as described in paragraphs (a) and (b) above and set out under “ — Taxes — Repayment for taxation reasons”, the Class B Loan will not be pre-payable at the Borrowers’ option prior to 28 February 2015.
- (d) On or after 28 February 2015, the Borrowers may on any one or more occasions prepay all or a part of the Class B Loan upon not less than 30 nor more than 60 days’ prior notice, at the prepayment prices (expressed as percentages of principal amount) set out below, plus accrued and unpaid interest and Additional Amounts, if any, on the Class B Loan prepaid, to the applicable date of prepayment, if prepaid during the 12-month period beginning on 28 February of the years indicated below, subject to the rights of the Issuer to receive interest on the relevant Loan Interest Payment Date:

<u>Year</u>	<u>Redemption Price</u>
2015	105.8125%
2016	102.9063%
2017 and thereafter	100.0000%



- (e) Unless the Borrowers default on the payment of the prepayment price, interest will cease to accrue on the Class B Loan or portions thereof called for prepayment on the applicable prepayment date.
- (f) Any prepayment or notice may, at the Borrowers' discretion, be subject to the satisfaction of one or more conditions precedent.
- (g) Upon any prepayment of the Class B Loan pursuant to this covenant, the Issuer will redeem a *pro rata* portion of the Class B Notes in accordance with the Class B Conditions.

Mandatory Prepayment

The Borrowers shall, within one Business Day of receipt of any monies received by the Borrowers under the Topco Payment Undertaking, apply such monies to prepay the maximum amount of the Class B Loan (together with all accrued and unpaid interest and Additional Amounts, if any) that may be prepaid with such monies.

INTEREST

Calculation of interest

The rate of interest on the Class B Loan for each Loan Interest Period (as defined below) is the percentage per annum as follows:

- (a) in respect of any Loan Interest Period falling in the period starting on (and including) the Closing Date and terminating on (and excluding) the Class B Loan Step-Down Date, 11.625% per annum; and
- (b) in respect of any Loan Interest Period falling after (and including) the Class B Loan Step-Down Date up to the Class B Loan Final Maturity Date, 6.25% per annum,

(each, the applicable **Class B Interest Rate**).

The period from (and including) the Closing Date to (but excluding) the first Loan Interest Payment Date and each successive period from (and including) a Loan Interest Payment Date to (but excluding) the next succeeding Loan Interest Payment Date, is called a **Loan Interest Period**.

Payment of interest

- (a) Subject to paragraphs (b) and (c) below, the Borrowers must pay accrued interest on the Class B Loan on each Loan Interest Payment Date.
- (b) From (and including) the Closing Date to (but excluding) the Class B Loan Expected Maturity Date (as defined below), interest will accrue on any overdue amount of principal or interest (including Additional Amounts, if any) in respect of the Class B Loan at the applicable Class B Interest Rate plus 1% per annum. For the avoidance of doubt, any failure to pay interest on a Loan Interest Payment Date will not constitute a Class B Loan Event of Default for as long as any Class A Notes remain outstanding. The **Class B Loan Expected Maturity Date** will be the date falling three Business Days prior to the Class B Note Expected Maturity Date.
- (c) From (and including) the Class B Loan Expected Maturity Date, the Borrowers will not make payments of interest. Instead, interest will accrue on the Class B Loan at the Class B Interest Rate until (and including) the Class B Loan Final Maturity Date but will be deferred and will be payable only on the earlier of (x) the date on which the Class A Loans are repaid in full and (y) the Class B Note Final Maturity Date (as defined below). Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Loan at such time. Notwithstanding the foregoing, the Class B Loan may be repaid prior to the Class B Loan Final Maturity Date using (A) New Equity Funds received by the Borrowers, (B) funds available following the enforcement of the Topco Security, and/or (C) following the enforcement of the Transaction Security to the extent funds are available for this purpose pursuant to the applicable Priorities of Payments (as described under "*Intercreditor Agreement*"). Interest will accrue on such deferred interest at the rate otherwise payable on unpaid principal of such Class B Notes at such time. The **Class B Note Final Maturity Date** will be the Note Interest Payment Date falling in 28 February 2042.

PAYMENTS

Unless a Class B Finance Document specifies that payments under it are to be made in another manner, all payments by any Obligor to the Issuer under the Class B Finance Documents must be made to the Issuer Transaction Account (or such other account as the Issuer or, following a Class B Loan Event of Default, the Borrower Security Trustee may specify to the Borrowers by not less than ten Business Days' prior written notice).



TAXES

Additional Amounts

- (a) In the event that (i) any deduction or withholding for, or on account of, any Taxes is required to be made from payments made by the Issuer under or with respect to the Class B Notes and (ii) the Issuer is required under the Class B Conditions to pay additional amounts (the **Additional Amounts**) on the Class B Notes such that the net amounts received by each holder of Class B Notes after such withholding or deduction (including any such withholding or deduction in respect of such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction, the Issuer shall promptly give written notice of such requirement to the Borrowers and each Borrower will pay such Additional Amounts as specified in such notice as may be necessary for the Issuer to comply with its obligations under the Class B Conditions.
- (b) Each Obligor must make all payments to be made by it under the Class B Finance Documents without any Tax Deduction, unless a Tax Deduction is required by law.
- (c) If an Obligor or the Issuer (or any permitted assignee) is aware that an Obligor must make a Tax Deduction (or that there is a change in the rate or the basis of a Tax Deduction), it must promptly notify the other Parties.
- (d) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from the Obligor will be increased by an amount (also an Additional Amount) that (after making the Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (e) If an Obligor is required to make a Tax Deduction, that Obligor must make the minimum Tax Deduction allowed by law and must make any payment required in connection with that Tax Deduction within the time allowed by law.
- (f) Within 30 days of making either a Tax Deduction or a payment required in connection with a Tax Deduction, the Obligor making that Tax Deduction or payment must deliver to the Issuer evidence satisfactory to the Issuer that the Tax Deduction has been made or (as applicable) the appropriate payment has been paid to the relevant taxing authority.

Repayment for taxation reasons

- (a) The Borrowers may repay the Class B Loan in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the Issuer and the Borrower Security Trustee (which notice will be irrevocable) at a repayment price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for repayment (a **Tax Repayment Date**) (subject to the right of the Issuer to receive interest due on the relevant Loan Interest Payment Date) and all Additional Amounts, if any, then due and which will become due on the Tax Repayment Date as a result of the repayment or otherwise, if any, if the Issuer, Borrowers or Guarantors determine in good faith that, as a result of:
 - (i) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or
 - (ii) any change in, or amendment to, an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in paragraphs (i) and (ii), a **Change in Tax Law**),

the Issuer, Borrowers or Guarantors are, or on the next interest payment date in respect of the Class B Loan and Class B Notes would be, required to pay any Additional Amount pursuant to “— *Additional Amounts*” or the Issuer has the right to redeem the Class B Notes upon the occurrence of any of the events listed in Condition 5.3 of the Class B Conditions as set out in the Note Trust Deed (each, a **Class B Note Tax Event**), and such obligation cannot be avoided by taking reasonable measures available to the Issuer, Borrowers or Guarantors (including, for the avoidance of doubt, the appointment of a new Principal Paying Agent where this would be reasonable and, in the case of a payment by a Guarantor, having the Borrowers or another Guarantor make the payment, but not including assignment of the obligation to make payment with respect to the Class B Loan). In the case of repayment due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of the Offering Circular, such Change in Tax Law must become effective on or after the date of the Offering Circular. In the case of repayment due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of the Offering Circular, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Issuer, Borrowers or Guarantors. The Borrowers will promptly notify the



Issuer and the Borrower Security Trustee if they elect to repay the Class B Loan pursuant to this covenant. Upon receipt of such notice, the Issuer will publish a notice of redemption for taxation reasons of the Class B Notes in accordance with the procedures described in the Class B Conditions. Notwithstanding the foregoing, no such notice of repayment will be given (a) earlier than 90 days prior to the earliest date on which the Borrowers or Guarantors would be obliged to make such payment of Additional Amounts pursuant to “— *Additional Amounts*” and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts pursuant to “— *Additional Amounts*” remains in effect. Prior to the publication or mailing of any notice of redemption of the Class B Notes pursuant to the Class B Conditions, the Issuer or Borrowers will deliver to the Borrower Security Trustee an Officer’s Certificate stating that it is entitled to effect such repayment and setting forth a statement of facts showing that the conditions precedent to its right so to repay have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it. The Borrower Security Trustee will accept such Officer’s Certificate as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Issuer or the Borrowers and thereafter the Borrowers must repay or prepay the Class B Loan in full on the date specified in paragraph (b) below and the Issuer will redeem all of the Class B Notes in accordance with the Class B Conditions.

- (b) The date for repayment or prepayment of the Class B Loan will be the earlier of:
 - (i) the Loan Interest Payment Date in respect of the then current Loan Interest Period; or
 - (ii) the date specified by the respective Borrowers in their notification.

CLASS B CHANGE OF CONTROL

- (a) If a Class B Change of Control occurs, the Borrowers will make an offer to the holders of the Class B Notes (a **Class B Change of Control Offer**) to repurchase all or any part (equal to £100,000 or an integral multiple of £1,000 in excess thereof) of the Class B Notes held by such holders. In the Class B Change of Control Offer, the Borrowers will offer a payment equal to 101% of the aggregate principal amount of Class B Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Class B Notes repurchased to the date of purchase (the **Class B Change of Control Payment**), subject to the rights of holders of Class B Notes on the relevant record date to receive interest due on the relevant interest payment date.
- (b) Unless the Borrowers have unconditionally exercised their right to repay all of the Class B Loan as set out in “— *Prepayment — Optional prepayment*” or all conditions to such repayment have been satisfied or waived, within 30 days following any Class B Change of Control, the Borrowers will be obliged to deliver a notice to the Issuer, the Class B Note Trustee and each holder of the Class B Notes in accordance with the Class B Conditions, stating:
 - (i) that a Class B Change of Control Offer is being made and that all Class B Notes tendered will be accepted for payment;
 - (ii) the purchase price and the prepayment date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the **Class B Change of Control Payment Date**);
 - (iii) that any Class B Note not tendered will continue to accrue interest;
 - (iv) that, unless the Borrowers default in the payment of the Class B Change of Control Payment, all Class B Notes accepted for payment pursuant to the Class B Change of Control Offer will cease to accrue interest after the Class B Change of Control Payment Date;
 - (v) that holders of Class B Notes electing to have any Class B Notes purchased pursuant to a Class B Change of Control Offer will be required to transfer the Class B Notes to the nominated account as specified in the notice of the Class B Change of Control Offer;
 - (vi) that holders of Class B Notes will be entitled to withdraw their election if they deliver notice to the Borrower (at such facsimile number or address as specified in the notice of the Class B Change of Control Offer), not later than the close of business on the second Business Day preceding the Class B Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the holder of Class B Notes, the principal amount of Class B Notes delivered for purchase, and a statement that such holder is withdrawing its election to have the Class B Notes purchased; and
 - (vii) that holders of Class B Notes whose Class B Notes are being purchased only in part will be issued new Class B Notes equal in principal amount to the unpurchased portion of the Class B Notes surrendered, which unpurchased portion must be equal to £100,000 in principal amount or an integral multiple of £1,000 in excess thereof.



- (c) The Borrowers will be required to comply with the applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Class B Notes as a result of a Class B Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions described in this section, the Borrowers will comply with the applicable securities laws and regulations and will not be deemed to have breached their obligations under the provisions described in this section by virtue of such compliance.
- (d) On the Class B Change of Control Payment Date, to the extent lawful:
- (i) the Borrowers will accept for purchase all or portions of Class B Notes properly tendered pursuant to the Class B Change of Control Offer;
 - (ii) the Borrowers will deposit with the Paying Agent an amount equal to the Class B Change of Control Payment in respect of all or portions of Class B Notes properly tendered by such holder for payment into the account of each tendering holder of Class B Notes (as specified in such holder's acceptance of the Class B Change of Control Offer) no later than five days after the Class B Change of Control Payment Date and no later than 60 days from the date the notice set forth in paragraph (b) has been mailed to holders of Class B Notes; and
 - (iii) the Borrowers will deliver or cause to be delivered to the Issuer the Class B Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Class B Notes being purchased by the Borrowers and the Issuer shall then deliver such Class B Notes to the Paying Agent and shall take all other actions and deliver all documents and certificates as are required under the Note Trust Deed or requested by the Paying Agent to effect a cancellation of such Class B Notes.
- (e) The Borrowers will not be required to make a Class B Change of Control Offer upon a Class B Change of Control if (1) a third party makes the Class B Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set out in the Class B Issuer/Borrower Loan Agreement applicable to a Class B Change of Control Offer made by the Borrowers and purchases all Class B Notes properly tendered and not withdrawn under the Class B Change of Control Offer, or (2) notice of redemption has been given pursuant to "*— Prepayment — Optional prepayment*", unless and until there is a default in payment of the applicable redemption price by the Borrowers in connection with the repayment of the Class B Loan or by the Issuer in connection with the redemption of a *pro rata* portion of the Class B Notes.
- (f) The Issuer will be required to cooperate with the Borrowers in connection with any Class B Change of Control Offer (including, without limitation, by delivering such notices to the Class B Note Trustee and the holders of Class B Notes as the Borrowers may require in order to enable the Borrowers to comply with the foregoing provisions of this paragraph), and the Borrowers will bear the cost of any such Class B Change of Control Offer. Upon the repurchase of any Class B Notes pursuant to a Class B Change of Control Offer, the Issuer will discharge a *pro rata* portion of the Class B Loan.

CERTAIN COVENANTS

Class B Financial Covenant

Required Class B FCF DSCR

- (a) Subject to "*— Cure right*" as set out below, the Borrowers must ensure that, on each Financial Covenant Test Date, the ratio of Class B FCF to the Class B Total Debt Service Charges (such ratio, expressed as a percentage, the **Class B FCF DSCR**) for the applicable FCF DSCR Period is equal to or greater than 100%.
- (b) In respect of the calculation of the Class B FCF DSCR on the first Financial Covenant Test Date, the Class B Total Debt Service Charges will be deemed to be for the four relevant Accounting Periods equal to the actual annualised Consolidated Interest Expense payable by Topco and its Restricted Subsidiaries from the Closing Date to the first Financial Covenant Test Date.

For these purposes each of Topco and its Restricted Subsidiaries shall set their Accounting Periods such that the end date of each Accounting Period immediately preceding each Financial Covenant Test Date shall be a date which is not more than 12 weeks prior to such Financial Covenant Test Date.

Cure right

- (a) If:
- (i) as at a Financial Covenant Test Date (as described in this paragraph, the **Relevant Financial Covenant Test Date**), the Class B FCF DSCR is less than 100%;
 - (ii) within the period of 30 days thereafter, the Borrowers procure that either:
 - (A) the Class A Loans and/or the Class B Loan are prepaid in part; and/or



(B) funds are deposited into (or remain in) the Defeasance Account, using or having been funded by New Equity Funds (the amount so prepaid or deposited, the **Class B Specified Amount**); and

(iii) the Recalculated Class B FCF DSCR is not less than 100%,

then for all purposes thereafter (including, without limitation, as to any determination of the occurrence of a Share Enforcement Event or a Class B Loan Event of Default) the Class B FCF DSCR as at the Relevant Financial Covenant Test Date shall be deemed to have been the same as the Recalculated Class B FCF DSCR.

(b) The Borrower Security Trustee must, as soon as is reasonably practicable after being so requested, but in any event not earlier than the Business Day following the Financial Covenant Test Date immediately following the Relevant Financial Covenant Test Date, consent to the release of funds from the Defeasance Account (deposited in the Defeasance Account pursuant to paragraph (a) above) if and to the extent that, following such release, the Recalculated Class B FCF DSCR (disregarding the Class B Specified Amount (if any) requested to be so released) remains at or greater than 100% (as certified by CP Opc in the Class B compliance certificate to be provided in connection with such Relevant Financial Covenant Test Date).

Limitation on Financial Indebtedness

(a) Topco will not, and will not cause or permit any of its Restricted Subsidiaries to, Incur any Financial Indebtedness (including Acquired Indebtedness), **provided, however**, that Topco and any Obligor may Incur Financial Indebtedness if the Issuer obtains a Rating Agency Confirmation in respect of the Class B Notes.

(b) The provisions described in paragraph (a) above will not prohibit the Incurrence of the following Financial Indebtedness (collectively, **Permitted Financial Indebtedness**):

(i) Financial Indebtedness Incurred by any Obligor pursuant to any working capital facility in a maximum aggregate principal amount at any time outstanding not exceeding £30.0 million;

(ii) (A) Guarantees by Topco or any of its Restricted Subsidiaries of Financial Indebtedness of Topco or any of its Restricted Subsidiaries in each case so long as the Incurrence of such Financial Indebtedness is permitted under the terms of the Class B Issuer/Borrower Loan Agreement; or

(B) without limiting the provisions described in “— *Limitations on Liens*”, Financial Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Financial Indebtedness of Topco or any of its Restricted Subsidiaries so long as the Incurrence of such Financial Indebtedness is permitted under the terms of the Class B Issuer/Borrower Loan Agreement;

(iii) Financial Indebtedness of Topco owing to and held by any Restricted Subsidiary or Financial Indebtedness of a Restricted Subsidiary owing to and held by Topco or by any Restricted Subsidiary; **provided, however**, that:

(A) if any Obligor is the obligor on such Financial Indebtedness and the payee is not an Obligor, such Financial Indebtedness must be unsecured and expressly subordinated to the extent required by the Intercreditor Agreement to the prior payment in full of the Obligations under the Class B Issuer/Borrower Loan Agreement;

(B) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Financial Indebtedness being beneficially held by a Person other than Topco or a Restricted Subsidiary of Topco; and

(C) any sale or other transfer of any such Financial Indebtedness to a Person other than Topco or a Restricted Subsidiary of Topco,

shall be deemed, in each case, to constitute an Incurrence of such Financial Indebtedness by Topco or such Restricted Subsidiary, as the case may be, not permitted as described in this paragraph (iii);

(iv) any Financial Indebtedness represented by (A) the Class A Loans and the Class B Loan (other than any Additional Class A Loans and Additional Class B Loan), (B) any Financial Indebtedness (other than Financial Indebtedness described in paragraphs (i) and (iii)) outstanding on the Closing Date, (C) Refinancing Financial Indebtedness Incurred in respect of any Financial Indebtedness described in this paragraph (iv) or below in paragraphs (v), (vii) or (xii) or Incurred pursuant to the provisions described in paragraph (a) above and (D) Management Advances;



- (v) Financial Indebtedness of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of Topco or another Restricted Subsidiary of Topco or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) Topco or any of its Restricted Subsidiaries (other than Financial Indebtedness Incurred (A) to provide all or any portion of the funds utilised to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by Topco or a Restricted Subsidiary of Topco or (B) otherwise in connection with or contemplation of such acquisition); **provided, however**, with respect to this paragraph (v), that at the time of such acquisition or other transaction (x) the Fixed Charge Coverage Ratio would be greater than 2.0 to 1.0 after giving effect to such acquisition or other transaction or (y) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such acquisition or other transaction;
- (vi) Financial Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of Topco or any of its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of Topco);
- (vii) Financial Indebtedness represented by Capitalised Lease Obligations, Purchase Money Obligations or Attributable Indebtedness, and in each case any Refinancing Financial Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Financial Indebtedness Incurred pursuant to this paragraph (vii) and then outstanding, will not exceed at any time the greater of (A) £10.0 million and (B) 1% of Total Assets;
- (viii) Financial Indebtedness represented by Attributable Indebtedness to the extent permitted in accordance with paragraph (a)(i) described in “— *Limitation on Sale and Leaseback Transactions*”;
- (ix) Financial Indebtedness in respect of (A) workers’ compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other Tax or other Guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by Topco or any of its Restricted Subsidiaries or relating to liabilities, obligations or Guarantees Incurred in the ordinary course of business, (B) letters of credit, bankers’ acceptances, Guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, (C) the financing of insurance premiums in the ordinary course of business and (D) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business; **provided, however**, that in the case of the provisions referred to in paragraph (A) and (B) above, upon the drawing of such letters of credit or other instruments such obligations are reimbursed within 30 days following such drawing;
- (x) Financial Indebtedness arising from agreements providing for customary Guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Financial Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); **provided** that the maximum liability of Topco and its Restricted Subsidiaries in respect of all such Financial Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by Topco and its Restricted Subsidiaries in connection with such disposition;
- (xi) (A) Financial Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business; **provided, however**, that such Financial Indebtedness is extinguished within five Business Days of Incurrence; (B) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business; (C) Financial Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of Topco and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of Topco and its Restricted Subsidiaries in the ordinary course of business; and (D) Financial Indebtedness Incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case, not in connection with the borrowing of money and Incurred or undertaken in the ordinary course of business on arm’s length commercial terms on a recourse basis;
- (xii) Financial Indebtedness Incurred by Topco or any of its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with any Refinancing Financial Indebtedness in respect



thereof and the principal amount of all other Financial Indebtedness Incurred pursuant to this paragraph (xii) and then outstanding, will not exceed £30.0 million; **provided** that the aggregate principal amount of such Financial Indebtedness that may be Incurred pursuant to this paragraph (xii) by Restricted Subsidiaries that are not Obligor shall not exceed £5.0 million at any time outstanding;

- (xiii) any overdraft on an operating account of Topco and any of its Restricted Subsidiaries, up to a maximum amount (in aggregate) at any time of £5.0 million;
 - (xiv) any Financial Indebtedness granted to the Obligor in connection with the Head Office, up to a maximum amount of £2.5 million;
 - (xv) any Financial Indebtedness arising out of Topco's and any of its Restricted Subsidiaries' card payment facilities granted by any bank;
 - (xvi) (A) any Guarantee (or any other form of financial support) of any lease obligation arising in relation to or in connection with, any Additional Site, up to a maximum amount (in aggregate) at any time of £2.0 million and (B) Financial Indebtedness in favour of National Westminster Bank Plc pursuant to the Fifth Site Performance Bond entered into in connection with the development of the Fifth Site, up to an amount not exceeding £1.7 million;
 - (xvii) any Financial Indebtedness acquired as a result of a legal obligation arising in connection with Capital Expenditure; and
 - (xviii) any Financial Indebtedness Incurred with the prior written consent of the Issuer or the Borrower Security Trustee.
- (c) For purposes of determining compliance with, and the outstanding principal amount of any particular Financial Indebtedness Incurred pursuant to and in compliance with, the covenant described in this section:
- (i) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Financial Indebtedness that is otherwise included in the determination of a particular amount of Financial Indebtedness shall not be included;
 - (ii) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any credit facility and are being treated as Incurred pursuant to paragraph (i), (vii) or (xii) of paragraph (b) above and the letters of credit, bankers' acceptances or other similar instruments relate to other Financial Indebtedness, then such other Financial Indebtedness shall not be included;
 - (iii) all Financial Indebtedness outstanding on the Closing Date under the Working Capital Facility Agreement shall be deemed to be initially Incurred on the Closing Date under paragraph (b)(i) and not paragraph (a) or paragraph (b)(iv) above;
 - (iv) Financial Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Financial Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Financial Indebtedness;
 - (v) the amount of Financial Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS; and
 - (vi) for the avoidance of doubt, the Incurrence of any Financial Indebtedness by Topco will only be permitted if it also complies with the provisions described in "*— Limitation on Holding Company Activities*".
- (d) Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortisation of original issue discount, the payment of interest in the form of additional Financial Indebtedness, the payment of dividends on Preferred Stock or Disqualified Stock in the form of additional shares of the same class of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Financial Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Financial Indebtedness for purposes of this covenant. The amount of any Financial Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Financial Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, in the case of any other Financial Indebtedness.
- (e) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Financial Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of Topco as of such date (and, if such Financial Indebtedness is not permitted to be Incurred as of such date under this covenant, Topco shall be in default of this covenant).



- (f) For purposes of determining compliance with any sterling-denominated restriction on the Incurrence of Financial Indebtedness, the Sterling Equivalent of the principal amount of Financial Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Financial Indebtedness was Incurred, in the case of term Financial Indebtedness, or, at the option of Topco, first committed, in the case of Financial Indebtedness Incurred under a revolving credit facility; **provided** that (i) if such Financial Indebtedness is Incurred to refinance other Financial Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Financial Indebtedness does not exceed the principal amount of such Financial Indebtedness being refinanced; (ii) the Sterling Equivalent of the principal amount of any such Financial Indebtedness outstanding on the Closing Date shall be calculated based on the relevant currency exchange rate in effect on the Closing Date; and (iii) if and for so long as any such Financial Indebtedness is subject to a Currency Agreement with respect to the currency in which such Financial Indebtedness is denominated covering principal and interest on such Financial Indebtedness, the amount of such Financial Indebtedness, if denominated in sterling, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement. For purposes of calculating compliance with paragraph (i) of paragraph (b) above or for calculating the amount of Financial Indebtedness outstanding under any working capital facility agreement, to the extent a working capital facility is utilised for the purpose of Guaranteeing or cash collateralising any letter of credit or Guarantee, such Guarantee or collateralising and issuance of such letter of credit or Guarantee shall be deemed to be a utilisation of such working capital facility permitted under paragraph (i) of paragraph (b) above.
- (g) Subject to the terms of the Class B Issuer/Borrower Loan Agreement, any Borrower may at any time serve written notice to the Issuer with a copy to the Borrower Security Trustee requesting from the Issuer such further and/or additional term loan facilities, each in a maximum aggregate principal amount not exceeding the principal amount of any issue of Class B Additional Notes issued by the Issuer to fund its obligations under the Class B Issuer/Borrower Loan Agreement in respect of the relevant additional Class B Facility (each an **Additional Class B Facility**) if the following conditions are satisfied (as certified by the Borrower), or will be satisfied by the time of such issue:
- (i) the aggregate amount of any Additional Class B Facility is to be for a minimum aggregate principal amount of £5.0 million;
 - (ii) the conditions to the issue by the Issuer of the corresponding Class B Additional Notes have been satisfied, or will be satisfied by the time of such issue;
 - (iii) the payment of interest and principal with respect to any such Additional Class B Facilities will rank *pari passu* with or after any then outstanding Class B Facility;
 - (iv) if the drawing of any Additional Class B Facility is made in connection with the accession of an Additional Site, the conditions relating to such accession (as described in “— *Additional Site Covenants*”) have been satisfied, or will be satisfied by the time of such drawing; and
 - (v) the Incurrence of Financial Indebtedness under such Additional Class B Facility is permitted under “— *Limitation on Financial Indebtedness*”.
- (h) Notwithstanding the provisions described above, the maximum amount of Financial Indebtedness that Topco or a Restricted Subsidiary may Incur under the provisions of the Class B Issuer/Borrower Loan Agreement shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Financial Indebtedness Incurred to refinance other Financial Indebtedness, if Incurred in a different currency from the Financial Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Financial Indebtedness is denominated that is in effect on the date of the relevant refinancing.

Class B Restricted Payments

- (a) Topco will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:
- (i) declare or pay any dividend or make any distribution on or in respect of Topco’s or any Restricted Subsidiary’s Capital Stock (including any, without limitation, payment in connection with any merger or consolidation involving Topco or any of its Restricted Subsidiaries) or to the direct or indirect holders of Topco’s or any of its Restricted Subsidiaries’ Equity Interests in their capacity as holders except:
 - (A) dividends or distributions payable in Capital Stock of Topco (other than Disqualified Stock) or in options, warrants or other similar rights to purchase such Capital Stock of Topco or in Subordinated Shareholder Funding; and



- (B) dividends or distributions payable to Topco or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock then entitled to participate in such dividends (other than Topco or another Restricted Subsidiary) on no more than a *pro rata* basis, measured by value);
 - (ii) purchase, redeem, retire or otherwise acquire for value (including, without limitation, in connection with any merger or consolidation involving Topco and its Restricted Subsidiaries) any Capital Stock of Topco or any direct or indirect Parent of Topco held by Persons other than Topco or a Restricted Subsidiary of Topco (other than in exchange for Capital Stock of Topco (other than Disqualified Stock));
 - (iii) make any payment on or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (i) a scheduled payment of interest or principal at Stated Maturity, (ii) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement or (iii) any Financial Indebtedness Incurred pursuant to the provisions described in paragraph (b)(iii) in the section “— *Limitation on Financial Indebtedness*” above (in the definition of Permitted Financial Indebtedness) or make any payment (other than the capitalisation of interest) on or purchase or otherwise acquire for value any Subordinated Shareholder Funding); or
 - (iv) make any Restricted Investment in any Person,
- (any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in paragraphs (i) through (iv) above being referred to herein as a **Class B Restricted Payment**), unless, at the time of the making of such Class B Restricted Payment:
- (A) no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);
 - (B) the Fixed Charge Coverage Ratio would be greater than 2.0 to 1.0 after giving effect, on a *pro forma* basis, to such Class B Restricted Payment; and
 - (C) the aggregate amount of such Class B Restricted Payment and all other Class B Restricted Payments made subsequent to the Closing Date (and not returned or rescinded) (including Permitted Payments permitted by paragraphs (v) (without duplication of amounts paid pursuant to any other paragraph of the definition of Permitted Payments), (vi), (x) and (xi) of the definition of Permitted Payments below, but excluding all other Permitted Payments) is less than the amount equal to the difference between:
 - I. the Cumulative Credit; and
 - II. 1.9x Cumulative Interest Expense.

(the conditions set out in paragraphs (A), (B) and (C) above being the **Class B Restricted Payment Conditions**),

where:

Cumulative Credit means the sum of (without duplication):

- (a) 100% of cumulative EBITDA for the period (taken as one Accounting Period) from and after the first day of the Accounting Period during which the Closing Date occurs to the end of the most recently ended Accounting Period for which internal financial statements are available at the time of the proposed Class B Restricted Payment (or, in the case where EBITDA for such period is a negative, minus the amount by which EBITDA is less than zero); *plus*
- (b) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by Topco from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Closing Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of Topco subsequent to the Closing Date (other than (x) Net Cash Proceeds or property or assets or marketable



securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Class B Restricted Payment has been made from such proceeds in reliance on paragraph (vi) of the definition of Permitted Payments and (z) Excluded Contributions); *plus*

- (c) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by Topco or any Restricted Subsidiary from the issuance or sale (other than to Topco or a Restricted Subsidiary of Topco or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary) by Topco or any Restricted Subsidiary subsequent to the Closing Date of any Financial Indebtedness that has been converted into or exchanged for Capital Stock of Topco (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by Topco or any Restricted Subsidiary upon such conversion or exchange); *plus*
- (d) the amount equal to the net reduction in Restricted Investments made by Topco or any of its Restricted Subsidiaries resulting from:
 - (i) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realised upon the sale or other disposition to a Person other than Topco or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to Topco or any Restricted Subsidiary; or
 - (ii) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of Investment) not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by Topco or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this paragraph (d), was included in the calculation of the amount of Class B Restricted Payments referred to in paragraph (a)(iii) of the covenant described above;

provided, however, that no amount will be included in the preceding paragraph (a) of this definition to the extent that it is (at Topco's option) included under this paragraph (d); *plus*

- (e) the amount of the cash and fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by Topco or any of its Restricted Subsidiaries in connection with:
 - (i) the sale or other disposition (other than to Topco or a Restricted Subsidiary or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of Topco; and
 - (ii) any dividend or distribution made by an Unrestricted Subsidiary to Topco or a Restricted Subsidiary;

provided, however, that no amount will be included in the preceding paragraph (a) to the extent that it is (at Topco's option) included under this paragraph (e); **provided further, however,** that such amount shall not exceed the amount of Class B Restricted Payments made in connection with such Unrestricted Subsidiaries since the Closing Date pursuant to paragraph (c) above.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by the Board of Directors.

Cumulative Interest Expense means, in respect of any Class B Restricted Payment, the sum of the aggregate amount of Consolidated Interest Expense of Topco and its Restricted Subsidiaries for the period from and after the first day of the Accounting Period during which the Closing Date occurs to the end of Topco's most recently ended Accounting Period for which financial statements are available at the time of the proposed Class B Restricted Payment.



- (b) The provisions described in paragraph (a) above will not prohibit any of the following (collectively, **Permitted Payments**):
- (i) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of Topco (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of Topco; **provided, however**, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from paragraph (b) of the definition of Cumulative Credit;
 - (ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Financial Indebtedness permitted to be Incurred as described in “— *Limitation on Financial Indebtedness*”;
 - (iii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of Topco or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of Topco or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred as described in “— *Limitation on Financial Indebtedness*”;
 - (iv) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:
 - (A) (a) from Net Available Cash to the extent permitted as set out in “— *Asset Sales*”, but only if Topco shall have first complied with the terms described in “— *Asset Sales*” and purchases the Class B Notes tendered pursuant to any offer to repurchase all the Class B Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (b) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or
 - (B) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Class B Change of Control (or other similar event described therein as a “*change of control*”), but only (a) if Topco shall have first complied with the terms described in “— *Class B Change of Control*” and purchased all the Class B Notes tendered pursuant to the offer to repurchase all the Class B Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (b) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or
 - (C) to the extent required by the agreement governing such Subordinated Indebtedness, (a) consisting of Acquired Indebtedness and (b) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
 - (v) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with the provisions described in this section;
 - (vi) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by Topco to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; **provided** that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) £2.0 million *plus* (2) £1.5 million multiplied by the number of calendar years that have commenced since the Closing Date *plus* (3) the Net Cash Proceeds received by Topco or its Restricted Subsidiaries since the Closing Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (3), other than through the



issuance of Disqualified Stock or Designated Preference Shares) of Topco from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under paragraph (b) of the definition of Cumulative Credit;

- (vii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms described in “— *Limitation on Financial Indebtedness*”;
- (viii) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other similar rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;
- (ix) dividends, loans, advances or distributions to any Parent or other payments by Topco or any Restricted Subsidiary in amounts equal to (without duplication):
 - (A) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or
 - (B) amounts constituting or to be used for purposes of making payments to the extent specified in paragraphs (ii), (iii), (v), (vii) and (xii) of paragraph (c) set out in “— *Transactions with Affiliates*”;
- (x) so long as no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by Topco of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common Equity Interests of Topco or any Parent following a Public Offering of such common stock or common Equity Interests, in an amount not to exceed in any financial year the greater of (1) 6% of the Net Cash Proceeds received by Topco from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of Topco or contributed as Subordinated Shareholder Funding to Topco and (2) following the Initial Public Offering, an amount equal to the greater of (a) 7% of the Market Capitalisation and (b) 7% of the IPO Market Capitalisation; **provided** that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 4.25 to 1.0;
- (xi) so long as no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default has occurred and is continuing (or would result therefrom), Class B Restricted Payments (including loans or advances) in an aggregate amount since the Closing Date not to exceed the greater of £10.0 million and 1% of Total Assets;
- (xii) payments by Topco, or loans, advances, dividends or distributions to any Parent to make payments to holders of Capital Stock of Topco or any Parent in lieu of the issuance of fractional shares of such Capital Stock, **provided, however**, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);
- (xiii) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under the provisions described in this paragraph (xiii);
- (xiv) (1) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of Topco issued after the Closing Date; and (2) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Closing Date; **provided, however**, that, in the case of clauses (1) and (2), the amount of all dividends declared or paid pursuant to this paragraph (xiv) shall not exceed the Net Cash Proceeds received by Topco or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of Topco, from the issuance or sale of such Designated Preference Shares;
- (xv) the Transaction;



- (xvi) so long as no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default has occurred and is continuing, the payment of Management Fees; and
- (xvii) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries.
- (c) The amount of all Class B Restricted Payments (other than cash) shall be the fair market value on the date of such Class B Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by Topco or such Restricted Subsidiary, as the case may be, pursuant to such Class B Restricted Payment. The fair market value of any cash Class B Restricted Payment shall be its face amount, and the fair market value of any non-cash Class B Restricted Payment shall be determined conclusively by the Board of Directors of Topco acting in good faith.

Anti-layering

Topco will not, and will not permit any of its Restricted Subsidiaries to, incur any Financial Indebtedness (including Permitted Financial Indebtedness) that is contractually subordinated in right of payment to the Class A Loans unless such Financial Indebtedness is also contractually subordinated in right of payment to or ranks *pari passu* with the Class B Loan on substantially identical terms.

Limitations on Liens

Topco will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise suffer to exist any Lien which secures any Financial Indebtedness (other than in the case of any Restricted Subsidiary, Permitted Liens or, in the case of Topco, Permitted Topco Liens or, in the case of assets constituting Collateral, Permitted Collateral Liens) on any of its assets or property, now owned or hereafter acquired.

Limitation on Sale and Leaseback Transactions

Topco will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction with a Person other than Topco or a Restricted Subsidiary of Topco; **provided** that Topco and any of its Restricted Subsidiaries may enter into a sale and leaseback transaction if:

- (a) (i) on the date of such sale and leaseback transaction and after giving *pro forma* effect thereto, either (A) the Fixed Charge Coverage Ratio would be greater than 2.0 to 1.0 or (B) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such sale and leaseback transaction or (ii) the Attributable Indebtedness represented by such sale and leaseback transaction constitutes Permitted Financial Indebtedness as permitted by the provisions described in “— *Limitation on Financial Indebtedness*”;
- (b) Topco or the relevant Restricted Subsidiary could have Incurred a Lien to secure such Financial Indebtedness in compliance with the provisions described in “— *Limitations on Liens*”;
- (c) the gross cash proceeds of that sale and leaseback transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors of Topco or the relevant Restricted Subsidiary, of the property that is the subject of that sale and leaseback transaction; and
- (d) the transfer of assets in that sale and leaseback transaction is permitted by, and Topco or the relevant Restricted Subsidiary applies the proceeds of such transaction in accordance with the provisions described in “— *Asset Sales*”.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

- (a) Topco will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:
 - (i) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Financial Indebtedness or other obligations owed to an Obligor;
 - (ii) make any loans or advances to an Obligor; or
 - (iii) sell, lease or transfer any of its property or assets to an Obligor;

provided that (A) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (B) the subordination of (including the application of any standstill requirements to) loans or advances made to Topco or any Restricted Subsidiary to other Financial Indebtedness Incurred by Topco or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.



- (b) The provisions described in paragraph (a) above will not prohibit:
- (i) any encumbrance or restriction pursuant to (A) any working capital facility (including the Working Capital Facility Agreement) or (B) any other agreement or instrument, in each case, in effect at or entered into on the Closing Date, including the Class A Issuer/Borrower Loan Agreement, the Class B Issuer/Borrower Loan Agreement, the Senior Finance Documents and the Class B Finance Documents;
 - (ii) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Financial Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into Topco or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by Topco or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Financial Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilised to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by Topco or was merged, consolidated or otherwise combined with or into Topco or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date;
 - (iii) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Financial Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in paragraph (i) or (ii) of this paragraph (b) or this paragraph (iii) (an **Initial Agreement**) or contained in any amendment, supplement or other modification to an agreement referred to in paragraph (i) or (ii) of this paragraph (b) or this paragraph (iii); **provided, however**, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favourable in any material respect to the holders of the Class B Notes, taken as a whole, than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by Topco);
 - (iv) any encumbrance or restriction:
 - (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, licence or similar contract, or the assignment or transfer of any lease, licence or other contract;
 - (B) contained in mortgages, pledges, charges or other security agreements permitted under the Class B Issuer/Borrower Loan Agreement or securing Financial Indebtedness of Topco or a Restricted Subsidiary permitted under the Class B Issuer/Borrower Loan Agreement to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or
 - (C) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of Topco or any Restricted Subsidiary;
 - (v) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalised Lease Obligations permitted under the Class B Issuer/Borrower Loan Agreement, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;
 - (vi) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
 - (vii) customary provisions in leases, licences, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;
 - (viii) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;
 - (ix) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
 - (x) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;



- (xi) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Financial Indebtedness permitted to be Incurred subsequent to the Closing Date as described in to “— *Limitation on Financial Indebtedness*” if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favourable to the holders of the Class B Notes than (A) the encumbrances and restrictions contained in the Class A Issuer/Borrower Loan Agreement, together with the security documents associated therewith as in effect on the Closing Date; (B) any encumbrance or restriction contained in the Working Capital Facility Agreement, together with the security documents associated therewith as in effect on the Closing Date or (C) as is customary in comparable financings (as determined in good faith by Topco); or
- (xii) any encumbrance or restriction existing by reason of any lien permitted as described in “— *Limitations on Liens*”.

Merger, Consolidation or Sale of Assets

- (a) Topco will not, directly or indirectly: (i) consolidate or merge with or into another Person (whether or not Topco is the surviving corporation), or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties and assets of Topco and its Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:
 - (i) either:
 - (A) Topco is the surviving corporation; or
 - (B) the Person formed by or surviving any such consolidation or merger (if other than Topco) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organised or existing under the laws of:
 - I. a member state of Pre-Expansion European Union;
 - II. Switzerland;
 - III. Guernsey; or
 - IV. the United States;
 - (ii) the Person formed by or surviving any such consolidation or merger with Topco or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (in each case, if other than an Obligor) assumes all the obligations of Topco under the Class B Notes, the Class B Loan, the Class B Issuer/Borrower Loan Agreement, the Intercreditor Agreement and the Borrower Security Documents;
 - (iii) immediately after giving effect to such transaction, no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default, as the case may be, exists; and
 - (iv) Topco or the Person surviving any such consolidation or merger has obtained a Rating Agency Confirmation.

Notwithstanding the preceding paragraphs (iii) and (iv) (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of Topco may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to Topco and (b) Topco may consolidate or otherwise combine with or merge into an Affiliate incorporated or organised for the purpose of changing the legal domicile of Topco, reincorporating Topco in another jurisdiction, or changing the legal form of Topco.

- (b) An Obligor will not directly or indirectly: (A) consolidate or merge with or into another Person (whether or not such Obligor is the surviving Person) or (B) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, another Person, unless:
 - (i) (A) immediately after giving effect to that transaction, no Class B Loan Default, Share Enforcement Event or Class B Loan Event of Default, as the case may be, exists and (B) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of such Obligor under the Class B Notes, the Class B Loan, the Class B Issuer/Borrower Loan Agreement, the Intercreditor Agreement and the Borrower Security Documents; or
 - (ii) the Net Available Cash of such sale or other disposition is applied in accordance with the applicable provisions of the Class B Issuer/Borrower Loan Agreement.

**Asset Sales**

- (a) Topco will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly make any Asset Sale unless:
- (i) Topco or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Sale), as determined in good faith by the Board of Directors of Topco, of the shares and assets subject to such Asset Sale (including for the avoidance of doubt, if such Asset Sale is a Permitted Asset Swap); and
- (ii) in any such Asset Sale, or series of related Asset Sales (except to the extent the Asset Sale is a Permitted Asset Swap), at least 75% of the consideration from such Asset Sale (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Financial Indebtedness) received by Topco or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments. For the purposes of this provision, each of the following will be deemed to be cash:
- (A) the assumption by the transferee of Financial Indebtedness of Topco or Financial Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of Topco or an Obligor) and the release of Topco or such Restricted Subsidiary from all liability on such Financial Indebtedness in connection with such Asset Sale;
- (B) securities, notes or other obligations received by Topco or any Restricted Subsidiary of Topco from the transferee that are converted by Topco or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Sale;
- (C) Financial Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that Topco and each other Restricted Subsidiary are released from any Guarantee of payment of such Financial Indebtedness in connection with such Asset Sale;
- (D) consideration consisting of Financial Indebtedness of Topco (other than Subordinated Indebtedness) received after the Closing Date and that is cancelled from Persons who are not Topco or any Restricted Subsidiary; and
- (E) any Designated Non-Cash Consideration received by Topco or any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed £15.0 million (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); and
- (iii) an amount equal to 100% of the Net Available Cash from such Asset Sale is applied by Topco or such Restricted Subsidiary, as the case may be:
- (A) to the extent Topco or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Financial Indebtedness of a Restricted Subsidiary), (1) to permanently prepay, repay or purchase any Financial Indebtedness under the Class A Issuer/Borrower Loan Agreement or Working Capital Facility Agreement (or any Refinancing Financial Indebtedness in respect thereof) within 365 days from the later of (x) the date of such Asset Sale and (y) the receipt of such Net Available Cash; **provided, however,** that, in connection with any prepayment or repayment of Financial Indebtedness pursuant to this paragraph (1), Topco or such Restricted Subsidiary will retire such Financial Indebtedness and will cause the related commitment (if any) (except in the case of the Class A Issuer/Borrower Loan Agreement) to be permanently reduced in an amount equal to the principal amount so prepaid or repaid; or (2) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; **provided** that Topco shall redeem repay or repurchase Pari Passu Indebtedness pursuant to this clause (2) only if the Borrowers make (at such time or subsequently in compliance with this covenant) an offer to the holders of the Class B Notes to purchase their Class B Notes in accordance with the provisions set forth below for an Asset Sale Offer for an aggregate principal amount of Class B Notes at least equal to the proportion that (x) the total aggregate principal amount of Class B Notes outstanding bears to (y) the sum of the total aggregate principal amount of Class B Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or



- (B) to the extent Topco or such Restricted Subsidiary elects to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by Topco or another Restricted Subsidiary) within 365 days from the later of (1) the date of such Asset Sale and (2) the receipt of such Net Available Cash; **provided, however**, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of Topco that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; and **provided further**, that, if the Asset Sale relates to Collateral, to the extent such Additional Assets are of the same type as any asset constituting Collateral, such Additional Assets are substantially, simultaneously with their acquisition, pledged under the Borrower Security Documents, with the security interest on such Additional Assets securing the Class B Loan and Class B Notes with the same priority with respect to the Class B Loan and Class B Notes as the security interest on the Collateral subject to the Asset Sale,

provided that in the case of Net Available Cash received from an Asset Sale of Collateral, none of the Obligors may apply such Net Available Cash to repay Financial Indebtedness of a Restricted Subsidiary that is not an Obligor; **provided further** that pending the final application of any such Net Available Cash in accordance with paragraph (A) or paragraph (B), Topco and its Restricted Subsidiaries may temporarily reduce Financial Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Class B Issuer/Borrower Loan Agreement.

- (b) Any Net Available Cash from Asset Sales that is not applied or invested or committed to be applied or invested as provided in paragraph (iii) above will be deemed to constitute **Excess Proceeds** under the Class B Issuer/Borrower Loan Agreement. On the 366th day after an Asset Sale, if the aggregate amount of Excess Proceeds under the Class B Issuer/Borrower Loan Agreement exceeds £10.0 million, the Borrowers will be required to make an offer (**Asset Sale Offer**) to all holders of Class B Notes and, to the extent the Borrowers elect, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Class B Notes and any such Pari Passu Indebtedness to which the Asset Sale Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Class B Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Class B Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in this covenant or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.
- (c) Each Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the **Offer Period**). No later than three Business Days after the termination of the Offer Period (the **Purchase Date**), the Borrowers will apply all Excess Proceeds (the **Offer Amount**) to purchase the maximum principal amount of Class B Notes and, if applicable, any such Pari Passu Indebtedness (on a pro rata basis based on the principal amount of Class B Notes and such Pari Passu Indebtedness surrendered, if applicable) or, if less than the Offer Amount has been tendered, all Class B Notes and, if applicable, other Financial Indebtedness tendered in response to the Asset Sale Offer. Payment for any Class B Notes and, if applicable, any such Pari Passu Indebtedness, so purchased will be made in the same manner as interest payments are made. If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Class B Note is registered at the close of business on such record date, and no additional interest will be payable to holders of Class B Notes who tender Class B Notes pursuant to the Asset Sale Offer.
- (d) Upon the commencement of an Asset Sale Offer, the Borrowers shall (or upon request of the Borrowers, the Issuer shall) send, by first class mail, a notice to the Issuer and (for the purposes of information only) to the Borrower Security Trustee. The notice, which will govern the terms of the Asset Sale Offer, will state:
- (i) that the Asset Sale Offer is being made pursuant to this covenant and the length of time the Asset Sale Offer will remain open;
 - (ii) the Offer Amount, the purchase price and the Purchase Date;
 - (iii) that any Class B Note not tendered or accepted for payment will continue to accrue interest;
 - (iv) that, unless the Borrowers default in making such payment, any Class B Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;
 - (v) that holders of Class B Notes electing to have a Class B Note purchased pursuant to an Asset Sale Offer may elect to have Class B Notes purchased in integral multiples of £1,000 only (provided that Class B Notes of £100,000 or less may only be redeemed in whole and not in part);



- (vi) that holders of Class B Notes electing to have Class B Notes purchased pursuant to any Asset Sale Offer will be required to transfer the Class B Notes to the nominated account as specified in the notice of the Asset Sale Offer;
 - (vii) that holders of Class B Notes will be entitled to withdraw their election if the Issuer and/or the Borrowers receive (at such facsimile number or address as specified in the notice of the Asset Sale Offer), not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the holder of Class B Notes, the principal amount of Class B Notes delivered for purchase, and a statement that such holder is withdrawing its election to have the Class B Notes purchased;
 - (viii) that, if the aggregate principal amount of Class B Notes and other Pari Passu Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Borrowers will select the Class B Notes and Pari Passu Indebtedness to be purchased on a pro rata basis based on the principal amount of Class B Notes and such Pari Passu Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Borrowers so that only Class B Notes in denominations of £1,000, or integral multiples thereof, will be purchased (provided that Class B Notes of £100,000 or less may only be redeemed in whole and not in part)); and
 - (ix) that holders of Class B Notes whose Class B Notes are being purchased only in part will be issued new Class B Notes equal in principal amount to the unpurchased portion of the Class B Notes surrendered, which unpurchased portion must be equal to £100,000 in principal amount or an integral multiple of £1,000 in excess thereof.
- (e) On or before the Purchase Date, the Borrowers will, to the extent lawful:
- (i) accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Class B Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Class B Notes tendered;
 - (ii) deliver or cause to be delivered to the Issuer the Class B Notes properly accepted together with an Officer's Certificate stating that such Class B Notes or portions thereof were accepted for payment by the Borrowers in accordance with the terms of this covenant and the Issuer shall then deliver such Class B Notes to the Paying Agent and shall take all other action and deliver all documents and certificates required under the Note Trust Deed or required by the Paying Agent to effect cancellation of the Class B Notes; and
 - (iii) deposit with the Paying Agent an amount equal to the purchase price in respect of all Class B Notes or portions of Class B Notes properly tendered by such holder for payment into the account of each tendering holder of Class B Notes (as specified in such holder's acceptance of the Asset Sale Offer) no later than five days after the Purchase Date.
- (f) The Issuer shall cooperate with the Borrowers in relation to any Asset Sale Offer, and the Borrowers shall bear the cost of such Asset Sale Offer (including, without limitation, by delivering such notices to holders of Class B Notes as the Borrowers may require in order to enable the Borrowers to comply with the foregoing provisions of this paragraph). Upon the repurchase of any Class B Notes pursuant to an Asset Sale Offer, the Issuer will discharge a *pro rata* portion of the Class B Loan.
- (g) If any Excess Proceeds remain after consummation of an Asset Sale Offer, Topco and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Class B Issuer/Borrower Loan Agreement. If the aggregate principal amount of Class B Notes tendered into (or to be redeemed in connection with) such Asset Sale Offer and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Class B Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis, based on the aggregate principal amount of Class B Notes and Pari Passu Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.
- (h) To the extent that any portion of Net Available Cash payable in respect of the Class B Notes is denominated in a currency other than sterling, the amount thereof payable in respect of the Class B Notes shall not exceed the net amount of funds in sterling that is actually received by the Issuer upon converting such portion into sterling.
- (i) Following any acceptance by the holders of Class B Notes of any Asset Sale Offer, the Borrowers will be required to prepay the Class B Loan at par (plus accrued and unpaid interest, if any) in an aggregate principal amount equal to the aggregate principal amount (plus accrued and unpaid interest, if any) of Class B Notes so tendered in such Asset Sale Offer.

**Transactions with Affiliates**

- (a) Topco will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate of Topco and its Restricted Subsidiaries (each, an **Affiliate Transaction**) involving aggregate payments or consideration in excess of £2.0 million, unless:
- (i) the terms of such Affiliate Transaction taken as a whole are not materially less favourable to Topco or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and
 - (ii) in the event such Affiliate Transaction involves an aggregate value in excess of £15.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors.
- (b) Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in paragraph (a)(ii) above if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if Topco or any of its Restricted Subsidiaries, as the case may be, delivers to the Borrower Security Trustee a letter from an Independent Financial Adviser stating that such transaction is fair to Topco or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favourable to Topco or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Topco or such Restricted Subsidiary with an unrelated Person on an arm's length basis.
- (c) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph (a) above:
- (i) any Class B Restricted Payment permitted to be made pursuant to the provisions described in “— *Class B Restricted Payments*”, any Permitted Payments (other than pursuant to paragraph (ix)(B) of the definition of Permitted Payments) or any Permitted Investment (other than Permitted Investments as defined in paragraphs (a), (b), (k), (l), (o) and (p) of the definition thereof);
 - (ii) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, programme, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of Topco, any Restricted Subsidiary of Topco or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programmes or arrangements) or payments of customary fees and reimbursements of expenses to, or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of Topco, in each case in the ordinary course of business;
 - (iii) any Management Advances and any waiver or transaction with respect thereto;
 - (iv) any transaction between or among Topco or any of its Restricted Subsidiaries (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;
 - (v) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of Topco, any Restricted Subsidiary of Topco or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);
 - (vi) the entry into and performance of obligations of Topco or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Closing Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the holders of the Class B Notes in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;



- (vii) the execution, delivery and performance of any tax sharing agreement to the extent not prohibited by the definition of Permitted Payments or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (viii) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to Topco or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of Topco or the relevant Restricted Subsidiary, or are on terms no less favourable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (ix) any transaction in the ordinary course of business between or among Topco or any Restricted Subsidiary and any Affiliate of Topco that would constitute an Affiliate Transaction solely because Topco or a Restricted Subsidiary or any Affiliate of Topco or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an Equity Interest in or otherwise controls such Affiliate;
- (x) (A) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of Topco or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; **provided** that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Class B Issuer/Borrower Loan Agreement;
- (xi) without duplication in respect of payments made pursuant to paragraph (xii) hereof, (A) payments by Topco or any of its Restricted Subsidiaries to any Permitted Holder (whether directly or indirectly, including through any Parent) of customary annual management, consulting, monitoring or advisory fees and related expenses and (B) customary payments by Topco or any of its Restricted Subsidiaries to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this paragraph (B) are approved by a majority of the Board of Directors in good faith;
- (xii) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in Topco and its Subsidiaries;
- (xiii) the Incurrence of any Subordinated Shareholder Funding;
- (xiv) transactions between any of the Obligors and any person, a director of which is also a director of the relevant Obligor or any direct or indirect parent of such Obligor; **provided, however**, that such director abstains from voting as a director of the relevant Obligor or such direct or indirect parent, as the case may be, on any matter involving such other person;
- (xv) any Permitted Pre-Sale Reorganisation;
- (xvi) the Transaction Documents; and
- (xvii) any transaction that is, directly or indirectly, related to the Fifth Site and is otherwise permitted by the Class B Issuer/Borrower Loan Agreement, including without limitation, as described in “— *Additional Site Covenants*”.

Limitation on Issuances of Guarantees of Certain Financial Indebtedness

- (a) Topco will not permit any of its Restricted Subsidiaries that is not a Guarantor, directly or indirectly, to Guarantee the payment of any Class A Loans, Additional Class A Loans or Financial Indebtedness Incurred under the Working Capital Facility Agreement (or, in each case, any Refinancing Financial Indebtedness Incurred in respect thereof) unless such Restricted Subsidiary simultaneously executes and delivers an accession agreement to the Class B Issuer/Borrower Loan Agreement providing for the Guarantee of the payment of the Class B Loan and Class B Notes by such Restricted Subsidiary, which Guarantee will be *pari passu* with or junior to such Restricted Subsidiary’s Guarantee of such Class A Loans, Additional Class A Loans or Financial Indebtedness Incurred under the Working Capital Facility Agreement (or, in each case, any Refinancing Financial Indebtedness Incurred in respect thereof).
- (b) Each such additional Guarantee will be limited as necessary to recognise certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law.



- (c) Paragraph (a) above will not be applicable to any Guarantees of any Restricted Subsidiary:
 - (i) existing on the Closing Date; or
 - (ii) given to a bank or trust company having combined capital and surplus and undivided profits of not less than £250.0 million, whose debt has a rating, at the time such Guarantee was given, of at least "A" or the equivalent thereof by S&P and Fitch, in connection with the operation of cash management programmes established for the benefit of the Issuer or any of its Restricted Subsidiaries.
- (d) Notwithstanding the foregoing, Topco shall not be obligated to cause such Restricted Subsidiary to Guarantee the payment of the Class B Loan or Class B Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in:
 - (i) a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to Topco or such Restricted Subsidiary; or
 - (ii) any liability for the officers, directors or shareholders of such Restricted Subsidiary.

Reports

- (a) For so long as any Class B Loan is outstanding, Topco will provide to the Borrower Security Trustee and the Class B Note Trustee (for the benefit of the Class B Noteholders) the following reports:
 - (i) within 120 days after the end of Topco's financial year (or 180 days, in the case of the financial year ending 30 April 2012), annual reports containing the following information: (A) audited consolidated balance sheets of Topco as of the end of the two most recent financial years and audited consolidated income statements and statements of cash flow of Topco for the two most recent financial years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (B) *pro forma* income information and balance sheet information of Topco (which, for the avoidance of doubt shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions or dispositions that represent greater than 20% of the consolidated revenues, EBITDA, or assets of Topco or recapitalisations that have occurred since the beginning of the most recently completed financial year as to which such annual report relates; (C) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of Topco, and a discussion of material commitments and contingencies and critical accounting policies; (D) a description of material risk factors and material recent developments of the Group; and (E) solely in the case of the financial year ending 30 April 2012, within 90 days after the end of such financial year, a preliminary trading report, including but not limited to, guidance on key performance indicators;
 - (ii) within 60 days following the end of each of the first three financial quarters in each financial year of Topco (or 90 days, in the case of the quarter ending 31 July 2012), all quarterly reports of Topco containing the following information: (A) an unaudited condensed consolidated balance sheet of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter and year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (B) *pro forma* income statement and balance sheet information of Topco (which, for the avoidance of doubt shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions or dispositions that represents greater than 20% of the consolidated revenues, EBITDA or assets of Topco or recapitalisations that have occurred since the beginning of the relevant quarter, in each case unless *pro forma* information has been provided in a previous report pursuant to paragraph (a)(i), (ii) or (iii); (C) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations and financial condition, EBITDA, and material changes in liquidity and capital resources of Topco; and (D) material recent developments of Topco;
 - (iii) within ten days after the occurrence of (A) a material acquisition, disposition or restructuring; (B) any senior management change at Topco; (C) any change in the auditors of Topco; (D) the entering into an agreement that would result in a Class B Change of Control; or (E) any material events that any Obligor announces publicly, in each case, a report containing a description of such events; and
 - (iv) on each Semi-Annual Investor Reporting Date, CP Opco must provide details of a telephone conference into which the Class A Noteholders and Class B Noteholders may dial, on which the senior management of the Obligors must present their financial results for the relevant period, provided that CP Opco shall only be required to hold telephone conferences if so required under the Class A Issuer/Borrower Loan Agreement,



provided, however, that the reports set forth in paragraphs (a)(i), (ii) and (iii) above will not be required to (A) contain any reconciliation to IFRS or (B) include separate financial statements for any Obligor or any Subsidiaries of Topco that are not Obligors.

- (b) All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Obligors or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Circular.
- (c) Substantially and concurrently with the issuance to the Borrower Security Trustee of the reports specified in paragraphs (a)(i), (ii) and (iii) above, Topco shall make available copies of all reports required on its website.
- (d) For the avoidance of doubt, neither the Class B Note Trustee nor the Borrower Security Trustee shall be responsible for monitoring or confirming the validity or accuracy of the reports delivered pursuant to this covenant or compliance by Topco with its obligations under this covenant.

Conduct of Business/Business Activities

The Obligors will not engage in any business other than a Class B Permitted Business, except to the extent as would not be material to the Obligors, taken as a whole.

Limitation on Holding Company Activities

- (a) Topco must not carry on any business or own any assets other than:
 - (i) the ownership of Capital Stock of Holdco;
 - (ii) the provision of administrative services (excluding treasury services) and management services to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the ownership of assets necessary to provide such services;
 - (iii) rights and obligations arising under the Transaction Documents to which it is a party;
 - (iv) Investments in cash and Cash Equivalents;
 - (v) subject to the provisions described in paragraphs (b) and (c) below, incurring Financial Indebtedness as described in “— *Certain Covenants — Limitation on Financial Indebtedness*” (including activities reasonably incidental thereto, including performance of the terms and conditions of such Financial Indebtedness, to the extent such activities are otherwise permissible under the Class B Issuer/Borrower Loan Agreement) and the granting of Liens as described in “— *Certain Covenants — Limitations on Liens*”;
 - (vi) making Investments in the Class B Notes or Financial Indebtedness as described in “— *Certain Covenants — Limitation on Financial Indebtedness*”;
 - (vii) directly related or reasonably incidental to the establishment and/or maintenance of its or its Subsidiaries’ corporate existence; or
 - (viii) other activities not specifically enumerated above that are *de minimis* in nature.
- (b) Topco will not, directly or indirectly, Incur any Financial Indebtedness (including Acquired Indebtedness) other than such as may arise under the Topco Payment Undertaking, and Topco will not issue any Disqualified Stock.
- (c) Topco will not, directly or indirectly, create, Incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Financial Indebtedness upon any of its property or assets, now owned or hereinafter acquired, except to secure any Permitted Topco Lien.
- (d) Topco will not take, or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the collateral granted under the Topco Security Documents (it being understood that the Incurrence of Liens on the Topco Security permitted by the definition of Permitted Topco Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Topco Security) for the benefit of the Borrower Security Trustee and the Issuer, and Topco will not grant to any Person other than the Borrower Security Trustee for the benefit of the Issuer and the other beneficiaries described in the Topco Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in the Topco Security; **provided** that (a) nothing in this provision shall restrict



the discharge or release of the Topco Security in accordance with the Class B Issuer/Borrower Loan Agreement, the Topco Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) Topco may Incur Permitted Topco Liens; **provided further**, however, that, subject to the foregoing, Topco Security Documents may not be amended, extended, renewed, restated, supplemented or otherwise modified, replaced, or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) unless Topco contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the assets), delivers to the Borrower Security Trustee (i) a certificate from the Board of Directors or chief financial officer of the relevant Person (acting in good faith) that confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release, or (ii) an opinion of counsel, in form and substance reasonably satisfactory to the Borrower Security Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Class B Loan created under the Borrower Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

Impairment of Security Interest

- (a) Topco will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Borrower Security Trustee and the holders of the Class B Notes, and Topco will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Borrower Security Trustee, for the benefit of the Borrower Security Trustee and the Class B Notes and the other beneficiaries described in the Borrower Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral; **provided** that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Class B Issuer/Borrower Loan Agreement, the Borrower Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) Topco and its Restricted Subsidiaries may Incur Permitted Collateral Liens; **provided further**, however, that, subject to the foregoing, no Borrower Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced, or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) unless Topco contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the assets), delivers to the Borrower Security Trustee (i) a certificate from the Board of Directors or chief financial officer of the relevant Person (acting in good faith) that confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release, or (ii) an opinion of counsel, in form and substance reasonably satisfactory to the Borrower Security Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Class B Loan created under the Borrower Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.
- (b) At the direction of Topco and without the consent of the holders of the Class B Notes, the Borrower Security Trustee may from time to time enter into one or more amendments to the Borrower Security Documents to:
- (i) cure any ambiguity, omission, defect or inconsistency therein;
 - (ii) subject to compliance with the provisions described in paragraph (a), provide for Permitted Collateral Liens;
 - (iii) add to the Collateral; or
 - (iv) make any other change thereto that does not adversely affect the rights of the holders of the Class B Notes in any material respect.



- (c) In the event that Topco complies with the provisions described in “— *Impairment of Security Interest*”, the Borrower Security Trustee shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification, replacement or release with no need for instructions from the holders of Class B Notes.

Payment for Consent

- (a) Topco will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of the Issuer and/or the holders of the Class B Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Class B Issuer/Borrower Loan Agreement, the Note Trust Deed in respect of the Class B Notes or the Class B Notes unless such consideration is offered to be paid and is paid to the Issuer and/or all of the holders of the Class B Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.
- (b) Notwithstanding the foregoing, Topco and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Class B Issuer/Borrower Loan Agreement, the Note Trust Deed in respect of the Class B Notes or the Class B Notes to exclude the Issuer or the holders of Class B Notes in any jurisdiction where:
- (i) (A) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash; or (B) the payment of the consideration therefor would require Topco or any of its Restricted Subsidiaries to file a registration statement, offering circular or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which Topco or the relevant Restricted Subsidiary in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or
- (ii) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

- (a) At the request of Topco, in connection with the Incurrence or refinancing by Topco or its Restricted Subsidiaries of any Financial Indebtedness secured or permitted to be secured on the Collateral, Topco, the relevant Restricted Subsidiaries and the Borrower Security Trustee shall enter into an intercreditor or similar agreement (an **Additional Intercreditor Agreement**) with the creditors of such Financial Indebtedness (or their duly authorised representatives) on substantially the same terms as the Intercreditor Agreement (or on terms not materially less favourable to the holders of the Class B Notes), including containing substantially the same terms with respect to the application of the proceeds of the collateral held thereunder and the means of enforcement; **provided** that such Additional Intercreditor Agreement will not impose any personal obligations on the Borrower Security Trustee or, in the opinion of the Borrower Security Trustee, adversely affect the rights, duties, liabilities or immunities of the Borrower Security Trustee under the Class B Issuer/Borrower Loan Agreement or the Intercreditor Agreement. As used herein, the term **Intercreditor Agreement** shall include references to any Additional Intercreditor Agreement that supplements or replaces the Intercreditor Agreement.
- (b) At the written direction of Topco and without the consent of the holders of the Class B Notes, the Borrower Security Trustee shall from time to time enter into one or more amendments to any Intercreditor Agreement to:
- (i) cure any ambiguity, omission, defect or inconsistency of any such agreement;
- (ii) increase the amount or types of Financial Indebtedness covered by any such agreement that may be Incurred by Topco and its Restricted Subsidiaries that are subject to any such agreement (**provided** that such Financial Indebtedness is Incurred in compliance with the Class B Issuer/Borrower Loan Agreement) (including the addition of provisions relating to new Financial Indebtedness ranking junior or *pari passu* in right of payment with the Class B Loan and the Class B Notes);
- (iii) add Restricted Subsidiaries to the Intercreditor Agreement;
- (iv) further secure the Class B Loan (including Additional Class B Loan) in accordance with the Class B Issuer/Borrower Loan Agreement;
- (v) make provision for equal and rateable pledges of the Collateral to secure Class B Additional Notes and Additional Class B Loan or to implement any Permitted Collateral Liens;



- (vi) grant any Additional Class B Facility or amend any existing Class B Facility to provide for further advances; and/or
- (vii) make any other change to any such agreement that does not adversely affect the holders of the Class B Notes in any material respect. Topco shall not otherwise direct the Borrower Security Trustee to enter into any amendment to any Intercreditor Agreement without the consent of holders of a majority in aggregate principal amount of the Class B Notes then outstanding, except as otherwise permitted as described in “— *Amendments and Waivers*” or as permitted by the terms of such Intercreditor Agreement, and Topco may only direct the Borrower Security Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Borrower Security Trustee or, in the opinion of the Borrower Security Trustee, adversely affect the rights, duties, liabilities or immunities of the Borrower Security Trustee under the Class B Issuer/Borrower Loan Agreement relating to the Class B Loan, the Class B Notes or any Intercreditor Agreement.
- (c) Each holder of Class B Notes, by accepting a Class B Note, shall be deemed to have agreed to and accepted the terms and conditions of any Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

SHARE ENFORCEMENT EVENT AND CLASS B LOAN EVENT OF DEFAULT

Share Enforcement Event

- (a) For so long as any Class A Loans or Additional Class A Loans are outstanding, each of the following is a **Share Enforcement Event** under the Class B Issuer/Borrower Loan Agreement:
 - (i) default in any payment of interest or Additional Amounts, if any, on any Class B Loan when due and payable, continued for 30 days;
 - (ii) if any amount (including, without limitation, any principal amount or premium of the Class B Loan) remains outstanding (whether or not then due and payable) under the Class B Issuer/Borrower Loan Agreement as at close of business on the Class B Loan Expected Maturity Date;
 - (iii) failure to pay the principal amount of or premium, if any, on any Class B Loan upon optional redemption, upon required repurchase or upon declaration;
 - (iv) failure by Topco to comply with the provisions described in “— *Certain Covenants — Limitation on Holding Company Activities*”;
 - (v) failure to comply for 30 days after written notice by the Borrower Security Trustee on behalf of the holders of the Class B Notes or by the holders of 30% in principal amount of the outstanding Class B Notes with Topco and its Restricted Subsidiaries’ obligations described in “— *Class B Change of Control*” (in each case, other than a failure to purchase Class B Notes which will constitute a Share Enforcement Event under paragraph (ii) above);
 - (vi) failure to comply for 60 days after written notice by the Borrower Security Trustee on behalf of the holders of the Class B Notes or by the holders of 30% in principal amount of the outstanding Class B Notes with Topco and its Restricted Subsidiaries’ other agreements contained in the Class B Issuer/Borrower Loan Agreement, subject to the cure rights described in “— *Certain Covenants — Class B Financial Covenant — Cure right*”;
 - (vii) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Financial Indebtedness for money borrowed by Topco or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by Topco or any of its Restricted Subsidiaries) other than Financial Indebtedness owed to Topco or a Restricted Subsidiary whether such Financial Indebtedness or Guarantee now exists, or is created after the date hereof, which default:
 - (A) is caused by a failure to pay principal of, or interest or premium, if any, on such Financial Indebtedness, immediately upon the expiration of the grace period provided in such Financial Indebtedness (**Payment Default**); or
 - (B) results in the acceleration of such Financial Indebtedness prior to its maturity (**Cross-Acceleration**),

and, in each case, (I) the principal amount of any such Financial Indebtedness, together with the principal amount of any other such Financial Indebtedness under which there has been a payment default or the maturity



of which has been so accelerated, aggregates £10.0 million or more and (II) other than a Payment Default with respect to Financial Indebtedness Incurred under the Class A Issuer/Borrower Loan Agreement or under the Working Capital Facility Agreement during the WCF Initial Period;

- (viii) Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:
 - (A) commences a voluntary case;
 - (B) consents to the entry of an order for relief against it in an involuntary case;
 - (C) consents to the appointment of a custodian of it or for all or substantially all of its property; or
 - (D) makes a general assignment for the benefit of its creditors;
 - (ix) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (A) is for relief against Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary in an involuntary case;
 - (B) appoints a custodian of Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary or for all or substantially all of the property of Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary; or
 - (C) orders the liquidation of Topco or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary,and the order or decree remains unstayed and in effect for 60 consecutive days;
 - (x) failure by Topco or any Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for Topco and its Restricted Subsidiaries), would constitute a Significant Subsidiary or any group of Restricted Subsidiaries that taken as a whole constitutes a Significant Subsidiary to pay final judgments aggregating in excess of £10.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final;
 - (xi) any security interest under the Borrower Security Documents on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Borrower Security Document and the Class B Issuer/Borrower Loan Agreement) for any reason other than the satisfaction in full of all obligations under the Class B Issuer/Borrower Loan Agreement or the release or amendment of any such security interest in accordance with the terms of the Class B Issuer/Borrower Loan Agreement or such Borrower Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or Topco shall assert in writing that any such security interest is invalid or unenforceable and any such Class B Loan Default continues for ten days;
 - (xii) any Class B Guarantee ceases to be in full force and effect, other than in accordance with the Class B Issuer/Borrower Loan Agreement or Topco or a Guarantor denies or disaffirms its obligations under its Class B Guarantee, other than in accordance with the terms thereof or upon release of the Class B Guarantee in accordance with the Class B Issuer/Borrower Loan Agreement; and
 - (xiii) a Class B Note Event of Default (not giving effect, for these purposes, to the provisions of Condition 11.2 of the Class B Conditions) or a Class B Trigger Event has occurred (subject to any relevant grace period or cure rights).
- (b) However, a default under any of the provisions described under paragraph (v), (vi), (vii) or (x) above will not constitute a Share Enforcement Event until the Borrower Security Trustee or the holders of 30% in principal amount of the outstanding Class B Notes notify Topco of the default and, with respect to paragraphs (v), (vi), (vii) and (x), Topco does not cure such default within the time specified in paragraph (v), (vi), (vii) or (x), as applicable, after receipt of such notice.



- (c) If a Share Enforcement Event occurs and is continuing, the Borrower Security Trustee acting upon the instructions of the Issuer Security Trustee as directed by the Class B Note Trustee, who shall be required to act if directed by the holders of at least 30% in principal amount of the outstanding Class B Notes, may by notice to Topco enforce the Topco Payment Undertaking and Topco Security Documents in accordance with their terms and the terms of the Intercreditor Agreement.

Class B Loan Event of Default

- (a) If at any time either (i) no Class A Loans or Additional Class A Loans remain outstanding or (ii) an acceleration of the Class A Loans has occurred, each of the Share Enforcement Events set out in “— *Share Enforcement Event*” above will also constitute a **Class B Loan Event of Default**.
- (b) In addition, whether or not any Class A Loans or Additional Class A Loans remain outstanding, any default in the payment of the principal amount of or premium, if any, on any Class B Loan borrowed under the Class B Issuer/Borrower Loan Agreement when due on the Class B Loan Final Maturity Date shall be a Class B Loan Event of Default.
- (c) If a Class B Loan Event of Default (other than a Class B Loan Event of Default described in paragraph (a)(viii) or (a)(ix) of “— *Share Enforcement Event*”, above) occurs and is continuing, the Borrower Security Trustee by notice to Topco on the instruction of the Issuer Security Trustee (who acts on the instructions of the Class B Note Trustee, as directed by the holders of at least 30% in principal amount of the outstanding Class B Notes), may declare the principal or premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on all the Class B Loan to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest and Additional Amounts, if any, will be due and payable immediately.
- (d) If a Class B Loan Event of Default described in paragraph (a)(viii) or (a)(ix) of “— *Share Enforcement Event*” above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest and Additional Amounts, if any, on the Class B Loan will become and be immediately due and payable without any declaration or other act on the part of the Borrower Security Trustee or any holders of Class B Notes.
- (e) No Class B Loan Event of Default may occur with respect to the Class B Loan while the Class A Loans are outstanding (until after an acceleration of the Class A Loans) although this is without prejudice to the ability of the Borrower Security Trustee, at the direction of the Class B Noteholders, to enforce the security granted pursuant to the Topco Security Documents in certain circumstances including, without limitation, where there has been a failure to pay cash interest on the Class B Loan prior to the Class B Loan Expected Maturity Date or a failure to repay principal and accrued interest on such date. Where there is such a failure to pay and for so long as the Class B Loan remains outstanding thereafter (whether or not security is being enforced), any overdue amount of principal or interest and the Class B Loan will bear interest at the interest rates set out in paragraphs (b) and (c) under “— *Interest — Payment of interest*” above.

AMENDMENTS AND WAIVERS

Procedure

- (a) Any term of the Class B Finance Documents may be amended or waived with the agreement of the Borrowers, the Borrower Security Trustee and the Issuer in accordance with the Intercreditor Agreement.
- (b) Each Guarantor agrees to (and authorises any Borrower to execute on its behalf) any amendment or waiver allowed by this covenant which is agreed to by the Borrowers. This includes any amendment or waiver which would, but for this paragraph, require the consent of each Guarantor if the Class B Guarantee under the Class B Finance Documents is to remain in full force and effect.

POST-CLOSING REORGANISATIONS

The Class B Issuer/Borrower Loan Agreement also provides that a number of post-closing transactions will be permitted (subject to certain conditions being satisfied), including:

Longleat Headlease Transfer and grant of the New Longleat Opco Lease

- (a) If CP Opco notifies the Issuer and the Borrower Security Trustee that it intends to arrange the transfer either directly or indirectly by means of a surrender and re-grant of the Longleat Headlease Interest from Longleat Propco to a new property-holding Obligor (a **Longleat Headlease Transfer**) and the grant of the Opco Lease between that new Obligor and CP Opco (the **New Longleat Opco Lease**) in each case with the consent of the landlord, then provided that CP Opco certifies that the provisions relating thereto in the Tax Deed of Covenant are complied with, the



Borrower Security Trustee must, as soon as reasonably practicable after the receipt of such notice but subject to paragraph (b) below, at the cost of the Borrowers, sign and execute all such documents, instruments and consents (including Land Registry forms) as are necessary or desirable in order to enable the transfer of the Longleat Headlease Interest and the grant of the New Longleat Opco Lease as aforesaid.

- (b) In connection with the Longleat Headlease Transfer and the New Longleat Opco Lease, that new Obligor must:
- (i) execute and deliver in favour of the Borrower Security Trustee for the benefit of the Borrower Secured Creditors a Longleat Legal Charge; and
 - (ii) provide the Borrower Security Trustee with a legal opinion (in a form satisfactory to the Borrower Security Trustee) on the enforceability of the Longleat Legal Charge,

in each case, at the same time as any relevant release or consent is to be given by the Borrower Security Trustee, and provide, as soon as reasonably practicable after the occurrence of the Longleat Headlease Transfer, the Borrower Security Trustee with a new certificate of title in industry standard form evidencing that that new Obligor is entitled to be registered as the registered proprietor of the Longleat Headlease Interest and the Borrower Security Trustee is entitled (but not obliged) to be registered as the proprietor of the Longleat Legal Charge.

- (c) In connection with the grant of the New Longleat Opco Lease, CP Opco must execute and deliver in favour of the Borrower Security Trustee for the benefit of the Borrower Secured Creditors a charge by way of legal mortgage in respect of the New Longleat Opco Lease substantially in the form set out in the Borrower Deed of Charge at the same time as any relevant release or consent is to be given by the Borrower Security Trustee.

Release of Designated Obligors

- (a) If:
- (i) CP Opco certifies to the Borrower Security Trustee and the Issuer that the Group intends to wind up and ultimately dissolve some or all of the Designated Obligors; and
 - (ii) CP Opco certifies to the Borrower Security Trustee and the Issuer that the provisions relating thereto as set out in of the Tax Deed of Covenant are complied with,

then the Borrower Security Trustee must as soon as reasonably practicable after the receipt of such notice, at the cost of the Borrowers:

- (A) release:
 - I. all Liens granted by the relevant Designated Obligors under the Borrower Security Documents; and
 - II. all Liens granted in respect of any share capital of the relevant Designated Obligors under the Borrower Security Documents; and
 - (B) irrevocably release and discharge the relevant Designated Obligors from all liabilities which they may have under the Class B Finance Documents.
- (b) The above provisions may be utilised on more than one occasion in connection with different Designated Obligors.

Capital reductions

- (a) If CP Opco (on behalf of the Obligors) notifies the Issuer and the Borrower Security Trustee in writing (and with reasonable detail as to what is proposed) that an Obligor proposes to undertake any capital reduction procedures then, subject to (b), (c) and (d) below, the Borrower Security Trustee must sign and/or execute such documents or instruments and give such consents (if any) as are or may be necessary or desirable in the opinion of CP Opco (acting reasonably) in order to implement the relevant capital reduction.
- (b) Any costs of the Issuer and the Borrower Security Trustee in respect of any such capital reduction must be met by the Obligors.
- (c) CP Opco must first provide the Issuer and the Borrower Security Trustee with appropriate evidence (which may be, if required in writing by the Borrower Security Trustee, an opinion issued by the professional tax advisor of the Group) satisfactory to the Borrower Security Trustee (acting reasonably) that the proposed capital reduction will not give rise to any adverse tax liability in the Obligors or the Issuer, subject to and in accordance with the terms of the Tax Deed of Covenant.



- (d) The provisions of this covenant are without prejudice to the provisions of “— *Certain Covenants — Class B Restricted Payments*”.

Permitted Pre-Sale Reorganisations

- (a) If CP Opco notifies the Issuer and the Borrower Security Trustee that, without prejudice to the Group’s obligations under the Class B Issuer/Borrower Loan Agreement, the Group intends to enter into a transaction, or a series of transactions, in connection with a sale of a Propco or a Propco’s interest in a Holiday Park as described in “— *Certain Covenants — Limitation on Sale and Leaseback Transactions*” (such transaction or series of transactions, a **Permitted Pre-Sale Reorganisation** in each case with landlord consent (where such consent is required), then the Borrower Security Trustee must as soon as reasonably practicable after the receipt of such notice, at the cost of the Borrowers, provide all necessary consents, waivers and permissions (including any release and simultaneous re-taking of security which may be required) which are necessary to enable such Permitted Pre-Sale Reorganisation to take place, but only to the extent that:
- (i) CP Opco certifies to the Borrower Security Trustee and the Issuer that the provisions relating thereto as set out in the Tax Deed of Covenant are complied with; and
 - (ii) CP Opco certifies to the Borrower Security Trustee and the Issuer that any such release is not reasonably likely to have a Material Adverse Effect on the position of the Borrower Secured Creditors.
- (b) The above provisions may be utilised on more than one occasion in connection with different Permitted Pre-Sale Reorganisations.

Permitted Post-Closing Reorganisations

- (a) If CP Opco notifies the Issuer and the Borrower Security Trustee that, without prejudice to the Group’s obligations under the Class B Issuer/Borrower Loan Agreement, the Group intends to enter into a transaction, or a series of transactions, as part of the reorganisation of the Group as envisaged in the Permitted Post-Closing Reorganisation Paper, then the Borrower Security Trustee must as soon as reasonably practicable after the receipt of such notice, at the cost of the Borrowers, provide all necessary consents, waivers and permissions (including any release and simultaneous re-taking of security which may be required) which are necessary to enable the Permitted Post-Closing Reorganisations to take place, but only to the extent that:
- (i) CP Opco certifies to the Borrower Security Trustee and the Issuer that the provisions relating thereto as set out in the Tax Deed of Covenant are complied with; and
 - (ii) CP Opco certifies to the Borrower Security Trustee and the Issuer that any such release is not reasonably likely to have a Material Adverse Effect on the position of the Borrower Secured Creditors.
- (b) The above provisions may be utilised on more than one occasion in connection with different Permitted Post-Closing Reorganisations.

ADDITIONAL SITE COVENANTS

Costs and payments

- (a) Notwithstanding “— *Certain Covenants — Class B Restricted Payments*”, any Obligor may make any payment to, or on behalf of, any Fifth Site Entity in respect of rental income (whether by way of Guarantee payments or otherwise) owed to the relevant landlord under the Fifth Site Headlease, provided that such payment does not exceed the relevant rental payment amount (together with any applicable VAT thereon) as provided under the Fifth Site Headlease. Such payments may be made by any Obligor either directly, or indirectly, by way of intra-group transfers, to such Fifth Site Entity.
- (b) Notwithstanding “— *Certain Covenants — Class B Restricted Payments*”, any Obligor may, in connection with any Additional Site, incur Relevant Costs (on behalf of an Additional Site Entity) provided that:
- (i) the Net Exposure Amount does not at any time exceed £1.0 million; and
 - (ii) the Long Term Net Exposure Amount does not at any time exceed £5.0 million,

each such amount to be indexed, upwards only, at the end of each financial year based on the CPI applicable to that Financial Year.



(c) For the purposes of paragraph (b):

Long Term Net Exposure Amount means, at any time:

- (i) the aggregate of Relevant Costs (x) which have been incurred and paid by the Obligors under paragraph (b) which have been funded otherwise than by utilisation of funds which at the time they have been paid by the Obligors have been able to be distributed as Class B Restricted Payments and (y) which have been contracted to be paid but are not yet payable by the Obligors; less
- (ii) the aggregate of amounts reimbursed to the Obligors by the relevant Additional Site Entities.

Net Exposure Amount means, at any time:

- (i) the aggregate of Relevant Costs incurred and paid by the Obligors under paragraph (b) which have been funded otherwise than by utilisation of funds which at the time they have been paid by the Obligors have been able to be distributed as Class B Restricted Payments; less
- (ii) the aggregate of amounts reimbursed to the Obligors by the relevant Additional Site Entities.

Relevant Costs means costs:

- (i) which relate only to services provided to or in respect of an Additional Site; and/or
- (ii) which represent the proportion of costs incurred in respect of obligations to third parties which are attributable to an Additional Site;

and which, in either case, are not costs relating to management, internal accounting (including tax, but not external, audit), personnel, compliance support, supply arrangements, health & safety, IT site maintenance services, concessionary arrangements, customer services, legal and information technology, sales and/or marketing central costs incurred by an Obligor in respect of the Center Parcs Group generally, a proportion of which may be recharged to the relevant Additional Site Entity.

- (d) Notwithstanding any other provision in the Class B Issuer/Borrower Loan Agreement (other than those described in “— *Certain Covenants — Class B Restricted Payments*”), the Obligors may make loans to any Additional Site Entity from time to time on such terms as they see fit if:
 - (i) the loans at the time made are funded by funds which would otherwise at that time be able to be distributed by the Obligors under the provisions described in “— *Certain Covenants — Class B Restricted Payments*”; and
 - (ii) at the time of making a loan, no Obligor is then required to make any payments to the WCF Lenders under the Working Capital Facility Agreement.
- (e) Notwithstanding the provisions described in “— *Certain Covenants — Limitation on Financial Indebtedness*”, CP Opco may incur Financial Indebtedness in favour of National Westminster Bank Plc pursuant to the Fifth Site Performance Bond entered into in connection with the development of the Fifth Site, up to an amount not exceeding £1.7 million.

Provision of services etc.

(a) No Obligor may:

- (i) provide management or payment services; or
- (ii) license or share any Intellectual Property Rights,

(together, **Third Party Management Services**) to or with any Additional Site Entity unless:

- (A) such services are provided on arm’s length terms (or, in respect of the Fifth Site, on the terms set out in the Fifth Site Management Services Agreement); and
- (B) to the extent that the provision of such services involves the incurrence of any costs by an Obligor on behalf of an Additional Site Entity, the provisions described in “— *Costs and payments*” are complied with.



- (b) Nothing described in this section “— *Additional Site Covenants*” prohibits or limits the ability of CP Opco to account for VAT in respect of the transfer, on or about the Closing Date, of the Fifth Site Headlease to Fifth Site Opco.

Fifth Site dividends restriction

- (a) Subject to paragraph (b) below, the Obligors must procure that no Fifth Site Entity pays any dividend, or makes any other distribution in respect of its shares or any redemption in respect of share capital, or any repayment of principal or payment of interest in respect of any Group Debt, or grant a loan in cash or in kind, to any entity which is not itself a Fifth Site Entity, for so long as such first Fifth Site Entity has not acceded as a Material Obligor into the Group in accordance with the terms of the Class B Issuer/Borrower Loan Agreement and the Intercreditor Agreement.
- (b) The provisions of paragraph (a) above shall not apply to any dividends or other distributions, the net proceeds of which are to be paid or contributed to any Obligor.
- (c) The provisions of paragraph (a) above shall cease to apply on the earlier to occur of:
 - (i) any enforcement of any security granted by the Fifth Site Entities under the Fifth Site Financing Transaction Documents; and
 - (ii) any *de facto* loss of control by the Center Parcs Group of the Fifth Site Entities following the occurrence of an event of default under the Fifth Site Financing Transaction Documents.

Fifth Site transfer restriction

- (a) Subject to paragraph (b) below, the Obligors must procure that the beneficial ownership of the Fifth Site is not transferred outside of the Center Parcs Group (whether by way of share sale or asset sale) to a third party purchaser.
- (b) The provisions of paragraph (a) above shall cease to apply on the earlier to occur of:
 - (i) any enforcement of any security granted by the Fifth Site Entities under the Fifth Site Financing Transaction Documents; and
 - (ii) any *de facto* loss of control by the Center Parcs Group of the Fifth Site Entities following the occurrence of an event of default under the Fifth Site Financing Transaction Documents.

For these purposes:

Center Parcs Group means CP Cayman Limited Holdings LP and its Subsidiaries; and

Fifth Site Financing Transaction Documents means the transaction documents relating to the financing for the Fifth Site entered into on about the Closing Date.

Additional Obligors

- (a) If a person who is not an original party to the Class B Issuer/Borrower Loan Agreement, either following its acquisition by an Obligor or through its incorporation, becomes a Subsidiary of either Center Parcs (Holdings 1) Limited or UK Parcs Holding S.à r.l. (as applicable), it shall promptly execute and deliver to the Borrower Security Trustee an Accession Deed (together with any supporting documentation referred to in that Accession Deed) and, upon such execution and delivery, such person shall be bound by the provisions of the Class B Issuer/Borrower Loan Agreement as if the terms set out in the Class B Issuer/Borrower Loan Agreement were incorporated in full into the arrangements made between that person and the Borrower Secured Creditors.
- (b) In the event that the accession of any person to the Class B Issuer/Borrower Loan Agreement requires the Borrower Security Trustee, the Issuer Security Trustee, the Cash Manager, the Borrower Account Bank, the Issuer Account Bank or the Principal Paying Agent to comply with “know your customer” or other similar identification procedures and in such circumstances where the necessary information is not already available to it, the Obligor Group Agent shall promptly upon the request of the Borrower Security Trustee supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Borrower Security Trustee in order for it to carry out and be satisfied that it has complied with all the necessary “know your customer” or similar checks under all applicable laws and regulations in relation to any relevant person pursuant to the accession of such person to the Class B Issuer/Borrower Loan Agreement as an Additional Obligor or Additional Non-Obligor Group Creditor and such person shall not become an Additional Obligor or Additional Non-Obligor Group Creditor until the Borrower Security Trustee has completed its “know your customer” or similar checks.



- (c) Each party acknowledges that such Accession Deed shall, if so requested by the Borrower Security Trustee or the Issuer, be accompanied by: (i) legal tax and accounting opinions, addressed to the Borrower Security Trustee and the Issuer, and in a form satisfactory to the Borrower Security Trustee; (ii) any documentation required to accede to the Intercreditor Agreement and/or the Borrower Deed of Charge (if relevant); and (iii) a certificate signed by the Borrowers confirming that no Share Enforcement Event, Class B Loan Default or Class B Loan Event of Default is outstanding.
- (d) Any Borrower may request that a non-Material Obligor ceases to be an Obligor under the terms of the Class B Issuer/Borrower Loan Agreement by giving to the Issuer and the Borrower Security Trustee a duly completed Obligor Resignation Request.
- (e) The Borrower Security Trustee must accept an Obligor Resignation Request (in substantially the same form as provided in the Class B Issuer/Borrower Loan Agreement) and notify the Borrowers and the Issuer of its acceptance if the conditions referred to in the Obligor Resignation Request are satisfied.
- (f) The relevant Obligor will cease to be an Obligor when the Borrower Security Trustee gives the notification referred to in paragraph (e) above.
- (g) Such Obligor shall accede to the Tax Deed of Covenant in accordance with the terms thereof.

Accession of the Additional Site Entities

- (a) If an Additional Site is owned by a Non-Obligor Group Entity, the Borrowers must, to the extent that the Borrowers are able to satisfy all the conditions set out in Condition 19 (Further Notes and New Notes) of the Class B Notes, use all reasonable endeavours to procure the accession of the relevant Additional Site Entities, subject at all times, to the satisfaction of the conditions listed in paragraph (c) below, (either by way of a transfer of assets or through a transfer of the relevant Additional Site Entities into the Group) as a Material Obligor into the Group within three years of the later of (such period the **Accession Period**):
 - (i) the acquisition of the relevant Additional Site; or
 - (ii) the relevant Additional Site has become operational and has started to receive paying customers, unless:
 - (A) before the end of the Accession Period, the Borrowers have certified to the Borrower Security Trustee that the market conditions prevailing prior to the end of the Accession Period are such that the acquisition of such Additional Site within the Group (whether by the issuance of Additional Notes or in the bank loan market) would not be executable in a commercially reasonable manner having regard to the then expected pricing for such acquisition (and its financing) (as certified to the Borrowers by a financial institution of international standing and recognised as having sufficient knowledge and expertise in the corporate bond and term loan market); and
 - (B) in respect of the Fifth Site only, the amount of financing capable of being received (whether by the issuance of Additional Notes or in the bank loan market) would be insufficient to repay the aggregate of any then existing senior financing and any third party financing but excluding, for the avoidance of doubt, any then existing junior financing and/or subordinated facility of the Fifth Site (as certified to the Borrowers by a financial institution of international standing and recognised as having sufficient knowledge and expertise in the corporate bond and term loan market),

in which case, the Borrowers will not be required to procure such accession at such time,
- (b) In the event that such accession is so delayed, the Borrowers shall complete such accession as soon as possible thereafter and in connection therewith will be required to provide to the Borrower Security Trustee further certifications as to market conditions as described in paragraph (a) above on a semi-annual basis for so long as the Borrowers have not so procured such accession.
- (c) Any accession of any Additional Site Entity as a Material Obligor into the Group shall be conditional upon the Borrower Security Trustee receiving a certificate from CP Opco confirming that the following conditions have been complied with:
 - (i) the practical completion of the relevant Additional Site has been certified by an independent expert under the building contract for its construction and that the relevant Additional Site is open for trading;
 - (ii) the Group having confirmed that it has expressly conferred with the Rating Agencies prior to the acquisition, that (A) there would be no adverse effect on the then current ratings of the Class B Notes, or (B) no adverse effect on the then current ratings of the Class B Notes is reasonably expected to occur;



- (iii) the holiday park constituting the relevant Additional Site would fall within the definition of Class B Permitted Business;
- (iv) the relevant Additional Site Entities have not Incurred Financial Indebtedness, or there is no Financial Indebtedness connected to the relevant Additional Site (other than, in either case, Financial Indebtedness (A) Incurred in the ordinary course of business debt or (B) falling within paragraphs (b) and (d) of “— *Costs and payments*”) unless at the time of accession of such Additional Site Entity, such Financial Indebtedness has been discharged, either through the injection of equity (via share capital or subordinated loans), cashflow of the Group available under the terms of the Class B Finance Documents or from the proceeds of the granting of any Additional Class A Loan in accordance with the terms of the Class A Issuer/Borrower Loan Agreement or any Additional Class B Loan in accordance with the terms of the Class B Issuer/Borrower Loan Agreement; **provided** that as at the relevant Condition Test Date, the aggregate principal amount of indebtedness outstanding connected to the relevant Additional Site Entities does not exceed the Additional Site Leverage Limit;
- (v) if applicable, the relevant Additional Site Entities have acceded as Borrowers and/or Guarantors;
- (vi) a first ranking fixed and floating security has been granted over all of the assets and undertakings (including, without limitation, the relevant Additional Site) of the relevant Additional Site Entities in favour of the Borrower Security Trustee (on behalf of the Borrower Secured Creditors);
- (vii) CP Opco has certified (such certification to be supported by an opinion of the professional tax advisor to the Group) that either (A) there are no adverse Tax consequences that arise as a result of the accession, or (B) an appropriate amount has been deposited into the Tax Reserve Account to meet any adverse Tax consequences;
- (viii) any relevant Additional Site Entity has acceded to all relevant Transaction Documents (as amended, if required), including (but not limited to) the Tax Deed of Covenant; and
- (ix) there is no Share Enforcement Event, Class B Loan Event of Default or Note Event of Default outstanding, unless the accession of any such Additional Site Entity as a Material Obligor into the Group would remedy any such Share Enforcement Event, Class B Loan Event of Default or Note Event of Default.

RELEASE OF LIENS

Liens on the Collateral securing the obligations under the Class B Finance Documents (or if other Borrower Secured Liabilities remain outstanding, all claims of the Issuer in respect of those Liens to the extent of its claims under the Class B Finance Documents) will be automatically and unconditionally released:

- (a) upon payment in full of principal, interest and all other obligations on the Class B Loan under the Class B Issuer/Borrower Loan Agreement or discharge thereof;
- (b) upon release of a Guarantee in accordance with the Class B Issuer/Borrower Loan Agreement (with respect to the Liens securing the assets, property and Capital Stock of the Guarantor that is released from such Guarantee);
- (c) in connection with any disposition of Collateral to any Person other than Topco or any of its Restricted Subsidiaries (but excluding any transaction subject to the provisions described under “— *Certain Covenants — Merger, Consolidation or Sale of Assets*” that is permitted by the Class B Issuer/Borrower Loan Agreement (with respect to the Liens on such Collateral));
- (d) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets to a Person that is not (either before or after giving effect to such transaction) Topco or any Restricted Subsidiary, if the sale or other disposition that is not prohibited by, or does not otherwise violate the provisions of the Class B Issuer/Borrower Loan Agreement relating to asset sales;
- (e) if Topco designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Class B Issuer/Borrower Loan Agreement;
- (f) as provided under the Intercreditor Agreement or any Additional Intercreditor Agreement; or
- (g) otherwise permitted under the Class B Issuer/Borrower Loan Agreement.



The Borrower Security Trustee will, subject to its receipt of an Officer's certificate or opinion of counsel or other documentation reasonably requested, take all necessary action required to effectuate any release of Collateral securing the obligations under the Class B Finance Documents in accordance with the provisions of the Class B Issuer/Borrower Loan Agreement, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Borrower Security Documents. Each of the releases set forth above shall be effected by the Borrower Security Trustee without the consent of the Issuer.

GOVERNING LAW

The Class B Issuer/Borrower Loan Agreement, the Class B Notes and the Intercreditor Agreement will be governed by, and shall be construed in accordance with, English law.

CERTAIN DEFINITIONS USED IN DESCRIPTION OF THE CLASS B LOAN

Accounting Period means each quarterly accounting period of Topco and its Restricted Subsidiaries.

Acquired Indebtedness means Financial Indebtedness (a) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (b) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of Topco or such acquisition, or secured by a Lien encumbering any asset acquired by such specified Person, or (c) of a Person at the time such Person merges with or into or consolidates or otherwise combines with Topco or with any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to paragraph (a) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to paragraph (b) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to paragraph (c) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

Additional Assets means:

- (a) any property or assets (other than working capital, current assets, Financial Indebtedness or Capital Stock) used or to be used by Topco, a Restricted Subsidiary or otherwise useful in a Class B Permitted Business (it being understood that capital expenditures on property or assets already used in a Class B Permitted Business or to replace any property or assets that are the subject of such Asset Sale shall be deemed an investment in Additional Assets);
- (b) the Capital Stock of a Person that is engaged in a Class B Permitted Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by Topco or a Restricted Subsidiary of Topco; or
- (c) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of Topco.

Additional Class A Loan means any Class A Loan granted under any Additional Class A Facility.

Additional Class B Loan means any Class B Loan granted under any Additional Class B Facility.

Additional Facility means an Additional Class A Facility and/or an Additional Class B Facility.

Additional Non-Obligor Group Creditor means any person that is acquired by a Non-Obligor Group Entity or through its incorporation becomes a Subsidiary of a Non-Obligor Group Entity, but is not an Obligor.

Additional Notes means Class A Further Notes, Class B Further Notes, Class A New Notes or Class B New Notes.

Additional Obligor means any person that has acceded to the Issuer/Borrower Loan Agreements, as an Obligor by execution and delivery to the Borrower Security Trustee of an Accession Deed.

Additional Site means either:

- (a) the Fifth Site;
- (b) any additional sites (or entities owning such sites) based in the United Kingdom which would, after acquisition and/or development by the Excluded Group, be transferred to the Group to become part of the financing arrangements entered into under the Class A Issuer/Borrower Loan Agreement (and the transactions connected therewith); or
- (c) any other additional sites based in the United Kingdom which would, upon acquisition by the Group become part of the financing arrangements entered into under the Issuer/Borrower Loan Agreements (and the transactions connected therewith).

Additional Site EBITDA means as at the Condition Test Date:

- (a) if available, Twelve Months' EBITDA for the relevant period ending on the Condition Test Date; or



- (b) if Twelve Months' EBITDA for the relevant period ending on the Condition Test Date is not then able to be calculated (on the basis that there is insufficient historic data to calculate actual EBITDA for such a period ending on the Condition Test Date) then it shall be:
 - (i) the actual EBITDA available for the relevant Additional Site Entity provided that it is for a period of at least six months or more; plus
 - (ii) the Projected EBITDA in respect of those months in the Test Period for which actual EBITDA is not available calculated by CP Opco acting reasonably and in good faith.

Additional Site Entity means any company or other entity owning directly or indirectly an interest in an Additional Site.

Additional Site Leverage Limit means an amount equal to five times the Additional Site EBITDA for the period ending on the Condition Test Date.

Affiliate of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, **control** when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **controlling** and **controlled** have meanings correlative to the foregoing; **provided that**, for the purposes of The Royal Bank of Scotland plc, Affiliate shall include The Royal Bank of Scotland N.V. and each of its subsidiaries or subsidiary undertakings but shall not include:

- (a) the UK Government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof); or
- (b) any persons or entities controlled by or under common control with the UK Government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Investments Limited) which are not part of The Royal Bank of Scotland Group plc and its subsidiary or subsidiary undertakings (including The Royal Bank of Scotland N.V. and each of its subsidiaries or subsidiary undertakings).

Applicable Premium means, with respect to any Class B Loan on any prepayment date, the greater of:

- (a) 1.00% of the principal amount of such Class B Loan; or
- (b) the excess of:
 - (i) the present value at such prepayment date of (A) the prepayment price of such Class B Loan at 28 February 2015 (such prepayment price being set forth in the table under "*—Prepayment — Optional prepayment*" (excluding accrued but unpaid interest)) plus (B) all required interest payments due on such Class B Loan through 28 February 2015 (excluding accrued but unpaid interest to the prepayment date), computed using a discount rate equal to the Gilt Rate as of such prepayment date plus 50 basis points; over
 - (ii) the principal amount of such Class B Loan.

For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Borrower Security Trustee, the Issuer Security Trustee, the Note Trustees or the Principal Paying Agents.

Asset Sale means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition (including any sale and leaseback transaction), or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a **disposition**) by Topco or by any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction; **provided that** the sale, conveyance or other disposition of all or substantially all of the assets of Topco and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Class B Issuer/Borrower Loan Agreement described pursuant to "*— Class B Change of Control*" and/or the provisions described under "*— Certain Covenants — Merger, Consolidation or Sale of Asset*" and not by the provisions of "*— Certain Covenants — Asset Sales*". Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Sales:

- (a) dispositions by a Restricted Subsidiary to Topco or by Topco or a Restricted Subsidiary to a Restricted Subsidiary;



- (b) dispositions of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (c) dispositions of inventories or other assets in the ordinary course of business;
- (d) dispositions of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of Topco and its Restricted Subsidiaries;
- (e) transactions permitted under “— *Certain Covenants — Merger, Consolidation or Sale of Asset*” or transactions that constitute a Class B Change of Control;
- (f) issuances of Capital Stock by Restricted Subsidiaries to Topco or to other Restricted Subsidiaries or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;
- (g) any disposition of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by Topco) of less than £5.0 million;
- (h) any Class B Restricted Payment that is permitted to be made, and is made, under the covenant described above under “— *Certain Covenants — Class B Restricted Payments*” and the making of any Permitted Payment or Permitted Investment or, solely for purposes of paragraph (a)(iii) of “— *Certain Covenants — Asset Sales*”, asset sales, the proceeds of which are used to make such Class B Restricted Payments or Permitted Investments;
- (i) dispositions in connection with Permitted Liens;
- (j) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (k) the licensing or sublicensing of intellectual property or other general intangibles and licences, sublicences, leases or subleases of other property, in each case in the ordinary course of business;
- (l) security enforcement, condemnation or any similar action with respect to any property or other assets;
- (m) the sale or discount with or without recourse, and on customary or commercially reasonable terms of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (n) any disposition of Capital Stock, Financial Indebtedness or other securities of an Unrestricted Subsidiary;
- (o) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than Topco or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (p) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind in the ordinary course of business;
- (q) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by Topco or by any Restricted Subsidiary to such Person; **provided, however**, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to Topco and its Restricted Subsidiaries (considered as a whole); **provided**, further, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this paragraph (q), does not exceed £5.0 million;
- (r) the sale, lease or other transfer of products, services, equipment, accounts receivable, inventory, shares and other assets (including any real or personal property) in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of Topco, no longer economically practicable to maintain or useful in the conduct of the business of Topco and its Restricted Subsidiaries taken as a whole);
- (s) the disposal by an Obligor of any retail lease (whether such lease is short or long term);



- (t) any disposal of assets in exchange for other assets used in a Class B Permitted Business and comparable or superior as to type, value and quality;
- (u) dispositions in connection with the Transaction; and
- (v) any disposal made with the prior written consent of the Issuer or the Borrower Security Trustee acting in accordance with the Class B Conditions.

Attributable Indebtedness means, in respect of a sale and leaseback transaction pursuant to “— *Certain Covenants — Limitation on Sale and Leaseback Transactions*”, at the time of determination, the present value (discounted at the rate of interest implicit in the transaction, determined in accordance with IFRS) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended); **provided, however**, that if such sale and leaseback transaction results in a Capitalised Lease Obligation, the amount of Financial Indebtedness represented thereby will be determined in accordance with the definition of Capitalised Lease Obligations.

Bankruptcy Law means (to the extent applicable) (a) the UK Insolvency Act; (b) Bankruptcy (Désastre) Jersey Law 1990; or (c) any other law of the Cayman Islands or any political subdivision thereof, Jersey, or any other jurisdiction relating to bankruptcy, insolvency, winding-up, liquidation, reorganisation or relief of debtors.

Board of Directors means:

- (a) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorised to act on behalf of such board;
- (b) with respect to a partnership, the board of directors of the general partner of the partnership;
- (c) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (d) with respect to any other person, the board or committee of such person serving a similar function.

Borrower Secured Creditor means:

- (a) the Issuer;
- (b) the Borrower Security Trustee;
- (c) the WCF Lenders;
- (d) the WCF Agent;
- (e) the Borrower Account Bank;
- (f) the Liquidity Facility Agent; and
- (g) any other party designated as such in writing by the Borrowers, the Issuer and the Borrower Security Trustee.

Borrower Security Documents means:

- (a) the Borrower Deed of Charge;
- (b) the Security Interest Agreement;
- (c) any Longleat Legal Charge; and
- (d) any other document designated as such in writing by the Borrower Security Trustee and the Borrowers.

Capital Expenditure means expenditure which qualifies to be included in the cost of a tangible fixed asset under IFRS or other applicable accounting standards under which the Group prepares its consolidated financial statements.



Capital Stock of any Person means any and all the shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), the equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

Capitalised Lease Obligation means an obligation that is required to be classified and accounted for as a capitalised lease for financial reporting purposes on the basis of IFRS, as in effect on the Closing Date and not giving effect to changes after the Closing Date. The amount of Financial Indebtedness represented by such obligation will be the capitalised amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

Cash Equivalents means:

- (a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union (provided that such member state has a long-term rating of "A" or higher from S&P and "A" or higher from Fitch (or in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization)), Switzerland or Norway or, in each case, any agency or instrumentality thereof (**provided** that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than one year from the date of acquisition;
- (b) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to a credit facility or by any bank or trust company (i) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "F1" or the equivalent thereof by Fitch (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £500.0 million;
- (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraphs (a) and (b) above entered into with any bank meeting the requirements specified in paragraph (b) above;
- (d) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "F2" or the equivalent thereof by Fitch or the equivalent short-term rating of either S&P or Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;
- (e) readily marketable direct obligations issued by any state of the United States, any province of Canada, any member state of the European Union (provided that such member state has a long-term rating of "A" or higher from S&P and "A" or higher from Fitch (or in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization)), Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Fitch or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than one year from the date of acquisition;
- (f) bills of exchange issued in the United States, Canada, a member state of the European Union (provided that such member state has a long-term rating of "A" or higher from S&P and "A" or higher from Fitch (or in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization)), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialised equivalent); and
- (g) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in paragraphs (a) through (f) above.

Class B Change of Control means:

- (a) Topco becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one



or more Permitted Holders, is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of Topco, **provided** that for the purposes of this definition, (i) no Class B Change of Control shall be deemed to occur by reason of Topco becoming a Subsidiary of a Successor Parent and (ii) any Voting Stock of which any Permitted Holder is the “beneficial owner” (as so defined) shall not be included in any Voting Stock of which any such person or group is the “beneficial owner” (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

- (b) following the Initial Public Offering of Topco or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of Topco or such Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of Topco or such Parent or whose nomination for election by shareholders of Topco or such Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of Topco or such Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of Topco or such Parent, then in office; or
- (c) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of Topco and its Restricted Subsidiaries taken as a whole to a Person, other than an Obligor or one or more Permitted Holders.

Class B FCF means, in relation to any period, the amount equal to the difference between:

- (a) the EBITDA of Topco and its Restricted Subsidiaries for such period; and
- (b) the aggregate of:
 - (i) any cash tax actually paid by Topco and its Restricted Subsidiaries during such period;
 - (ii) any increase in Topco and its Restricted Subsidiaries’ Working Capital for the relevant period (provided that, in the event that there has been a decrease in Topco and its Restricted Subsidiaries’ Working Capital, such decreased amount shall be deducted from the aggregate amount calculated under this paragraph (b) of the definition of Class B FCF);
 - (iii) an amount equal to the proportion of the Minimum Capital Maintenance Spend Amount required to be spent or reserved in relation to that period; and
 - (iv) the Owners’ Cost paid during such period.

Class B Finance Document means:

- (a) the Class B Issuer/Borrower Loan Agreement;
- (b) a Borrower Security Documents;
- (c) the Intercreditor Agreement; or
- (d) any other document relating to the Transaction designated in writing as such by the Issuer, the Borrower Security Trustee and the Borrowers.

Class B Guarantee means the Guarantee by each Guarantor of the Borrowers’ obligations under the Class B Issuer/Borrower Loan Agreement and the Class B Loan.

Class B Lender means the Issuer and any person which becomes a party (as lender) to the Class B Issuer/Borrower Loan Agreement in accordance with the terms thereof.

Class B Loan Default means any event which is, or after notice or passage of time or both would be, a Share Enforcement Event or a Class B Loan Event of Default, as the case may be.



Class B Loan Step-Down Date means the Loan Interest Payment Date falling in February 2020.

Class B Permitted Business means (a) any business, services or activities engaged in by any member of the Group on the Closing Date, and (b) any businesses, services and activities that are reasonably related, complementary, incidental, ancillary or similar to any of the foregoing, or are extensions or developments of any thereof.

Class B Total Debt Service Charges means, in respect of any relevant period, the amount equal to any scheduled amortisation of principal (whether paid or not) payable in respect of any Financial Indebtedness of Topco and its Restricted Subsidiaries and the Consolidated Interest Expense of Topco and its Restricted Subsidiaries.

Collateral means the rights, property and assets securing the Class B Loan and the Class B Guarantee as described in the Borrower Security Documents and any rights, property or assets over which a Lien has been granted to secure the Obligations of Topco and the Obligors under the Class B Loan, the Class B Guarantees and/or the Class B Issuer/Borrower Loan Agreement.

Commodity Hedging Agreements means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements) to which such Person is a party or a beneficiary.

Condition Test Date means the date following 30 Business Days before the Further Issue Date.

Consolidated Interest Expense means, with respect to Topco and its Restricted Subsidiaries for any period, without duplication:

- (a) interest payable by Topco and its Restricted Subsidiaries for such period, whether in cash or accreted or capitalised, and to the extent such expense was deducted (and not added back) in computing EBITDA on its Financial Indebtedness, and excluding: (i) any interest expense associated with Attributable Indebtedness; (ii) any amortisation of deferred financing debt issuance costs, commissions, fees and expenses; (iii) interest with respect to Financial Indebtedness of any Parent appearing upon the balance sheet Topco and its Restricted Subsidiaries solely by reason of push-down accounting under IFRS; and (iv) any expense associated with Subordinated Shareholder Funding; less
- (b) interest income for such period.

For the purposes of this definition, interest on a Capitalised Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Obligors to be the rate of interest implicit in such Capitalised Lease Obligation in accordance with IFRS.

Consolidated Leverage means the sum of the aggregate outstanding Financial Indebtedness of Topco and its Restricted Subsidiaries (excluding (a) Hedging Obligations except to the extent provided in paragraph (f)(iii) of “— *Certain Covenants — Limitation on Financial Indebtedness*” and (b) Attributable Indebtedness) as of the relevant date of calculation on a consolidated basis in accordance with IFRS.

Consolidated Leverage Ratio means, as of any date of determination, the ratio of (a) Consolidated Leverage at such date to (b) the aggregate amount of EBITDA of Topco and its Restricted Subsidiaries for the period of the most recent four consecutive Accounting Periods ending prior to the date of such determination for which internal consolidated financial statements of Topco are available; **provided, however**, that for the purposes of calculating EBITDA for such period, if, as of such date of determination:

- (a) since the beginning of such period, Topco or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a **Sale**) or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, EBITDA for such period will be reduced by an amount equal to the EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the EBITDA (if negative) attributable thereto for such period; provided that if any such sale constitutes “discontinued operations” in accordance with the then applicable IFRS, EBITDA shall be reduced by an amount equal to the EBITDA (if positive) attributable to such operations for such period or increased by an amount equal to the EBITDA (if negative) attributable thereto for such period;
- (b) since the beginning of such period, Topco or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a **Purchase**), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and



- (c) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into Topco or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to paragraph (i) or (ii) above if made by Topco or a Restricted Subsidiary since the beginning of such period, EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of EBITDA, Total Debt Service Charges, Consolidated Interest Expense, Fixed Charge Coverage Ratio and Taxes, (A) calculations will be as determined in good faith by a responsible financial or accounting officer of Topco (including in respect of synergies and cost savings) and (B) in determining the amount of Financial Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Financial Indebtedness as if such transaction had occurred on the first day of the relevant period.

CPI means the Consumer Price Index as published by or on behalf of the UK government.

Currency Agreement means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

Defeasance Account has the meaning given to that term in the Borrower Account Bank Agreement.

Designated Non-Cash Consideration means the fair market value (as determined in good faith by Topco) of non-cash consideration received by Topco or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with "*— Asset Sales*".

Designated Obligors means the Obligors specified as such in the Class A Issuer/Borrower Loan Agreement.

Designated Preference Shares means, with respect to Topco or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to Topco or a Subsidiary of Topco or an employee stock ownership plan or trust established by Topco or any such Subsidiary for the benefit of their employees to the extent funded by Topco or such Subsidiary) and (b) that is designated as Designated Preference Shares pursuant to an Officer's Certificate of Topco at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in paragraph (b) of the definition of Cumulative Credit.

Disinterested Director means, with respect to any Affiliate Transaction, a member of the Board of Directors of Topco having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of Topco shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of Topco or any Parent or any options, warrants or other rights in respect of such Capital Stock.

Disqualified Stock means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (a) matures or is mandatorily redeemable for cash or in exchange for Financial Indebtedness pursuant to a sinking fund obligation or otherwise;
- (b) is convertible or exchangeable for Financial Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of Topco or a Restricted Subsidiary); or
- (c) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Financial Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to 91 days after the earlier of (i) the Class B Note Expected Maturity Date or (ii) the date on which there are no Class B Notes outstanding; **provided, however**, that (A) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (B) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the issuer of such Capital Stock to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with "*— Certain Covenants — Class B Restricted Payments*".



EBITDA means, for any relevant period, the combined operating profits of Topco and its Restricted Subsidiaries arising from ordinary activities for that period before taxation:

- (a) before deducting Total Debt Service Charges;
- (b) before taking into account any accrued interest owing to Topco and its Restricted Subsidiaries;
- (c) before taking into account any items treated as exceptional or unusual or non-recurring items;
- (d) before deducting any amount attributable to the amortisation of goodwill or intangible assets or acquisition costs or the depreciation of tangible assets;
- (e) before deducting any amount attributable to any movement in fair value of financial instruments held by Topco and its Restricted Subsidiaries;
- (f) before deducting amounts in respect of Owners' Cost;
- (g) after deducting expenses Incurred in relation to the normal expenses of the Head Office and any other central costs;
- (h) after deducting expenses Incurred in relation to the Headlease for the Fifth Site (but only for the period before any Fifth Site Entity accedes to the terms of the Class B Issuer/Borrower Loan Agreement, in accordance with its terms);
- (i) adding amounts received in connection with the Fifth Site Management Services Agreement; and
- (j) before taking into account the agreed transaction cost associated with the financing contemplated by the Transaction Documents.

Equity Interests means any share capital listed pursuant to the definition of Equity Offering and all warrants, options or other rights to acquire share capital listed pursuant to the definition of Equity Offering (but excluding any debt security that is convertible into, or exchangeable for an Equity Offering).

Equity Offering means (a) a sale of Capital Stock of Topco (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (b) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of Topco and/or any other Obligor.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

Excluded Contribution means Net Cash Proceeds or property or assets received by Topco as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of Topco after the Closing Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by Topco or any Subsidiary of Topco for the benefit of its employees to the extent funded by Topco or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of Topco, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of Topco.

Excluded Group means members of the wider Center Parcs Group which are not Obligors.

Facilities means each of the Class A1 Facility, the Class A2 Facility and the Class B Facility, and any Additional Facility.

fair market value may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of Topco setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

FCF DSCR Period means, in relation to each Financial Covenant Test Date, the period starting on (and including) 12 months before such Financial Covenant Test Date and ending on (but excluding) such Financial Covenant Test Date.

Fifth Site means the site located in Warren Wood, Millbrook, Bedfordshire where it is proposed that a fifth holiday park is developed by the Fifth Site Entities.



Fifth Site Entity means Fifth Site Opco, Fifth Site Holdco and Fifth Site Finco.

Fifth Site Headlease means the lease dated 24 December 2010 and made between (a) Woburn Estate Company Limited and Bedford Estates Nominees Limited and (b) CP Opco, for a term of 99 years in respect of the Fifth Site.

Fifth Site Management Services Agreement means the fifth site management services agreement dated on or about the Closing Date and to be entered into by, amongst others, CP Opco and Fifth Site Opco.

Financial Covenant Test Date means each date which is seven Business Days before each Loan Interest Payment Date, (commencing with the date which is seven Business Days before the Loan Interest Payment Date falling in August 2012) provided that any calculation required to be made on each Financial Covenant Test Date will be based on the Obligor Group's management accounts in respect of the 12 months ending on the Accounting Period end date immediately preceding such Financial Covenant Test Date.

Financial Indebtedness means, with respect to any Person on any date of determination (without duplication):

- (a) the principal of indebtedness of such Person for borrowed money;
- (b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);
- (d) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (e) Capitalised Lease Obligations of such Person;
- (f) Attributable Indebtedness of such Person;
- (g) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);
- (h) the principal component of all Financial Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Financial Indebtedness is assumed by such Person; **provided, however**, that the amount of such Financial Indebtedness will be the lesser of (i) the fair market value of such asset at such date of determination (as determined in good faith by Topco) and (ii) the amount of such Financial Indebtedness of such other Persons;
- (i) Guarantees by such Person of the principal component of Financial Indebtedness of other Persons to the extent Guaranteed by such Person; and
- (j) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term Financial Indebtedness shall not include Subordinated Shareholder Funding, liabilities in respect of the Senior Pension Scheme or any lease, concession or licence of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Closing Date, any prepayments or deposits received from clients or customers in the ordinary course of business, or as obligations under any licence, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Closing Date or in the ordinary course of business.

The amount of Financial Indebtedness of any Person at any time in the case of a revolving credit facility or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of Financial Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Class B Issuer/Borrower Loan



Agreement, and (other than with respect to letters of credit or Guarantees or Financial Indebtedness specified in paragraph (h) or (i) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Financial Indebtedness:

- (i) in connection with the purchase by Topco or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled, to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; **provided, however**, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or
- (ii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, vacation obligations or contributions or social security or wage Taxes.

Fitch means Fitch Ratings Ltd. or any of its affiliates, successors or assigns that is a Nationally Recognized Statistical Rating Organization.

Fixed Charge Coverage Ratio means, with respect to Topco on any determination date, the ratio of EBITDA of Topco and its Restricted Subsidiaries for the most recent four consecutive Accounting Periods ending immediately prior to such determination date for which internal consolidated financial statements are available to the Fixed Charges of Topco and its Restricted Subsidiaries for four consecutive Accounting Periods. In the event that Topco or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Financial Indebtedness (other than Financial Indebtedness Incurred under Facilities unless such Financial Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the **Fixed Charge Coverage Ratio Calculation Date**), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Financial Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For the purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by Topco or any of its Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date, shall be calculated on a *pro forma*, basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into Topco or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For the purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of Topco (including synergies and cost savings). If any Financial Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Financial Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Financial Indebtedness). Interest on a Capitalised Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of Topco to be the rate of interest implicit in such Capitalised Lease Obligation in accordance with IFRS. For the purposes of making the computation referred to above, interest on any Financial Indebtedness under a revolving credit facility computed with a *pro forma* basis shall be computed based upon the average daily balance of such Financial Indebtedness during the applicable period, except as set forth in the first paragraph of this definition. Interest on Financial Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as Topco may designate.

Fixed Charges means, with respect to any Person for any period, the sum of:

- (a) the Consolidated Interest Expense of such Person for such period;
- (b) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and



- (c) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

Further Issue Date means the date of issue of the relevant Class B Additional Notes.

Gilt Rate means, as of any prepayment date, the yield to maturity as of such prepayment date of United Kingdom government securities with a fixed maturity (as compiled by the Debt Management Office statistics that have become publicly available at least two Business Days in London prior to such prepayment date (or, if such statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such prepayment date to 2015; **provided, however**, that if the period from such prepayment date to 2015 is less than one year, the weekly average yield on actually traded United Kingdom government securities denominated in sterling adjusted to a fixed maturity of one year shall be used.

Governmental Authority means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

Group means Topco and its Subsidiaries.

Guarantee means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Financial Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Financial Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (b) entered into primarily for the purposes of assuring in any other manner the obligee of such Financial Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term Guarantee will not include endorsements for collection or deposit in the ordinary course of business. The term Guarantee used as a verb has a corresponding meaning.

Guarantor means any Restricted Subsidiary that Guarantees the Class B Loan.

Head Office means the office situated at One Edison Rise, New Ollerton, Newark, Nottinghamshire NG22 9DP.

Headlease means any lease under which a Propco holds title to any part of the relevant Property.

Hedging Obligations of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

Holiday Parks means the business and operations of the holiday parks operated under the brand "Center Parcs" and located in Sherwood, Nottinghamshire; Longleat, Wiltshire; Elveden, Suffolk; and Whinfell, Cumbria, together with any other Holiday Park designated as such in writing by the Borrowers, the Issuer and the Borrower Security Trustee.

Holdco means CP Cayman Limited, an exempted company incorporated in the Cayman Islands with company registration number 165512.

IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002, to the extent applicable to the relevant financial statements as in effect on the date of any calculation or determination required hereunder. At any time after the Closing Date, Topco may elect to establish that IFRS shall mean IFRS as in effect on or prior to the date of such election; **provided** that any such election, once made, shall be irrevocable; **provided further** that it shall be at Topco's sole discretion whether such election shall affect the classification of a lease obligation as a capitalised lease. Topco shall give notice of any such election made in accordance with this definition to the Borrower Security Trustee.

Incur means issue, create, assume, enter into any Guarantee of, Incur, extend or otherwise become liable for; **provided, however**, that any Financial Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such



Restricted Subsidiary at the time it becomes a Restricted Subsidiary, and the terms **Incurred** and **Incurrence** have meanings correlative to the foregoing and any Financial Indebtedness pursuant to any of the Facilities or similar facility shall only be Incurred at the time any funds are borrowed thereunder.

Independent Financial Advisor means an investment banking or accounting firm of international standing or any third party appraiser of international standing; **provided, however**, that such firm or appraiser is not an Affiliate of Topco.

Initial Investors means The Blackstone Group L.P., its Affiliates and any funds or entities managed or advised by any of them.

Initial Public Offering means an Equity Offering of common stock or other common Equity Interests of Topco or any Parent or any successor of Topco or any Parent (the **IPO Entity**) following which there is a Public Market and, as a result of which, the shares of common stock or other common Equity Interests of the IPO Entity in such offering are listed on an internationally recognised exchange or traded on an internationally recognised market.

Interest Rate Agreement means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

Investment means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Financial Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS. If Topco or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by Topco or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in paragraph (c) in “— *Certain Covenants — Class B Restricted Payments*”.

For the purposes of “— *Certain Covenants — Class B Restricted Payments*”:

- (a) “Investment” will include the portion (proportionate to Topco’s Equity Interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of Topco at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; **provided, however**, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, Topco will be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to (i) Topco’s “Investment” in such Subsidiary at the time of such redesignation less (ii) the portion (proportionate to Topco’s Equity Interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of Topco in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and
- (b) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of Topco.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at Topco’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

Investment Grade Securities means:

- (a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);
- (b) securities issued or directly and fully Guaranteed or insured by a member of the European Union (provided that such member state has a long-term rating of “A” or higher from S&P and “A” or higher from Fitch (or in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization)), or any agency or instrumentality thereof (other than Cash Equivalents);



- (c) debt securities or debt instruments with a rating of "A" or higher from S&P or Fitch or the equivalent of such long term rating by such rating organisation or, if no rating of Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among Topco and its Subsidiaries; and
- (d) investments in any fund that invests exclusively in investments of the type described in paragraphs (a), (b) and (c) above, which fund may also hold cash and Cash Equivalents pending investment or distribution.

IPO Market Capitalisation means an amount equal to (a) the total number of issued and outstanding shares of common stock or common Equity Interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (b) the price per share at which such shares of common stock or common Equity Interests are sold in such Initial Public Offering.

Issuer/Borrower Loan Agreements means the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement.

Lease Document means the lease documents dated on or about the Closing Date entered into by CP Opco with each of CP Elveden Village Limited, Longleat Property Limited, CP Sherwood Village Limited and CP Whinfall Village Limited.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

Longleat Headlease Interest means the interests held by Old Longleat Propco under the two underleases and the lease relating to the Holiday Park known as Longleat.

Longleat Legal Charge means a charge by way of legal mortgage in respect of the Longleat Headlease Interest and the New Longleat Headlease Interest in the form set out in the Borrower Deed of Charge.

Management Advances means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, Topco or any Restricted Subsidiary or any Obligor:

- (a) (i) in respect of travel, entertainment or moving-related expenses Incurred in the ordinary course of business or (ii) for the purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Group or any Parent with (in the case of this paragraph (ii)) the approval of the Board of Directors;
- (b) in respect of moving-related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (c) not exceeding £1.0 million in the aggregate outstanding at any time.

Management Fees means:

- (a) customary annual fees for the performance of monitoring services by the Permitted Holders or any of their respective Affiliates for Topco and its Restricted Subsidiaries; **provided** that such fees will not, in the aggregate, exceed the greater of £2.0 million and 1% of EBITDA per annum (exclusive of out-of-pocket expenses) (such fees, the **Owners' Cost**); and
- (b) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by of the Permitted Holders or any of their respective Affiliates for Topco and its Restricted Subsidiaries, which payments in respect of this paragraph (b) have been approved by a majority of the disinterested members of the Board of Directors of Topco.

Management Investors means the officers, directors, employees and other members of the management of or consultants to Parent, Topco or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of Topco, any Restricted Subsidiary or any Parent.

Market Capitalisation means an amount equal to (a) the total number of issued and outstanding shares of common stock or common Equity Interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (b) the arithmetic mean of the closing prices per share of such common stock or common Equity Interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.



Material Adverse Effect means a material adverse effect on:

- (a) the business, assets or financial condition of the Group taken as whole;
- (b) the ability of an Obligor to perform any of its payment obligations under any of the applicable Class B Finance Documents (subject to any applicable grace periods) or comply with its financial covenant obligations under the Class A Issuer/Borrower Loan Agreement or the provisions described in “— *Certain Covenants — Class B Financial Covenant*”; or
- (c) the legality, validity or enforceability (subject to the Reservations) of any of the Class B Finance Documents, in a manner which is prejudicial in any material respect to the interests of the Borrower Secured Creditors.

Material Obligor means each of the following entities:

- (a) each of the Borrowers;
- (b) any Obligor which:
 - (i) generates EBITDA representing 5% or more of the EBITDA (determined by reference to the most recent compliance certificate (and excluding for these purposes any intra-group items)) of the Obligor Group; or
 - (ii) has net assets representing 5% or more of the net assets (determined by reference to the most recent compliance certificate (and excluding for these purposes any intra-group items)) of the Obligor Group; and
- (c) an Obligor which directly owns an entity referred to in paragraph (a) and/or (b) of this definition.

Minimum Capital Maintenance Spend Amount means £15.0 million per annum, subject to any adjustment as described in the Class A Issuer/Borrower Loan Agreement and “— *Certain Covenants — Class B Financial Covenant*”.

Nationally Recognized Statistical Rating Organization means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act, or an affiliate performing substantially the same function in non-United States jurisdictions.

Net Available Cash from an Asset Sale means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Financial Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Sale or received in any other non-cash form) therefrom, in each case net of:

- (a) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Sale;
- (b) all payments made on any Financial Indebtedness which is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon such assets, or which by applicable law will be repaid out of the proceeds from such Asset Sale;
- (c) all distributions and other payments required to be made to minority interest holders (other than any Parent, Topco or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Sale; and
- (d) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Sale and retained by Topco or any Restricted Subsidiary after such Asset Sale.

Net Cash Proceeds, with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

New Equity Funds means either:

- (a) the proceeds received by Topco from the issue of its share capital (other than Designated Preference Shares or Disqualified Stock), including any Equity Offering; or
- (b) any Subordinated Shareholder Funding.

New Prop Holdco (UK) means CP Longleat Village Limited.

Non-Obligor Group Entity means any company which is:

- (a) an Affiliate of the Group; but
- (b) not an Obligor.



Note Event of Default means a Class A Note Event of Default or a Class B Note Event of Default as defined in Condition 9 of the Class A Terms and Conditions and in Condition 9 in the Class B Terms and Conditions, respectively.

Note Trustee means a Class A Note Trustee or Class B Note Trustee, as applicable.

Obligations means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Financial Indebtedness.

Obligor means a Borrower or a Guarantor.

Officer means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Class B Issuer/Borrower Loan Agreement by the Board of Directors of such Person.

Officer's Certificate means, with respect to any Person, a certificate signed by an Officer of such Person.

Owners' Cost means an amount described under paragraph (a) of the definition of Management Fees.

Parent means any Person of which Topco at any time is or becomes a Subsidiary after the Closing Date and any holding companies established by any Permitted Holder for the purposes of holding its investment in any Parent.

Parent Expenses means:

- (a) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Class B Issuer/Borrower Loan Agreement or any other agreement or instrument relating to Financial Indebtedness of Topco or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;
- (b) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to Topco and its Subsidiaries;
- (c) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to Topco and its Subsidiaries;
- (d) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of Topco or any of its Restricted Subsidiaries, including in relation to transactions or potential transactions relating to Topco;
- (e) other fees, expenses and costs relating directly or indirectly to activities of Topco and its Subsidiaries in an amount not to exceed £1.0 million in any financial year; and
- (f) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Financial Indebtedness:
 - (i) where the net proceeds of such offering or sale are intended to be received by or contributed to Topco or a Restricted Subsidiary;
 - (ii) in a pro rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or
 - (iii) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to Topco or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

Pari Passu Indebtedness means Financial Indebtedness of Topco, the Borrowers (other than Financial Indebtedness of the Borrowers pursuant to the Class A Facility) or any Guarantor if such Guarantee ranks equally in right of payment to the Class B Guarantees which, in each case, is secured by Liens on assets of Topco.

Pensions Report means the actuarial valuation report dated as at 28 April 2011 issued in respect of the Senior Pension Scheme and prepared by Hymans Robertson LLP.



Permitted Asset Swap means the concurrent purchase and sale or exchange of assets used or useful in a Class B Permitted Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between Topco or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied as described in “— *Certain Covenants — Asset Sales*”.

Permitted Collateral Liens means:

- (a) Liens on the Collateral that are Permitted Liens;
- (b) Liens to secure Financial Indebtedness permitted to be Incurred as described in paragraph (a) of “— *Certain Covenants — Limitation on Financial Indebtedness*”;
- (c) Liens to secure Financial Indebtedness that is permitted to be Incurred under paragraph (i) of the definition of Permitted Financial Indebtedness; and
- (d) Liens to secure Financial Indebtedness permitted to be Incurred under (1) paragraph (ii)(A) of the definition of Permitted Financial Indebtedness (to the extent such Guarantee is in respect of Financial Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (2) paragraph (iv)(A) and (C) of the definition of Permitted Financial Indebtedness (if the original Financial Indebtedness was so secured), (3) paragraphs (vi) and (vii) of the definition of Permitted Financial Indebtedness and (4) paragraph (xii) of the definition of Permitted Financial Indebtedness, in an aggregate amount not to exceed £30.0 million less the aggregate principal amount of outstanding Financial Indebtedness of Restricted Subsidiaries that are not Obligors that was incurred pursuant to paragraph (xii) of the definition of Permitted Financial Indebtedness; **provided, further**, that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement.

Permitted Holder means (1) the Initial Investors and their Affiliates and any one or more Persons whose beneficial ownership constitutes or results in a Class B Change of Control in respect of which a Class B Change of Control Offer is made in accordance with the requirements of the Class B Issuer/Borrower Loan Agreement, (2) Senior Management, (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or Topco, acting in such capacity and/or (4) any Class B Noteholders whose beneficial ownership results from the enforcement of the Topco Security Documents.

Permitted Investment means (in each case, by Topco or any of its Restricted Subsidiaries):

- (a) Investments in (i) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or Topco or (ii) a Person (including the Capital Stock of any such Person) that is engaged in any Class B Permitted Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;
- (b) Investments in another Person if such Person is engaged in any Class B Permitted Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, Topco or a Restricted Subsidiary;
- (c) Investments in cash, Cash Equivalents or Temporary Cash Investments or Investment Grade Securities;
- (d) Investments in receivables owing to Topco or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (e) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (f) Management Advances;
- (g) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to Topco or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganisation or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (h) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Sale, in each case, that was made as described in “— *Certain Covenants — Asset Sales*”;



- (i) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Closing Date;
- (j) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred as described in “— *Certain Covenants — Limitation on Financial Indebtedness*”;
- (k) Investments, taken together with all other Investments made pursuant to this paragraph (k) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of £25.0 million and 2% of Total Assets; **provided** that, if an Investment is made pursuant to this paragraph (k) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described in “— *Certain Covenants — Class B Restricted Payments*”, such Investment shall thereafter be deemed to have been made pursuant to paragraph (a) or (b) of the definition of Permitted Investments and not this paragraph (k);
- (l) Investments by Topco or any of its Restricted Subsidiaries in joint ventures or Unrestricted Subsidiaries having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this paragraph (l) that are at the time outstanding not to exceed the greater of £10.0 million and 1% of Total Assets; **provided, however**, that if any Investment pursuant to this paragraph (l) is made in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary as described in “— *Certain Covenants — Class B Restricted Payments*”, such Investment shall thereafter be deemed to have been made pursuant to paragraph (a) or (b) of the definition of Permitted Investments and not this paragraph (l);
- (m) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of Permitted Liens or made in connection with Liens permitted as described in “— *Certain Covenants — Limitations on Liens*”;
- (n) any Investment to the extent made using Capital Stock of Topco (other than Disqualified Stock) or Capital Stock of any Parent as consideration;
- (o) any transaction to the extent constituting an Investment that is permitted and made as described in “— *Certain Covenants—Transactions with Affiliates*” (except those described in paragraphs (i), (iii), (vi), (viii), (ix) and (xii) of that covenant);
- (p) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licences or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Class B Issuer/Borrower Loan Agreement;
- (q) Guarantees of Financial Indebtedness not prohibited as described in “— *Certain Covenants — Limitation on Financial Indebtedness*” and (other than with respect to Financial Indebtedness) Guarantees, keepwells and similar arrangements in the ordinary course of business;
- (r) Investments in the Class B Loan and any Additional Class B Loan; and
- (s) Investments directly or indirectly related to the Fifth Site that are permitted as described in “— *Costs and payments*”.

Permitted Liens means, with respect to any Person:

- (a) Liens to secure Financial Indebtedness permitted to be Incurred as described in paragraph (a) of “— *Certain Covenants — Limitation on Financial Indebtedness*”;
- (b) Liens to secure Financial Indebtedness permitted to be Incurred under (i) paragraph (ii)(A) of the definition of Permitted Financial Indebtedness (to the extent such Guarantee is in respect of Financial Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Liens), (ii) paragraph (iv)(A) and (C) of the definition of Permitted Financial Indebtedness (if the original Financial Indebtedness was so secured) and (iii) paragraph (vi) of the definition of Permitted Financial Indebtedness;
- (c) Liens on assets or property of a Restricted Subsidiary that is not an Obligor securing Financial Indebtedness of any Restricted Subsidiary that is not an Obligor;



- (d) Liens to secure Financial Indebtedness that is permitted to be Incurred under paragraph (vii) of the definition of Permitted Financial Indebtedness covering only the assets acquired with or financed by such Financial Indebtedness;
- (e) Liens to secure Financial Indebtedness that is permitted under paragraph (xii) of the definition of Permitted Financial Indebtedness;
- (f) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion Guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licences, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, Guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;
- (g) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (h) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; **provided** that appropriate reserves required pursuant to IFRS have been made in respect thereof;
- (i) Liens in favour of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Financial Indebtedness for borrowed money) issued pursuant to the request of and for the account of Topco or any of its Restricted Subsidiaries in the ordinary course of its business;
- (j) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licences, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of Topco and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Topco and its Restricted Subsidiaries;
- (k) leases, licences, subleases and sublicences of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (l) Liens arising out of judgments, decrees, orders or awards not giving rise to a Share Enforcement Event or a Class B Loan Event of Default so long as any appropriate legal proceedings which may have been duly initiated in good faith for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired and for which appropriate reserves have been made if required under IFRS;
- (m) Liens arising by virtue of any statutory or common law provisions relating to bankers' Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (n) Liens existing on, or provided for or required to be granted under written agreements existing on, the Closing Date;
- (o) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time Topco or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into Topco or any of its Restricted Subsidiaries); **provided, however**, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); **provided, further**, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;



- (p) Liens on assets or property of Topco or any of its Restricted Subsidiaries securing Financial Indebtedness or other obligations of Topco or such Restricted Subsidiary owing to Topco or another Restricted Subsidiary, or Liens in favour of Topco or any of its Restricted Subsidiaries;
- (q) Liens (other than Permitted Collateral Liens) securing Refinancing Financial Indebtedness Incurred to refinance Financial Indebtedness that was previously so secured, and permitted to be secured under the Class B Issuer/Borrower Loan Agreement; **provided** that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Financial Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;
- (r) any interest or title of a lessor under any Capitalised Lease Obligation or operating lease;
- (s) (i) Liens or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which Topco or any of its Restricted Subsidiaries has easement rights or on any leased property and subordination or similar arrangements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;
- (t) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (u) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (v) Liens on cash accounts securing Financial Indebtedness Incurred with local financial institutions in the ordinary course of business;
- (w) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;
- (x) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (y) Liens in the ordinary course of business securing obligations (including Financial Indebtedness) which do not exceed £2.0 million at any one time outstanding;
- (z) Liens arising as a result of agreements to enter into a sale and leaseback transaction and not securing Financial Indebtedness, provided that such Lien shall not extend beyond the property that is the subject of such sale and leaseback transaction;
- (aa) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;
- (bb) Liens on any proceeds loan made by any Obligor in connection with any future Incurrence of Additional Class B Loan permitted under the Class B Issuer/Borrower Loan Agreement and securing such Additional Class B Loan; and
- (cc) any Lien granted in connection with any loan entered into in relation to the Head Office.

Permitted Post Closing Reorganisation means the reorganisation of the Center Parcs Group as envisaged in the Permitted Post Closing Reorganisation Paper.

Permitted Post Closing Reorganisation Paper means the report dated 28 February 2012 setting out the steps to effect the proposed group reorganisation and signed for identification purposes by the Issuer and CP Opco.

Permitted Topco Liens means:

- (a) Liens securing the Topco Payment Undertaking;
- (b) Liens securing the Class B Loan;
- (c) Liens securing any Additional Class B Facility; and
- (d) Liens on the Topco Security arising from operation of law described in one or more of paragraphs (g), (h), (i), (j), (k), (l), (m), (n), (s), (t), (v), (w), (x), (y) and (bb) of the definition of Permitted Liens.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company, government or any agency or political subdivision thereof or any other entity.



Pre-Expansion European Union means the European Union as of 1 January 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after 1 January 2004.

Preferred Stock as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

Projected EBITDA means in respect of those months where actual EBITDA is not available under paragraph (ii)(B) of the definition of Additional Site EBITDA, the projected EBITDA for the Additional Site Entity calculated on the basis of confirmed customer bookings for such months.

Property means each of the Holiday Parks owned and operated (as at the Closing Date) by the Obligor as more fully described in Schedule 1 (Property) to the Borrower Deed of Charge and, where the context so requires, includes the buildings on such Property.

Public Market means any time after:

- (a) an Equity Offering has been consummated; and
- (b) shares of common stock or other common Equity Interests of the IPO Entity having a market value in excess of £50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

Public Offering means any underwritten offering, including an Initial Public Offering, of shares of common stock or other common Equity Interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

Purchase Money Obligations means any Financial Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock) used in the business of Topco or any Restricted Subsidiary, and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

Rating Agency means Fitch or S&P and Rating Agencies means either of them.

Rating Agency Confirmation means, in respect of a specified class or classes of Notes and any matter or proposed action, a confirmation from each of the Rating Agencies that the relevant matter or proposed action will not lead to a downgrade in the then current rating of the relevant class or classes of Notes; **provided** that, if the relevant class or classes of Notes are then rated below the rating(s) assigned to them as of the Closing Date (the **Issue Rating**), the rating accorded by both Rating Agencies is no more than one notch below the corresponding Issue Rating(s).

Recalculated Class B FCF DSCR means, in respect of a Financial Covenant Test Date, the Class B FCF DSCR as at that date recalculated on the assumption that the aggregate principal balance of the Class A Loans and the Class B Loan (on which Total Debt Service Charges were calculated) was:

- (a) the actual aggregate balance of the Class A Loans and the Class B Loan; less
- (b) the Class B Specified Amount,

calculated (A) using the weighted average interest rate then applicable to the Class A Loans and the Class B Loan and (B) on the assumption that the principal balance of the Class A Loans and the Class B Loan had been reduced by an amount equal to the Class B Specified Amount as at the beginning of the relevant FCF DSCR Period.

Refinancing Financial Indebtedness means Financial Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Financial Indebtedness existing on the date of the Class B Issuer/Borrower Loan Agreement or Incurred in compliance with the Class B Issuer/Borrower Loan Agreement (including Financial Indebtedness of Topco that refinances Financial Indebtedness of any Restricted Subsidiary and Financial Indebtedness of any Restricted Subsidiary that refinances Financial Indebtedness of Topco or another Restricted Subsidiary) including Financial Indebtedness that refinances Refinancing Financial Indebtedness; **provided, however**, that:

- (a) the Refinancing Financial Indebtedness has a final Stated Maturity that is either (i) no earlier than the final Stated Maturity of the Financial Indebtedness being refinanced or (ii) after the Class B Note Expected Maturity Date;



- (b) such Refinancing Financial Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Financial Indebtedness being refinanced (plus, without duplication, any additional Financial Indebtedness Incurred to pay interest or premiums required by the instruments governing such Existing Financial Indebtedness and costs, expenses and fees Incurred in connection therewith); and
- (c) if the Financial Indebtedness being refinanced is expressly subordinated to the Class B Loan and Class B Notes, such Refinancing Financial Indebtedness is subordinated to the Class B Loan and Class B Notes on terms at least as favourable to the Issuer and the holders of Class B Notes, as applicable, as those contained in the documentation governing the Financial Indebtedness being refinanced;

provided, however, that Refinancing Financial Indebtedness shall not include Financial Indebtedness of Topco or a Restricted Subsidiary that refinances Financial Indebtedness of an Unrestricted Subsidiary.

Refinancing Financial Indebtedness in respect of any of the Facilities or any other Financial Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Facility or other Financial Indebtedness.

Related Taxes means:

- (a) any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, licence, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by reference to the income, profits or gains of a Parent and (y) withholding Taxes imposed on payments made by any Parent), required to be paid (**provided** such Taxes are in fact paid) by any Parent by virtue of its:
 - (i) being organised or having Capital Stock outstanding (but not by virtue of owning stock or other Equity Interests of any corporation or other entity other than, directly or indirectly, the Group);
 - (ii) issuing or holding Subordinated Shareholder Funding;
 - (iii) being a holding company parent, directly or indirectly, of the Group;
- (b) if and for so long as Topco is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income, profits or gains for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Group would have been required to pay on a separate company basis or on a consolidated basis if the Group had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Group; **provided** that distributions shall be permitted in respect of the income, profits or gains of an Unrestricted Subsidiary only to the extent such Unrestricted Subsidiary distributed cash for such purpose to Topco or its Restricted Subsidiaries.

Relevant Taxing Jurisdiction means:

- (a) the United Kingdom or any political subdivision or Governmental Authority thereof or therein having power to tax;
- (b) any jurisdiction from or through which payment on any Class B Note or Class B Loan is made by the Issuer, the Borrower or Guarantors or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or
- (c) any other jurisdiction in which the Issuer, the Borrowers or Guarantors are incorporated or organised, engaged in business for tax purposes, residents for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax.

Restricted Investment means any Investment other than a Permitted Investment.

Restricted Subsidiary means any Subsidiary of Topco other than an Unrestricted Subsidiary.

S&P means Standard & Poor's Investors Ratings Services or any of its affiliates, successors or assigns that is a Nationally Recognized Statistical Rating Organization.

SEC means the U.S. Securities and Exchange Commission.

Securities Act means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.



Senior Management means the officers, directors, and other members of senior management of Topco or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of Topco or any Parent.

Senior Pension Scheme means the “Center Parcs Senior Pension Scheme”, being the defined benefit pension scheme operated by the Group, as described in the Pensions Report.

Significant Subsidiary means any Restricted Subsidiary that meets any of the following conditions:

- (a) Topco’s and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 5% of the total assets of Topco and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed financial year;
- (b) Topco’s and its Restricted Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 5% of the total assets of Topco and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed financial year; or
- (c) Topco’s and its Restricted Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and the cumulative effect of a change in the accounting principles of the Restricted Subsidiary exceeds 5% of such income of Topco and its Restricted Subsidiaries on a consolidated basis for the most recently completed financial year.

Stated Maturity means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

Sterling Equivalent means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by Topco, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by Topco) on the date of such determination.

Subordinated Indebtedness means, with respect to any person, any Financial Indebtedness (whether outstanding on the Closing Date or thereafter Incurred) which is expressly subordinated in right of payment to the Class B Notes pursuant to a written agreement.

Subordinated Shareholder Funding means, collectively, any funds provided to Topco by a Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; **provided, however,** that such Subordinated Shareholder Funding:

- (a) does not mature or require any amortisation, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Class B Note Expected Maturity Date (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of Topco or any other funding meeting the requirements of this definition);
- (b) does not require, prior to the first anniversary of the Class B Note Expected Maturity Date, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Class B Note Expected Maturity Date;
- (d) does not provide for or require any Lien over any asset of Topco or any other member of the Group;
- (e) is not secured by a Lien on any assets of Topco or a Restricted Subsidiary and is not Guaranteed by any Subsidiary of Topco;
- (f) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Class B Notes or the borrowings hereunder;
- (g) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the Class B Note Expected Maturity Date other than into or for Capital Stock (other than Disqualified Stock); and



- (h) pursuant to its terms or the terms of the Intercreditor Agreement is fully subordinated and junior in right of payment to the Class B Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

Subsidiary means, with respect to any Person:

- (a) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or
- (b) any partnership, joint venture, limited liability company or similar entity of which:
 - (i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and
 - (ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Successor Parent with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For the purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Closing Date).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Borrower Finance Document.

Tax Deed of Covenant means the deed of covenant in respect of certain tax matters relating to the Group dated on or about the Closing Date and entered into between, among others, the Obligor and the Borrower Security Trustee.

Tax Reserve Account has the meaning given to that term in the Borrower Account Bank Agreement.

Taxes means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

Temporary Cash Investments means any of the following:

- (a) any investment in:
 - (i) direct obligations of, or obligations Guaranteed by, (i) the United States or Canada, (ii) any European Union member state (provided that such member state has a long-term rating of "A" or higher from S&P and "A" or higher from Fitch (or in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization)), (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by Topco or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or
 - (ii) direct obligations of any country recognised by the United States rated at least "A" by S&P or Fitch (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (b) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:
 - (i) any lender under the Working Capital Facility or Liquidity Facility,



- (ii) any institution authorised to operate as a bank in any of the countries or member states referred to in paragraph (a)(i) above, or
- (iii) any bank or trust company organised under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of £250.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or Fitch (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

- (c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraph (a) or (b) above entered into with a Person meeting the qualifications described in paragraph (b) above;
- (d) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than Topco or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "F2" (or higher) according to Fitch or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (e) bills of exchange issued in the United States, Canada, a member state of the European Union (provided that such member state has a long-term rating of "A" or higher from S&P and "A" or higher from Fitch (or in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization)), Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialised equivalent);
- (f) any money market deposit accounts issued or offered by a commercial bank organised under the laws of a country that is a member of the Organisation for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250.0 million (or the foreign currency equivalent thereof) or whose long-term debt is rated at least "A" by S&P or Fitch (or, in either case, the equivalent of such rating by such organisation or, if no rating of S&P or Fitch then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (g) investment funds investing 95% of their assets in securities of the type described in paragraphs (a) through (f) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and
- (h) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

Total Assets means the consolidated total assets of Topco and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

Total Debt Service Charges means Class A Total Debt Service Charges or Class B Total Debt Service Charges.

Transaction has the meaning given to that term in this Offering Circular.

Unrestricted Subsidiary means:

- (a) (i) any Subsidiary of Topco that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of Topco in the manner provided below); and (ii) any Subsidiary of an Unrestricted Subsidiary; and
- (b) Notwithstanding the foregoing, any entity listed under Schedule 13 (List of Unrestricted Subsidiaries) of the Class B Issuer/Borrower Loan Agreement.



The Board of Directors of Topco may designate any Subsidiary of Topco (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

- (i) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Financial Indebtedness of, or own or hold any Lien on any property of, Topco or any other Subsidiary of Topco which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (ii) such designation and the Investment of Topco in such Subsidiary complies with “*Certain Covenants — Class B Restricted Payments*”.

If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by Topco and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described in “*Certain Covenants — Class B Restricted Payments*” or under one or more clauses of the definition of Permitted Investments, as determined by Topco. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any such designation by the Board of Directors of Topco shall be evidenced to the Borrower Security Trustee by filing with the Borrower Security Trustee a resolution of the Board of Directors of Topco giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the foregoing conditions.

If, at any time, any Unrestricted Subsidiary would fail to meet the requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for the purposes of the Class B Issuer/Borrower Loan Agreement and any Financial Indebtedness of such Subsidiary will be deemed to be incurred as of such date and, if such Financial Indebtedness is not permitted to be incurred as of such date under “*Certain Covenants — Limitation on Financial Indebtedness*”, Topco will be in default of such covenant.

The Board of Directors of Topco may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided** that immediately after giving effect to such designation (1) no Default, Share Enforcement Event or Class B Loan Event of Default would result therefrom and (2) (x) the Fixed Charge Coverage Ratio would be greater than 2.0 to 1.0 or (y) the Fixed Charge Coverage Ratio would not be worse than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Borrower Security Trustee by promptly filing with the Borrower Security Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer’s Certificate certifying that such designation complied with the foregoing provisions.

VAT means value added tax as provided for in the Value Added Tax Act 1994 or any other Tax of a similar nature whether of the UK or elsewhere.

Voting Stock of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

WCF Initial Period means the period starting on the day the Working Capital Facility Agreement is entered into and ending on the third anniversary of such date.

WCF Lenders means The Royal Bank of Scotland plc and Barclays Bank PLC as lenders under the Working Capital Facility Agreement and/or any other working capital facility provider appointed as such under the Working Capital Facility Agreement.

Working Capital means the amount equal to the difference between the current assets and the current liabilities as shown in the management accounts to be published at the end of every fourth Accounting Period (excluding, when determining the amount of current liabilities, (i) any amounts in respect of interest costs payable by the Group; and (ii) the amount in respect of Capital Expenditure).

Working Capital Facility Agreement means the working capital facility agreement dated on or about the Closing Date and made between the initial WCF Lenders, the Obligors and the Borrower Security Trustee.



PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Class A1 Notes will initially be in the form of a temporary global note (the **Class A1 Temporary Global Note**), the Class A2 Notes will initially be in the form of a temporary global note (the **Class A2 Temporary Global Note**) and the Class B Notes will initially be in the form of a temporary global note (the **Class B Temporary Global Note** and, together with the Class A1 Temporary Global Note and the Class A2 Temporary Global Note, the **Temporary Global Notes**), which will be deposited on or around the Closing Date with a common depository for Euroclear and Clearstream, Luxembourg. The Class A1 Temporary Global Note will be exchangeable in whole or in part for interests in a permanent global note (the **Class A1 Permanent Global Note**), the Class A2 Temporary Global Note will be exchangeable in whole or in part for interests in a permanent global note (the **Class A2 Permanent Global Note**) and the Class B Temporary Global Note will be exchangeable in whole or in part for interests in a permanent global note (the **Class B Permanent Global Note** and, together with the Class A1 Permanent Global Note and the Class A2 Permanent Global Note, the **Permanent Global Notes** and each a **Permanent Global Note** and, together with the Temporary Global Notes, the **Global Notes** and each a **Global Note**), in each case on a date not earlier than 40 days after the Closing Date (the **Exchange Date**) upon certification as to non-U.S. beneficial ownership. No payments will be made under a Temporary Global Note unless exchange for interests in the relevant Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Each Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (**Definitive Notes**) in the denomination of £100,000 and higher integral multiples of £1,000 up to and including £199,000 each at the request of the bearer of the relevant Permanent Global Note against presentation and surrender of such Permanent Global Note to the Principal Paying Agent if either of the following events (each, an **Exchange Event**) occurs: (i) either Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence or (ii) by reason of a change in Tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Note Interest Payment Date be required to make any withholding or deduction from any payment in respect of the Notes for or on account of any Taxes imposed, levied, collected, withheld or assessed by or on behalf of any United Kingdom Tax Authority (other than by reason of the relevant holder having some connection with the United Kingdom, other than the holding of the Notes) or the Issuer suffers or will suffer any other disadvantage as a result of such change, which withholding or deduction would not be required or other disadvantage would not be suffered (as the case may be) if the Notes were in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Note Trustee.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with coupons and talons attached, in an aggregate principal amount equal to the principal amount of such Permanent Global Note to the bearer of such Permanent Global Note, against the surrender of such Permanent Global Note at the specified office of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, each Temporary Global Note and each Permanent Global Note will contain provisions which modify the Class A Conditions and the Class B Conditions (as applicable) as they apply to the Temporary Global Notes and the Permanent Global Notes. A summary of certain of those provisions is set out below:

Payments

All payments in respect of each Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the relevant Permanent Global Note at the specified office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

Notices

Notwithstanding Class A Condition 17 (Notice to Class A Noteholders) and Class B Condition 17 (Notice to Class B Noteholders), while all the Notes are represented by the Permanent Global Notes and the Permanent Global Notes are deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg rather than by publication in accordance with Class A Condition 17 (Notice to Class A Noteholders) and Class B Condition 17 (Notice to Class B Noteholders), for so long as the Notes are listed on the Irish Stock Exchange, and the rules of the Irish Stock Exchange so permit. Such notices shall be deemed to have been given to the Noteholders in accordance with Class A Condition 17 (Notice to Class A Noteholders) and Class B Condition 17 (Notice to Class B Noteholders) on the date of delivery to Euroclear and Clearstream, Luxembourg.

Voting

The holder of a Global Note will be deemed to be two persons for the purpose of forming a quorum for voting on and passing resolutions of the Noteholders.



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BOOK-ENTRY SETTLEMENT AND CLEARANCE DETAILS

The information set out below has been obtained from the Clearing Systems and the Issuer believes that such sources are reliable, but prospective investors are advised to make their own enquiries as to such procedures. The Issuer accepts responsibility for the accurate reproduction of such information from publicly available information. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.

Euroclear and Clearstream, Luxembourg

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of each class of the Notes and cross-market transfers of the Notes associated with secondary market trading. Each of Euroclear and Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Notes directly through Euroclear or Clearstream, Luxembourg as **Direct Participants** or indirectly as **Indirect Participants**.

Book-Entry Ownership

Each Global Note will have an ISIN and a common code and will be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg. Each Global Note will have an ISIN and a common code and will be registered in the name of a common depository or nominee on behalf of Euroclear and Clearstream, Luxembourg.

Payments and Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Note, the Common Depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note (as the case may be) as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The **Beneficial Owner** will in turn be recorded on the Direct Participants' and Indirect Participants' records. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of **Participants** acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a Clearing System are exchanged for Definitive Notes.

For the purposes of this section:

Direct Participants means investors that are accountholders and hold their interests in Global Notes directly through Euroclear or Clearstream, Luxembourg;

Indirect Participants means investors that are accountholders and hold their interests in Global Notes indirectly through Euroclear or Clearstream, Luxembourg; and

Participants means Direct Participants and Indirect Participants taken together.



DESCRIPTION OF OTHER INDEBTEDNESS

1. LIQUIDITY FACILITY AGREEMENT

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with, among others, the Liquidity Facility Providers, the Liquidity Facility Agent, the Cash Manager and the Issuer Security Trustee, pursuant to which the Liquidity Facility Providers will agree to make the Liquidity Facility available to meet certain liquidity shortfalls.

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Providers will provide a 364-day commitment in an aggregate amount equal to £80 million to permit drawings to be made by the Issuer to enable the Issuer to service interest due on the Class A Notes, together with certain senior ranking expenses owed to other transaction parties, in the event of there being insufficient cash flow received from the Obligors under the Class A Issuer/Borrower Loan Agreement.

The Liquidity Facility Agreement provides that the amounts drawn by the Issuer (such amounts, a **Liquidity Loan Drawing**) and repaid to the Liquidity Facility Providers may be redrawn.

Each Liquidity Facility Provider must be a bank, the long term unsecured, unsubordinated and unguaranteed long term obligations of which must be rated, in the case of S&P BBB and, in the case of Fitch, BBB (or, in each case, such other lower rating which is consistent with the published criteria (relevant for the applicable counterparty) of the relevant Rating Agency) (the **Requisite Rating**).

The Liquidity Facility Agreement provides that: if (i) at any time the relevant rating of a Liquidity Facility Provider falls below the Requisite Rating; or (ii) a Liquidity Facility Provider does not agree to renew such Liquidity Facility prior to the expiry of the 364 day period, the Issuer shall, if it is unable to enter into a substitute liquidity facility in accordance with the terms of the Liquidity Facility Agreement, draw the available commitment of such Liquidity Facility Provider and place the same on deposit (such drawing, a **Standby Drawing**) in the relevant Liquidity Standby Account. The Issuer may only withdraw amounts from such Liquidity Standby Account to enable the Issuer to service interest due on the Class A Notes, together with certain senior ranking expenses owed to other transaction parties, in the event of there being insufficient cash flow received from the Obligors under the Class A Issuer/Borrower Loan Agreement.

In addition, in the event that a Standby Drawing was made following the downgrade of a Liquidity Facility Provider, the Issuer will use its reasonable endeavours to help such Liquidity Facility Provider to find a suitable replacement Liquidity Facility Provider or guarantor (as applicable) with the Requisite Rating.

Interest accrues on any drawing made under the Liquidity Facility (including any Standby Drawing) at a rate equal to LIBOR plus a margin (equal to 2% per annum, in relation to a Liquidity Loan Drawing, and to 1% per annum, in relation to a Standby Drawing) (together with certain mandatory costs). Under the terms of the Liquidity Facility Agreement, the Issuer is also required to pay additional amounts if: (i) a withholding or deduction for or on account of tax is imposed on payments required to be made to any Liquidity Facility Provider; or (ii) any Liquidity Facility Provider suffers an increase in the cost of providing its Commitment under the Liquidity Facility. From the Year 5 Step-Up Date the rate of interest applicable to any Drawing made in respect of the Liquidity Facility Agreement will increase, every six months, on a cumulative basis by the Year 5 Step-Up Margin up to a maximum of 5% per annum.

For these purposes:

Year 5 Step-Up Date means the Note Interest Payment Date next following the fifth anniversary of the date of the Liquidity Facility Agreement.

Year 5 Step-Up Margin means 0.50% per annum, increasing by 0.50% on each Note Interest Payment Date following the Year 5 Step-Up Date up to a maximum of 5.00% per annum.

Payments due under the Liquidity Facility will rank senior to interest and principal payments on the Class A Notes, and after certain third party costs and expenses other than in relation to Liquidity Subordinated Amounts. The Liquidity Facility Providers will not be permitted to enforce the security granted by the Obligors under the Issuer/Borrower Loan Agreements.

For these purposes:

Liquidity Subordinated Amounts means all amounts payable under, or in any way in connection with, the Liquidity Facility Agreement, other than:

- (a) principal and interest in respect of any Drawing made under the Liquidity Facility Agreement, except that:
 - (i) part of the interest (for the relevant interest period) on such Drawing which represents a mandatory cost in excess of 0.20% per annum on the maximum amount drawn under the Liquidity Facility Agreement from time to time; and
 - (ii) in respect of a Drawing made on or after the Year 5 Step-Up Date, the Year 5 Step-Up Margin;



- (b) the commitment fee payable under the Liquidity Facility Agreement;
- (c) any costs payable by the Issuer to an LF Finance Party under the Liquidity Facility Agreement as a result of any increased costs of such LF Finance Party, including those arising from:
 - (i) the introduction of, or any change in, or any change in the interpretation, administration or application of, any law or regulation; or
 - (ii) compliance with any law or regulation made after the date of the Liquidity Facility Agreement.

In the event that the Issuer is unable to make any payment of amounts due pursuant to the Liquidity Facility Agreement, such amounts will accrue default interest at a rate of 1% per annum higher than the rate which would have been otherwise payable, up to but excluding the date of actual payment.

Governing Law

The Liquidity Facility Agreement will be governed by English law.

2. WORKING CAPITAL FACILITY AGREEMENT

On the Closing Date, CP Opco will enter into the Working Capital Facility Agreement with the WCF Lenders, the WCF Agent and the Borrower Security Trustee. The term of the Working Capital Facility will be three years. The amount available under the Working Capital Facility Agreement will be £30 million, and will be reduced to £15 million on the first anniversary of the Closing Date.

The Working Capital Facility will be available to CP Opco at any time after the Class A Issuer/Borrower Loan Agreement has been utilised (subject to the conditions precedent stated therein being satisfied) and will be available by way of cash advances.

CP Opco will be entitled to utilise the Working Capital Facility for working capital purposes and for other general corporate purposes other than any application towards any new holiday village except as permitted under the Class A Issuer/Borrower Loan Agreement not otherwise met out of available cash flows from time to time (subject to certain restrictions).

Interest accrues on any drawing made under the Working Capital Facility at a rate equal to LIBOR plus a margin (together with certain mandatory costs). Under the terms of the Working Capital Facility Agreement, CP Opco is also required to pay additional amounts if: (i) a withholding or deduction for or on account of tax is imposed on payments required to be made to any WCF Lender; or (ii) any WCF Lender suffers an increase in the cost of providing the relevant Working Capital Facility.

The WCF Lenders will benefit from the guarantees given by the Obligors under, and the security granted by the Obligors in connection with, the Class A Issuer/Borrower Loan Agreement, but will not be permitted to enforce the security granted by the Obligors under the Issuer/Borrower Loan Agreements. The WCF Lenders will benefit from mandatory prepayments by way of cash sweeps in respect of excess cash flows and disposal proceeds under the Class A Issuer/Borrower Loan Agreement, firstly (from and including the first anniversary of the Closing Date to but excluding the second anniversary of the Closing Date) to reduce the principal amount outstanding of the Working Capital Facility to £15 million and secondly (from and including the second anniversary of the Closing Date or if certain events have occurred under the Working Capital Facility (such as a drawstop event or a default)) to reduce the principal amount outstanding of the Working Capital Facility to zero.

Amounts to be paid to the WCF Lenders under the Working Capital Facility with respect to costs, fees and interest will rank (i) ahead of payments to the Issuer in respect of payments of principal and interest in respect of the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement but (ii) behind payments to the Issuer in respect of market standard payments for taxes, third party agents, trustees, permitted third party costs and expenses and payments in respect of the Liquidity Facility (other than any subordinated payments in respect of the Liquidity Facility).

Subject to the following paragraph, amounts to be paid to the WCF Lenders under the Working Capital Facility with respect to principal will rank (a) behind payments to the Issuer in respect of the Liquidity Facility (other than subordinated payments) and market standard payments for taxes, third party agents, trustees, permitted third party costs and expenses and payments of principal and interest in respect of the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement, but (b) senior to all other items not listed in (a) above which shall rank junior thereto.



From the Loan Interest Payment Date falling on or about the third anniversary of the Closing Date (the **WCF Final Maturity Date**) or the application of the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments or the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments, all amounts outstanding under the Working Capital Facility will rank (i) senior to payments to the Issuer in respect of hedging and payments of principal and interest in respect of the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement but (ii) behind payments to the Issuer in respect of the Liquidity Facility (other than subordinated payments) and market standard payments for taxes, third party agents, trustees, permitted third party costs and expenses. Furthermore, the proceeds of disposal in respect of any Sale and Leaseback Transaction required to be used to prepay the Working Capital Facility will rank senior to payments of principal and interest under the Class A Issuer/Borrower Loan Agreement and the Class B Issuer/Borrower Loan Agreement. In addition, in certain circumstances the WCF Lenders will be entitled to receive any amounts due under the Working Capital Facility on dates other than on Loan Interest Payment Dates. See further "*Intercreditor Agreement*".

Governing Law

The Working Capital Facility Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.



INTERCREDITOR AGREEMENT

The following is a summary of certain provisions of the Intercreditor Agreement.

1. INTRODUCTION

1.1 The Issuer, the Obligor Group Agent, the Borrower Security Trustee, the Issuer Security Trustee, the Class A Note Trustee, the Class B Note Trustee and others will enter into the Intercreditor Agreement (the **ICA**) in respect of certain intercreditor arrangements in relation to:

- (a) the Borrower Secured Creditors in respect of the Borrower Secured Liabilities;
- (b) the Issuer Secured Creditors in respect of the Issuer Secured Liabilities; and
- (c) the Topco Secured Creditors in respect of the Topco Secured Liabilities,

(the **Intercreditor Arrangements**).

1.2 The Intercreditor Arrangements bind each of the Secured Creditors, the Obligors, the Topco Obligors and the Non-Obligor Group Creditors. No Intra-Obligor Group Creditor or a Non-Obligor Group Creditor is a Secured Creditor and any claims of any of them against the Obligor Group are subordinated and postponed pursuant to the ICA. The following section describes only the Intercreditor Arrangements as among the Secured Creditors.

2. DEFINITIONS

In this section "*Intercreditor Agreement*", unless stated otherwise, capitalised terms have the following meaning:

Acceleration Event means:

- (a) a Class A Loan Event of Default which has occurred and is continuing;
- (b) a Class A Note Event of Default which has occurred and is continuing;
- (c) a Share Enforcement Event or a Class B Loan Event of Default, in each case, which has occurred and is continuing; and
- (d) a Class B Note Event of Default which has occurred and is continuing,

or any of them, as applicable and as the context may so require.

Additional Amounts has the meaning given to that term in the Class B IBLA.

Additional Class A Loan Amounts means all Class A Make-Whole Payments and all other amounts (that do not constitute interest, principal or any amounts payable in respect of Facility Fees) payable to the Issuer under the Class A IBLA.

Additional Class A Note Amounts means all Make-Whole amounts and all other amounts (that do not constitute interest or principal) payable by the Issuer under the Class A Conditions.

Additional Class B Loan Amounts means all Additional Amounts and all other amounts (that do not constitute interest, principal or any amounts payable in respect of Facility Fees) payable to the Issuer under the Class B IBLA.

Additional Class B Note Amounts means all Additional Amounts and all other amounts (that do not constitute interest or principal) payable by the Issuer under the Class B Conditions.

Affected Secured Creditor means each Secured Creditor (other than individual Noteholders) whose Entrenched Rights under any Transaction Document are affected by an ICA Proposal pursuant to the ICA, subject to certain exceptions.

Borrower Post-Enforcement (Post-Acceleration) Priority of Payments has the meaning given to that term in paragraph 26.5 (Borrower Post-Enforcement (Post-Acceleration) Priority of Payments).

Borrower Post-Enforcement (Pre-Acceleration) Priority of Payment has the meaning given to that term in paragraph 26.3 (Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments).



Borrower Pre-Enforcement Priorities of Payments has the meaning given to that term in paragraph 8.2 (Borrower Pre-Enforcement Priorities of Payments) of the ICA, as applicable and as the context may so require.

Borrower Post-Enforcement Priorities of Payments means:

- (a) the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments; and
- (b) the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments,

or any of them, as applicable and as the context may so require.

Borrower Priorities of Payments means:

- (a) the Borrower Pre-Enforcement Priorities of Payments; and
- (b) the Borrower Post-Enforcement Priorities of Payments,

or any of them, as applicable and as the context may so require.

Borrower Secured Creditor means:

- (a) the Borrower Security Trustee (in its own capacity and on behalf of the other Borrower Secured Creditors);
- (b) the Issuer as lender under the Issuer/Borrower Loan Agreements;
- (c) any Receiver appointed by the Borrower Security Trustee in respect of the Borrower Security;
- (d) the WCF Agent under the Working Capital Facility Agreement;
- (e) each WCF Lender under the Working Capital Facility Agreement;
- (f) the Borrower Account Bank under the Borrower Account Bank Agreement; and
- (g) each additional Borrower Secured Creditor.

Borrower Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent) of each Obligor to any Borrower Secured Creditor under each Borrower Transaction Document.

Borrower Secured Property means the whole of the right, title, benefit and interest of the Obligors in the property, rights and assets of the Obligors secured by or pursuant to the Borrower Security.

Borrower Security means the Security Interests constituted pursuant to the Borrower Security Documents.

Borrower Security Documents means:

- (a) the Borrower Deed of Charge;
- (b) any Longleat Legal Charge;
- (c) the Jersey Security Document;
- (d) the ICA and each deed of accession hereto, together with any agreement or deed supplemental to the ICA;
- (e) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Borrower Secured Creditor in respect of the Borrower Secured Liabilities; and
- (f) any other document designated as a "Borrower Security Document" by the Borrowers and the Borrower Security Trustee,

or any of them, as applicable and as the context may so require.

Borrower Transaction Documents means:

- (a) the Borrower Security Documents;



- (b) the WCF Finance Documents;
- (c) the Class A IBLA;
- (d) the Class B IBLA;
- (e) the Tax Deed of Covenant;
- (g) the Borrower Account Bank Agreement;
- (i) the ICA;
- (j) any accession agreement in respect of any additional Borrower Secured Creditor, Additional Obligor or any Additional Non-Obligor Group Creditor; and
- (k) any other document or agreement designated as a "Borrower Transaction Document" by the Obligor Group Agent and the Borrower Security Trustee.

Borrowing Liabilities means, in relation to:

- (a) a member of the Obligor Group;
- (b) a member of the Topco Obligor Group; or
- (c) the Issuer,

the liabilities (not being Guarantee Liabilities) it may have as a principal debtor to any Creditor (including, for the avoidance of doubt, any Obligor, any Topco Obligor, any Non-Obligor Group Creditor or the Issuer) in respect of any financial indebtedness arising under any Debt Document (whether incurred solely or jointly and including any liabilities as an Obligor under the Borrower Transaction Documents, as a Topco Obligor under the Topco Transaction Documents and as Issuer under the Issuer Transaction Documents, as applicable), in each case, as applicable and as the context may so require.

Class A Direction Request has the meaning given to that term in paragraph 4 (Note Trustees, Issuer Security Trustee and Borrower Security Trustee).

Class A Discharge Date means the date on which all the Class A Notes are fully and finally discharged.

Class A FCF DSCR Sequential Ratio Test means, and is **satisfied** if, as at the Financial Covenant Test Date immediately before the relevant Loan Interest Payment Date, the Class A FCF DSCR is equal to or greater than 135% and is **not satisfied** if, as at the Financial Covenant Test Date immediately before the relevant Loan Interest Payment Date, the Class A FCF DSCR is less than 135%.

Class A IBLA means the Class A Issuer/Borrower Loan Agreement.

Class A Instructing Group has the meaning given to that term in paragraph 5.4 (Class A Instructing Group and Class B Instructing Group).

Class A Make-Whole Payments means certain additional amounts payable by the Obligors under the terms of the Class A IBLA.

Class A Note Acceleration Notice has the meaning given to that term in Condition 9 (Class A Note Events of Default) of the Class A Conditions.

Class A Note Enforcement Notice has the meaning given to that term in Condition 11 (Enforcement) of the Class A Conditions.

Class A Note Event of Default has the meaning given to that term in Condition 9 (Class A Note Events of Default) of the Class A Conditions.

Class A1 EMD means the Class A1 Loan Expected Maturity Date.

Class A1 Lock-Up Period means either:

- (a) only to the extent that any Class A1 Loan is then outstanding, the period starting from (and including) the Loan Interest Payment Date falling on or about the date which is 36 months before the Class A1 EMD, up to (but excluding) the Loan Interest Payment Date falling on or about the date which is 24 months before the Class A1 EMD;



- (b) only to the extent that any Class A1 Loan is then outstanding, the period starting from (and including) the Loan Interest Payment Date falling on or about the date which is 24 months before the Class A1 EMD, up to (but excluding) the Loan Interest Payment Date falling on or about the date which is 12 months before the Class A1 EMD; or
- (c) only to the extent that any Class A1 Loan is then outstanding, the period starting from (and including) the Loan Interest Payment Date falling on or about the date which is 12 months before the Class A1 EMD and ending on (and including) the Class A1 EMD,

as applicable and as the context may so require.

Class A2 EMD means the Class A2 Loan Expected Maturity Date.

Class A2 EMD Less One Year means the date that is two Loan Interest Payment Dates before the Class A2 Loan Expected Maturity Date.

Class B Conditions Relevant Matter has the meaning given to that term in paragraph 19.1 (Amendments, consents and waivers — Class B IBLA and Class B Conditions).

Class B Direction Request has the meaning given to that term in paragraph 4.2(a)(i) (Issuer Security Trustee and Borrower Security Trustee).

Class B Discharge Date means the date on which all the Class B Notes are fully and finally discharged.

Class B IBLA means the Class B Issuer/Borrower Loan Agreement.

Class B IBLA Relevant Matter has the meaning given to that term in paragraph 19.1 (Amendments, consents and waivers — Class B IBLA).

Class B Instructing Group has the meaning given to that term in paragraph 5.4 (Class A Instructing Group and Class B Instructing Group).

Commitment means, at any time and in relation to a Liquidity Facility Provider, the amount of its commitment under the Liquidity Facility Agreement.

Conditions means:

- (a) the Class A Conditions; and
- (b) the Class B Conditions,

or any of them, as applicable and as the context may so require.

Creditors means:

- (a) the Secured Creditors;
- (b) the Intra-Obligor Group Creditors;
- (c) the Topco Secured Creditors;
- (d) the Intra-Topco Obligor Group Creditors;
- (e) the Non-Obligor Group Creditors,

or any of them, as applicable and as the context may so require.

Debt Document means:

- (a) the Transaction Documents;
- (b) any agreement evidencing the terms of the Intra-Obligor Group Liabilities;
- (c) any agreement evidencing the terms of the Intra-Topco Obligor Group Liabilities;
- (d) any agreement evidencing the terms of the Non-Obligor Group Liabilities; and



- (e) any other document or agreement designated as such by the Issuer, the Obligor Group Agent, the Borrower Security Trustee or the Issuer Security Trustee,
or any of them, as applicable and as the context may so require.

Decision Period has the meaning given to that term in paragraph 13.4(d) (Minimum requirements of an ICA Proposal).

Determination Dissenting Creditor has the meaning given to that term in paragraph 13.6 (Determination of voting category).

Determination Dissenting Notice has the meaning given to that term in paragraph 13.6 (Determination of voting category).

Direction means any direction, authorisation, approval, confirmation, demand, guidance, instruction, requirement or consent in respect of any matter, event or circumstance, as applicable and as the context may so require.

Discretion Matter has the meaning given to it in paragraph 15.1 (Discretion Matters).

Disposed Entity has the meaning given to it in paragraph 30.2(b)(iii)(H) (Distressed Disposals).

Distress Event means:

- (a) an Acceleration Event;
- (b) the enforcement of any Borrower Security;
- (c) the enforcement of any Issuer Security; and
- (d) the enforcement of any Topco Security,

or any of them, as applicable and as the context may so require.

Distressed Disposal means:

- (a) any disposal of any Borrower Secured Property being effected by the Borrower Security Trustee in circumstances where the Borrower Security has become enforceable but has not been enforced;
- (b) any disposal of any Topco Secured Property being effected by the Borrower Security Trustee in respect of the Topco Secured Property in circumstances where the Topco Security has become enforceable but has not been enforced;
- (c) any disposal of any Issuer Secured Property being effected by the Issuer Security Trustee in respect of the Issuer Secured Property in circumstances where the Issuer Security has become enforceable but has not been enforced; and
- (d) any disposal being effected pursuant to the enforcement of the Borrower Security, Issuer Security or Topco Security,

or any of them, as applicable and as the context may so require.

Drawstop A IBLA Event of Default means certain specified Class A Loan Events of Default relating to non-payment, breach of certain covenants, misrepresentation, cross-default, insolvency and effectiveness of security.

Drawstop A IBLA Potential Event of Default means a Class A Loan Potential Event of Default which relates to a Drawstop A IBLA Event of Default.

Enforcement Action means:

- (a) in relation to any Liabilities:
 - (i) the acceleration of any Liabilities or the making of any declaration that any Liabilities are prematurely due and payable (other than as a result of it becoming unlawful for any party to the ICA perform its obligations under, or of any voluntary or mandatory prepayment arising under, the Debt Documents, as applicable);
 - (ii) the making of any declaration that any Liabilities are payable on demand;
 - (iii) the making of a demand in relation to a Liability that is payable on demand;
 - (iv) the making of any demand in relation to any Guarantee Liabilities; and
 - (v) the exercise of any right of set-off, account combination or payment netting in respect of any Liabilities other than the exercise of any such right expressly permitted:
 - (A) in respect of the Borrower Account Bank, under the Borrower Account Bank Agreement;



- (B) in respect of the Issuer Account Bank, under the Issuer Account Bank Agreement; or
 - (C) in respect of the Liquidity Standby Accounts under the Liquidity Facility Agreement;
- (b) the taking of any steps (including the giving of any notice) to enforce or require the enforcement of:
- (i) any Borrower Security (including the crystallisation of any floating charge forming part of the Borrower Security);
 - (ii) any Issuer Security (including the crystallisation of any floating charge forming part of the Issuer Security); and/or
 - (iii) any Topco Security (including the crystallisation of any floating charge forming part of the Topco Security),
- as applicable and as the context may so require;
- (c) the entering into of any composition, compromise, assignment or similar arrangement by any member of Obligor Group or any Topco Obligor, as applicable which owes any Liabilities, or has given any Security, guarantee or indemnity or other assurance against loss in respect of the Liabilities; or
- (d) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator, the Viscount of the Royal Court of Jersey, or similar officer) in relation to, the winding up, dissolution, bankruptcy, administration or reorganisation of any member of the Obligor Group or any Topco Obligor, as applicable, which owes any Liabilities, or has given any Security, guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, or any of such member of the Obligor Group's or any Topco Obligor's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Obligor Group or Topco Obligor, as applicable, or in relation to any application for a declaration of en désastre in respect of its assets in the courts of Jersey, or in relation to the relevant member of the Obligor Group becoming "bankrupt" within the meaning of Article 8 of the Interpretation (Jersey) Law 1954 or any procedure or proceedings referred to in Article 125 ("Power of Company to compromise with creditors and members") of the Jersey Companies Law or under any of the provisions of Part 21 of the Jersey Companies Law, or any analogous procedure or step in any jurisdiction.

Entrenched Rights has the meaning given to that term in paragraph 22 (Entrenched Rights).

Event of Default means:

- (a) a Class A Loan Event of Default;
- (b) a Class B Loan Event of Default;
- (c) a Class A Note Event of Default; or
- (d) a Class B Note Event of Default,

as applicable and as the context may so require.

Excluded Group Companies means:

- (a) AC Capital SPV Limited;
- (b) Forest Cayco Topco Limited;
- (c) Forest Cayco Limited;
- (d) Forest Cayco Subtopco Limited; and
- (e) Forest Luxco S.à r.l.

Facility Fees means the facility fees payable by the Obligors under the Class A IBLA and under the Class B IBLA, respectively, provided that if any Class A Notes are outstanding, all such fees will be payable under the Class A IBLA, and such facility fees will comprise of:

- (a) the First Facility Fee;
- (b) the Second Facility Fee;



- (c) the Third Facility Fee;
- (d) the Fourth Facility Fee; and
- (e) the Fifth Facility Fee,

or any of them, as applicable and as the context may so require.

Fairness Opinion means, in respect of a proposed disposal of any Borrower Secured Property, an opinion of a Financial Adviser that the proposed consideration for the disposal to which such opinion relates is fair from a financial point of view taking into account all relevant circumstances including the method and timing of enforcement.

Fifth Facility Fee means the ongoing facility fee payable by the Obligors to the Issuer equal to:

- (a) before a Note Acceleration Notice has been given, all amounts due and payable under item 9 of the Issuer Pre-Acceleration Priority of Payments; and
- (b) after a Note Acceleration Notice has been given, all amounts due and payable under item 8 of the Issuer Post-Acceleration Priority of Payments,

as applicable and as the context may so require.

Final Discharge Date means the date on which all the Secured Liabilities have been irrevocably discharged in full.

Financial Adviser means a reputable internationally or nationally recognised investment bank, international accounting firm or any other reputable internationally or nationally recognised third party professional firm (including any other reputable independent expert of international or national standing, which is engaged in providing valuations of businesses or assets of the type owned and operated by the Obligor Group) and appointed by Borrower Security Trustee (acting upon the Directions of the Class A Instructing Group in accordance with paragraph 24.6 (Borrower Security Trustee entitled to seek Direction from the Class A Instructing Group).

First Reduced Total Commitments Amount means £15,000,000.

First Total Commitments Reduction Date means the Loan Interest Payment Date falling in February 2013.

First Facility Fee means the ongoing facility fee payable by the Obligors to the Issuer equal to:

- (a) before a Note Acceleration Notice has been given, all amounts due and payable under item 1 of the Issuer Pre-Acceleration Priority of Payments; and
- (b) after a Note Acceleration Notice has been given, all amounts due and payable under item 1 of the Issuer Post-Acceleration Priority of Payments,

Fourth Facility Fee means the ongoing facility fee payable by the Obligors to the Issuer equal to:

- (a) before a Note Acceleration Notice has been given, all amounts due and payable under item 4 of the Issuer Pre-Acceleration Priority of Payments; and
- (b) after a Note Acceleration Notice has been given, all amounts due and payable under item 3 of the Issuer Post-Acceleration Priority of Payments,

as applicable and as the context may so require.

General Matters means, subject to paragraph 18 (Certain consequential amendments, consents and waivers), matters which are not Discretion Matters or matters which are not Entrenched Rights.

Group means CP Cayman Topco Limited and its Affiliates, from time to time.

Guarantee Liabilities means in relation to:

- (a) a member of the Obligor Group;
- (b) a member of the Topco Obligor Group; or
- (c) the Issuer,



the liabilities under the Debt Documents (present or future, actual or contingent and whether incurred solely or jointly) it may have to any Creditor (including, for the avoidance of doubt, any Obligor, any Topco Obligor, any Non-Obligor Group Creditor or the Issuer) as a result of it being a guarantor or surety (including, without limitation, liabilities arising by way of guarantee, indemnity, contribution or subrogation and in particular any guarantee or indemnity arising under or in respect of any Borrower Transaction Document, any Topco Transaction Document or any Issuer Transaction Document, as applicable), in each case as applicable and as the context may so require.

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

IBLA means:

- (a) the Class A IBLA; and
- (b) the Class B IBLA,

as applicable and as the context may so require.

ICA means the Intercreditor Agreement.

ICA Proposal has the meaning given to it in paragraph 13.2 (Instigation of an ICA Proposal).

Instructing Group has the meaning given to that term in paragraph 5 (Instructing Group).

Intra-Obligor Group Creditor means each member of the Obligor Group which has made a loan available to, granted credit to or made any other financial arrangement having similar effect with another member of the Obligor Group.

Intra-Obligor Group Liabilities means the Liabilities owed by any member of the Obligor Group to any of the Intra-Obligor Group Creditors in its capacity as such.

Intra-Topco Obligor Group Creditor means each member of the Topco Obligor Group which has made a loan available to, granted credit to or made any other financial arrangement having similar effect with another member of the Topco Obligor Group.

Intra-Topco Obligor Group Liabilities means the Liabilities owed by any member of the Topco Obligor Group to any of the Intra-Topco Obligor Group Creditors in its capacity as such.

Issuer Accounts means:

- (a) the Issuer Transaction Account; and
- (b) the Liquidity Standby Account, if opened,

and in each case, includes any replacement account, from time to time (each an **Issuer Account**).

Issuer Jersey Corporate Services Agreement means the corporate services agreement for the Issuer in respect of the provision to it of certain corporate services in Jersey.

Issuer Post-Acceleration Priority of Payments has the meaning given to term in paragraph 28.2 (Issuer Post-Acceleration Priority of Payments).

Issuer Pre-Acceleration Priority of Payments has the meaning given to term in paragraph 9.6 (Issuer Pre-Acceleration Priority of Payments).

Issuer Priorities of Payments means:

- (a) the Issuer Pre-Acceleration Priority of Payments; and
- (b) the Issuer Post-Acceleration Priority of Payments,

or any of them, as applicable and as the context may so require.

Issuer Profit Amount means the profit amount of £1,000 per annum or £250 per quarter if paid in quarterly instalments to be retained by the Issuer in each accounting period.

Issuer Secured Creditor means:

- (a) the Issuer Security Trustee for itself and on trust for the other Issuer Secured Creditors;



- (b) any Receiver appointed by the Issuer Security Trustee;
- (c) the Class A Note Trustee (for itself and on trust for the Class A Noteholders) under the Note Trust Deed;
- (d) the Class B Note Trustee (for itself and on trust for the Class B Noteholders) under the Note Trust Deed;
- (e) the Class A Noteholders;
- (f) the Class B Noteholders;
- (g) each Liquidity Facility Provider under the Liquidity Facility Agreement;
- (h) the Liquidity Facility Agent under the Liquidity Facility Agreement;
- (i) the Issuer Account Bank under the Issuer Account Bank Agreement;
- (j) the Principal Paying Agent and Paying Agents under the Agency Agreement;
- (k) the Cash Manager under the Cash Management Agreement;
- (l) the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement;
- (m) the Issuer Jersey Corporate Services Provider under the Issuer Jersey Corporate Services Agreement; and
- (n) each additional Issuer Secured Creditor,

or any of them, as applicable and as the context may so require.

Issuer Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Issuer Secured Creditor under each Issuer Transaction Document.

Issuer Secured Property means the whole of the right, title, benefit and interest of the Issuer in the property, rights and assets of the Issuer secured by or pursuant to the Issuer Security.

Issuer Security means the Security Interests constituted pursuant to the Issuer Security Documents.

Issuer Security Documents means:

- (a) the Issuer Deed of Charge;
- (b) the ICA and each deed of accession thereto, together with any agreement or deed supplemental to the ICA;
- (c) any other document or agreement evidencing or creating security over any asset of the Issuer to secure any obligation of the Issuer to an Issuer Secured Creditor in respect of the Issuer Secured Liabilities; and
- (d) any other document or agreement designated as an "Issuer Security Document" by the Issuer and the Issuer Security Trustee,

or any of them, as applicable and as the context may so require.

Issuer Transaction Document means:

- (a) the Note Trust Deed;
- (b) the Issuer Security Documents;
- (c) the Class A IBLA;
- (d) the Class B IBLA;
- (e) the Tax Deed of Covenant;
- (f) the Issuer Account Bank Agreement;



- (g) the Cash Management Agreement;
- (h) the Liquidity Facility Agreement;
- (i) the Agency Agreement;
- (j) the Issuer Corporate Services Agreement;
- (k) the Issuer Jersey Corporate Services Agreement;
- (l) the ICA;
- (m) any accession agreement in respect of an additional Issuer Secured Creditor; and
- (n) any other document or agreement designated as an "Issuer Transaction Document" by the Issuer and the Issuer Security Trustee,

or any of them, as applicable and as the context may so require.

Jersey Security Document means the security interest agreement over the shares of Center Parcs (Jersey) 1 Limited between Center Parcs (UK) Group Limited as grantor and the Borrower Security Trustee as secured party.

LF Event of Default means an event of default under the Liquidity Facility Agreement.

LF Finance Parties means the Liquidity Facility Agent and the Liquidity Facility Providers.

LF Instructing Group means, in relation to the Liquidity Facility Agreement at any given time, the Liquidity Facility Provider or Liquidity Facility Providers whose Commitments aggregate 66 $\frac{2}{3}$ per cent. or more of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated 66 $\frac{2}{3}$ per cent. or more of the Total Commitments immediately prior to that reduction).

Liabilities means all present and future liabilities and obligations at any time of any person (including, any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceedings, legal fees (on a full indemnity basis) or other liability whatsoever), both actual and contingent and whether incurred solely or jointly or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any person of a payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings and **Liability** will be construed accordingly.

Liquidity Facility Agent means The Royal Bank of Scotland plc as agent under the Liquidity Facility Agreement.

Liquidity Standby Account means any account held in the name of the Issuer with:

- (a) a Liquidity Facility Provider which has the Requisite Rating that has advanced a Standby Drawing to a Borrower under the Liquidity Facility Agreement; or
- (b) if such Liquidity Facility Provider ceases to have the Requisite Rating or any such other short-term ratings as are otherwise acceptable to the Rating Agencies, then another Liquidity Facility Provider which has such ratings; or
- (c) if no Liquidity Facility Provider has the Requisite Rating, the Issuer Account Bank or another financial institution that meets the Requisite Rating,



in each case for so long as each Liquidity Standby Account is subject to the security granted in relation thereto pursuant to the Issuer Deed of Charge (and **Liquidity Standby Accounts** means all such accounts, as applicable and as the context may so require).

Loan Acceleration Notice means:

- (a) a Class A Loan Acceleration Notice; and
- (b) a Class B Loan Acceleration Notice,

or any of them, as applicable and as the context may so require.

Loan Enforcement Instruction Notice has the meaning given to it in paragraph 23.3 (Loan Enforcement Instruction Notices).

Loan Enforcement Notice means:

- (a) a Class A Loan Enforcement Notice; and
- (b) a Class B Loan Enforcement Notice,

or any of them, as applicable and as the context may so require.

Loan Enforcement Period means any period from and including the date of the delivery of a Loan Enforcement Notice to and excluding the earlier of the date on which the Borrower Secured Liabilities have been discharged in full and the date on which the Borrower Security Trustee (acting in accordance with the instructions of the Issuer Security Trustee directed by the relevant Instructing Group), notifies the Obligors that the Loan Enforcement Period has ended.

Loan Event of Default means:

- (a) a Class A Loan Event of Default; and
- (b) a Class B Loan Event of Default,

or any of them, as applicable and as the context may so require.

Lock-Up Period means either:

- (a) only to the extent that any Class A1 Loan is outstanding, the period starting from (and including) the Loan Interest Payment Date falling on or about the date which is 36 months before the Class A1 EMD, up to (but excluding) the Loan Interest Payment Date falling on or about the date which is 24 months before the Class A1 EMD;
- (b) only to the extent that any Class A1 Loan is outstanding, the period starting from (and including) the Loan Interest Payment Date falling on or about the date which is 24 months before the Class A1 EMD, up to (but excluding) the Loan Interest Payment Date falling on or about the date which is 12 months before the Class A1 EMD;
- (c) only to the extent that any Class A1 Loan is outstanding, the period starting from (and including) the Loan Interest Payment Date falling on or about the date which is 12 months before the Class A1 EMD and ending on (and including) the Class A1 EMD; or
- (d) only to the extent that any Class A2 Loan is outstanding, the period starting from (and including) the Loan Interest Payment Date falling on or about the date which is 12 months before the Class A2 EMD and ending on (and including) the Class A2 EMD,

as applicable and as the context may require.

LPA means the Law of Property Act 1925.

Make-Whole has the meaning given to that term in the Class A Conditions.

Mortgaged Property means any freehold or leasehold property secured pursuant to the Borrower Security Documents.



Non-Obligor Group Creditor means:

- (a) each original Non-Obligor Group Creditor; and
- (b) each Additional Non-Obligor Group Creditor,

or any of them, as applicable and as the context may so require.

Non-Obligor Group Liabilities means all present and future Liabilities at any time of any Obligor or any Topco Obligor to any Non-Obligor Group Creditor, in respect of any financial indebtedness.

Note Acceleration Notice means:

- (a) a Class A Note Acceleration Notice; and
- (b) a Class B Note Acceleration Notice,

or any of them, as applicable and as the context may so require.

Note Enforcement Notice means:

- (a) a Class A Note Enforcement Notice; and
- (b) a Class B Note Enforcement Notice,

or any of them, as applicable and as the context may so require.

Note Enforcement Period means any period from and including the date of the delivery of a Note Enforcement Notice to and excluding the earlier of the date on which the Issuer Secured Liabilities have been discharged in full and the date on which the Issuer Security Trustee (acting in accordance with the instructions of the relevant Instructing Group) pursuant to the ICA notifies the Issuer (and the other Issuer Secured Creditors) that the Note Enforcement Period has ended.

Note Event of Default means:

- (a) a Class A Note Event of Default; and
- (b) a Class B Note Event of Default,

or any of them, as applicable and as the context may so require.

Note Trustee means:

- (a) in respect of the Class A Notes, the Class A Note Trustee; and
- (b) in respect of the Class B Notes, the Class B Note Trustee,

as applicable and as the context may so require.

Noteholders means:

- (a) the Class A Noteholders; and
- (b) the Class B Noteholders,

or any of them, as applicable and as the context may so require.

Noteholder Instructing Group has the meaning given to that term in paragraph 5.3 (Noteholder Instructing Group).

Obligor Accounts means the Designated Accounts and any other account of any Obligor held with the Borrower Account Bank.

Obligor Group means Center Parcs (Holdings 1) Limited and all its Subsidiaries (other than the Excluded Group Companies), from time to time.



Obligor Group Agent means Center Parcs (Operating Company) Limited.

Obligor Liabilities means, in relation to a member of Obligor Group, any Liabilities owed to any Obligor (whether actual or contingent and whether incurred solely or jointly) by that member of the Obligor Group.

Other Liabilities means, in relation to:

- (a) a member of the Obligor Group;
- (b) a member of the Topco Obligor Group; or
- (c) the Issuer,

any trading and other liabilities (not being Borrowing Liabilities or Guarantee Liabilities) it may have to any Obligor, any Intra-Obligor Group Creditor, any Topco Obligor, any Intra-Topco Obligor Group Creditor or any Non-Obligor Group Creditor, in each case, as applicable and as the context may so require.

Payment means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, repurchase, defeasance, distribution or discharge of those Liabilities (or other liabilities or obligations).

Priorities of Payments means any of:

- (a) the Issuer Pre-Acceleration Priority of Payments;
- (b) the Issuer Post-Acceleration Priority of Payments;
- (c) the Borrower Pre-Enforcement Priorities of Payments;
- (d) the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments; and
- (e) the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments,

or any of them, as applicable and as the context may so require.

Receiver means any receiver, manager or administrative receiver who (in the case of an administrative receiver) is a qualified person in accordance with the Insolvency Act 1986 or other similar office appointed in any relevant jurisdiction:

- (a) by the Borrower Security Trustee under the Borrower Security Documents in respect of the whole or any part of the Borrower Secured Property;
- (b) by the Borrower Security Trustee under the Topco Security Documents in respect of the whole or any part of the Topco Secured Property; and
- (c) by the Issuer Security Trustee under the Issuer Security Documents in respect of the whole or any part of the Issuer Secured Property,

or any of them, as applicable and as the context may so require.

Receiving Entity has the meaning given to it in paragraph 30.2(b)(iii)(H) (Distressed Disposals).

Relevant Creditor(s) has the meaning given to that term in paragraph 20.1 (Ceasing to be a Secured Creditor).

Restricted Payment means:

- (a) Class A Restricted Payment; and
- (b) Class B Restricted Payment,

or any of them, as applicable and as the context may so require.

Restricted Payment Condition means:

- (a) the Class A Restricted Payment Condition; and
- (b) the Class B Restricted Payment Condition,

or either of them as applicable and as the context may so require.

Sales Process has the meaning given to it in paragraph 24.3(c)(i) (Borrower Security Trustee may dispose under a Sales Process).



Second Facility Fee means the ongoing facility fee payable by the Obligors to the Issuer equal to:

- (a) before a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under item 2 of the Issuer Pre-Acceleration Priority of Payments; and
- (b) after a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under item 2 of the Issuer Post-Acceleration Priority of Payments.

Second Reduced Total Commitments Amount means zero.

Second Total Commitments Reduction Date means the Loan Interest Payment Date falling in February 2014.

Secured Creditors means:

- (a) the Borrower Secured Creditors;
- (b) the Topco Secured Creditors; and
- (c) the Issuer Secured Creditors,

or any of them, as applicable and as the context may so require.

Secured Creditor Representatives means:

- (a) the Borrower Secured Creditor Representatives; and
- (b) the Issuer Secured Creditor Representatives,

or any of them, as applicable and as the context may so require.

Secured Liabilities means:

- (a) the Borrower Secured Liabilities;
- (b) the Topco Secured Liabilities; and
- (c) the Issuer Secured Liabilities,

or any of them, as applicable and as the context may so require.

Secured Property means:

- (a) the Borrower Secured Property;
- (b) the Topco Secured Property; and
- (c) the Issuer Secured Property,

or any of such secured property, as applicable and as the context may so require.

Security and Security Interest means:

- (a) any mortgage, pledge, lien, charge, assignment or hypothecation or other encumbrance or security interests securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of a bank or other account, may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.



Security Trustee means:

- (a) the Borrower Security Trustee; and
- (b) the Issuer Security Trustee,

or either of them, as applicable and as the context may so require.

Subsidiary means an entity of which a person:

- (a) has direct or indirect control;
- (b) owns directly or indirectly fifty per cent (50%) of the share capital or similar right of ownership; or
- (c) is entitled to receive for then fifty per cent (50%) of the dividends or distributions,

and any entity (where or not so controlled) treated as a subsidiary in the latest financial statements of that person from time to time, except that for the purposes of the ICA, the Issuer will not be a Subsidiary.

Tax Liability has the meaning given to it in paragraph 29.4(a) (Topco Security Enforcement Condition).

Tax Opinion has the meaning given to it in paragraph 29.4(a) (Topco Security Enforcement Condition).

Third Facility Fee means the ongoing facility fee payable by the Obligors to the Issuer equal to:

- (a) before a Note Acceleration Notice has been given, all amounts due and payable by the Issuer under item 3 of the Issuer Pre-Acceleration Priority of Payments; and
- (b) after a Note Acceleration Notice has been given, there shall be no Third Facility Fee payable,

as applicable and as the context may so require.

Topco Obligor Group means the Topco Obligors.

Topco Obligor Liabilities means, in relation to a member of the Topco Obligor Group, any Liabilities owed to any Topco Obligor (whether actual or contingent and whether incurred solely or jointly) by that member of the Topco Obligor Group.

Topco Obligors means:

- (a) Topco; and
- (b) CP Cayman,

or any of them, as applicable and as the context may so require.

Topco Payment Undertaking means the Cayman Islands law undertaking dated on or about the Closing Date between Topco, the Issuer, the Obligor Group Agent and the Borrower Security Trustee pursuant to which Topco undertakes to pay to the Issuer amounts owed by the Obligors to the Issuer under the Class B IBLA.

Topco Secured Creditor means:

- (a) the Borrower Security Trustee;
- (b) any Receiver appointed by the Borrower Security Trustee in respect of the Topco Security; and
- (c) the Issuer,

or any of them, as applicable and as the context may so require.

Topco Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent) of the Topco Obligors to any Topco Secured Creditor under each Topco Transaction Document.



Topco Secured Property means the whole of the right, title, benefit and interest of the Topco Obligor in the property, rights and assets of the Topco Obligor secured by or pursuant to the Topco Security.

Topco Security means the Security Interests constituted pursuant to the Topco Security Documents.

Topco Security Documents means:

- (a) the Topco Share Security Agreement;
- (b) the CP Cayman Security Agreement;
- (c) any document evidencing or creating security over any asset of a Topco Obligor to secure any obligation of any Topco Obligor to a Topco Secured Creditor in respect of a Topco Secured Liability; and
- (d) any other document or agreement designated as a "Topco Security Document" by Topco and the Borrower Security Trustee,

or any of them, as applicable and as the context may so require.

Topco Security Enforcement Condition has the meaning given to it in paragraph 29.4 (Topco Security Enforcement Condition).

Topco Security Enforcement Period means any period from and including the date of the delivery of a notice by the Borrower Security Trustee to any Topco Obligor following the occurrence of a Share Enforcement Event declaring the Topco Security to be enforceable to and excluding the earlier of the date on which the Topco Secured Liabilities have been discharged in full and the date on which the Borrower Security Trustee (acting in accordance with the instructions of the Class B Instructing Group), notifies the Topco Obligor and Obligor that the Topco Security Enforcement Period has ended.

Topco Share Security Agreement means the Cayman Islands law security agreement dated on or about the Closing Date between Topco, CP Cayman, the Issuer and the Borrower Security Trustee and under which Topco grants security over its shares in CP Cayman Limited in favour of the Borrower Security Trustee.

Topco Transaction Documents means:

- (a) the Topco Payment Undertaking;
- (b) the Topco Security Documents;
- (c) the ICA;
- (d) any Accession Agreement in respect of an additional Topco Secured Creditor; and
- (e) any other document or agreement designated as a "Topco Transaction Document" by the Borrower Security Trustee,

or any of them, as applicable and as the context may so require.

Total Commitments means, at any time, the aggregate Commitments of the Liquidity Facility Providers.

Transaction Documents means:

- (a) the Borrower Transaction Documents;
- (b) the Issuer Transaction Documents; and
- (c) the Topco Transaction Documents,

or any of them, as applicable and as the context may so require.

Transaction Security means:

- (a) the Borrower Security;
- (b) the Issuer Security; and
- (c) the Topco Security,

as applicable and as the context may so require.



Transaction Security Documents means:

- (a) the Borrower Security Documents;
- (b) the Issuer Security Documents; and
- (c) the Topco Security Documents,

or any of them, as applicable and as the context may so require.

VAT means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

WCF Default means a WCF Event of Default or an event or circumstance which would be (with the expiry of any applicable grace period, the giving of notice or the making of any determination under the WCF Finance Documents or any combination of them) a WCF Event of Default.

WCF Event of Default means an event of default under the Working Capital Facility Agreement.

WCF Drawstop Event means each of the following events or occurrences in respect of the Working Capital Facility Agreement:

- (a) any of the repeated representations is not true and correct;
- (b) a WCF Default is outstanding or is reasonably likely to result from the making of a loan;
- (c) a Class A Loan Event of Default or Drawstop A IBLA Potential Event of Default is outstanding or is reasonably likely to result from the making of a loan under the Working Capital Facility Agreement;
- (d) at any time on or after the First Total Commitments Reduction Date, the aggregate principal amount outstanding under the Working Capital Facility exceeds the First Reduced Total Commitments Amount;
- (e) at any time on or after the Second Total Commitments Reduction Date, the aggregate principal amount outstanding under the Working Capital Facility exceeds the Second Reduced Total Commitments Amount;
- (f) both a drawstop matter has occurred and the WCF Agent did not give its consent to that matter; or
- (g) an Entrenched Right of the Borrower Security Trustee, the WCF Agent or any WCF Lender has been breached or an amendment was made, a consent was given or a waiver was granted in respect of an Entrenched Right without the consent of the WCF Agent (subject to certain exceptions).

WCF Finance Document means:

- (a) a Borrower Security Document;
- (b) a fee letter in respect of the Working Capital Facility Agreement;
- (c) a transfer certificate in respect of a new WCF Lender;
- (d) an assignment agreement in respect of a new WCF Lender;
- (e) an accession agreement in respect of an additional Guarantor;
- (f) a resignation request in respect of a resigning Guarantor;
- (g) the letter designated the "Pre-Approved WCF Lender Letter" between the WCF Agent and the Borrower on or about the Closing Date; and
- (h) any other document designated as a "WCF Finance Document" by the WCF Agent and CP Opco (as borrower).

WCF Interest Payment Date means, in relation to a loan under the Working Capital Facility Agreement, the last day of the interest period for that loan.

3. PURPOSE AND RANKING

3.1 Purpose

- (a) The purpose of the Intercreditor Arrangements is to regulate, among other things:



- (i) the claims of the Borrower Secured Creditors in respect of the Borrower Secured Liabilities;
 - (ii) the claims of the Issuer Secured Creditors in respect of the Issuer Secured Liabilities;
 - (iii) the claims of the Topco Secured Creditors in respect of the Topco Secured Liabilities;
 - (iv) the exercise and enforcement of rights by the relevant Instructing Group in respect of the Borrower Security;
 - (v) the exercise and enforcement of rights by the relevant Instructing Group in respect of the Issuer Security;
 - (vi) the exercise and enforcement of rights by the Class B Instructing Group in respect of the Topco Security;
 - (vii) the rights of the Issuer Security Trustee (acting upon the instructions of the Instructing Group) to instruct the Borrower Security Trustee;
 - (viii) the rights of the relevant Instructing Group to instruct the Issuer Security Trustee; and
 - (ix) the procedure for the approval of any modification, consent or waiver in respect of the Class B Conditions and the Transaction Documents.
- (b) The Intercreditor Arrangements provide for:
- (i) the ranking in point of payment of the claims of the Issuer Secured Creditors prior to the giving of a Note Acceleration Notice as described in paragraph 9 (Issuer Per-Acceleration Priority of Payments) below;
 - (ii) the ranking in point of payment of the claims of the Issuer Secured Creditors after the giving of a Note Acceleration Notice as described in paragraph 28 (Issuer Post-Acceleration Priority of Payments) below;
 - (iii) the ranking in point of payment of the claims of the Borrower Secured Creditors prior to the giving of a Loan Enforcement Notice or a Loan Acceleration Notice as described in paragraph 8 (Borrower Pre-Enforcement Priorities of Payments) below;
 - (iv) the ranking in point of payment of the claims of the Borrower Secured Creditors after the giving of the Loan Enforcement Notice but before the delivery of a Loan Acceleration Notice as described in paragraph 26.3 (Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments) below; and
 - (v) the ranking in point of payment of the claims of the Borrower Secured Creditors after the giving of a Loan Acceleration Notice as described in paragraph 26.5 (Borrower Post-Enforcement (Post-Acceleration) Priority of Payments) below.
- (c) Each Obligor, each Topco Obligor and each Non-Obligor Group Creditor appoints the Obligor Group Agent to act as its representative in the exercise of all rights of such Obligor, Topco Obligor and Non-Obligor Group Creditor under the Borrower Transaction Documents and Topco Transaction Documents, as applicable.
- (d) Each Issuer Secured Creditor, each Borrower Secured Creditor and each Topco Secured Creditor will be bound by, and have the benefit of, the ICA.

3.2 Ranking of Borrower Secured Liabilities

The underlying principle of the Intercreditor Arrangements is that the debt constituted by the Class A IBLA ranks in point of payment prior to debt constituted by the Class B IBLA, subject to the terms of the ICA.

3.3 Ranking of Issuer Secured Liabilities

The underlying principle of the Intercreditor Arrangements is that the debt constituted by the Class A Notes ranks in point of payment prior to debt constituted by the Class B Notes, subject to the terms of the ICA.

4. NOTE TRUSTEES, ISSUER SECURITY TRUSTEE AND BORROWER SECURITY TRUSTEE

4.1 Introduction

The ICA will provide that the Issuer Security Trustee or Borrower Security Trustee may and, in certain circumstances, will seek a Direction from the Class A Note Trustee or the Class B Note Trustee, to enable the Issuer Security Trustee or Borrower Security Trustee, as applicable, to exercise its rights and powers under the ICA, including in respect any ICA Proposal.



4.2 Class A Direction Request and Class B Direction Request

(a) The ICA will provide that, if:

- (i) the Issuer Security Trustee determines that it requires a Direction from the Class A Instructing Group in order to give a Direction to the Borrower Security Trustee to enable the Borrower Security Trustee to exercise its rights and powers under the Borrower Transaction Documents; or
- (ii) the Issuer Security Trustee is required under the terms of the ICA to obtain or otherwise act in accordance with any Direction from the Class A Instructing Group, in each case, to enable the Issuer Security Trustee to exercise its rights and powers under the ICA,

(in each case, including any Direction in respect of an ICA Proposal) then the Issuer Security Trustee will deliver a request to the Class A Note Trustee (a **Class A Direction Request**) to obtain such a Direction from the Class A Instructing Group, on the terms and subject to the relevant conditions of the Note Trust Deed.

(b) The ICA will provide that, if:

- (i) the Issuer Security Trustee determines that it requires a Direction from the Class B Instructing Group in order to give a Direction to the Borrower Security Trustee to enable the Borrower Security Trustee to exercise its rights and powers under the Borrower Transaction Documents; or
- (ii) the Issuer Security Trustee is required under the terms of the ICA to obtain or otherwise act in accordance with any Direction from the Class B Instructing Group, in each case, to enable the Issuer Security Trustee to exercise its rights and powers under the ICA,

(in each case, including any Direction in respect of an ICA Proposal) then the Issuer Security Trustee will deliver a request to the Class B Note Trustee (a **Class B Direction Request**) to obtain such a Direction from the Class B Instructing Group, on the terms and subject to the relevant conditions of the Note Trust Deed.

4.3 Issuer Security Trustee and Borrower Security Trustee

The ICA will provide that where the Borrower Security Trustee is required to act in accordance with a Direction of the relevant Instructing Group or relevant Noteholder Instructing Group, this will be construed as meaning that the Borrower Security Trustee will act upon a Direction of the Issuer Security Trustee, as assignee of the Issuer's rights, title, interest and benefit under the Borrower Transaction Documents. In such circumstances, the Issuer Security Trustee will provide such Direction to the Borrower Security Trustee in accordance with and to the extent that the Issuer Security Trustee has received a Direction from the relevant Instructing Group or relevant Noteholder Instructing Group, as described in paragraph 5 (Instructing Group) below.

5. INSTRUCTING GROUP

5.1 Introduction

The ICA will provide for the exercise and enforcement of rights, powers and discretions (including, the giving of any Directions) by the relevant Instructing Group in respect of, amongst other things, the Borrower Security, Issuer Security and Topco Security.

5.2 Instructing Group

Under the ICA, **Instructing Group** will mean:

- (a) subject to paragraph (d) below, at any time prior to the Class A Discharge Date, the Class A Instructing Group;
- (b) subject to paragraph (d) below, at any time on or after the Class A Discharge Date but before the Class B Discharge Date, the Class B Instructing Group;
- (c) on or after the Class A Discharge Date and the Class B Discharge Date, at any time, in accordance with the following order of priority:
 - (i) *first*, if there are any amounts outstanding under the Working Capital Facility Agreement, the WCF Agent for and on behalf of itself and the WCF Lenders;



- (ii) *second*, if there are any amounts outstanding under the Liquidity Facility Agreement, the Liquidity Facility Agent, for and on behalf of the Liquidity Facility Providers;
- (iii) *third*, in respect of a matter or thing:
 - (A) in relation to an Issuer Transaction Document, the most senior ranking creditor in accordance with the ranking specified in, the Issuer Pre-Acceleration Priority of Payments; or
 - (B) in relation to a Borrower Transaction Document, the most senior ranking creditor in accordance with the ranking specified in, the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payment; and
- (d) at any time in respect of the Topco Security, the Class B Instructing Group.

5.3 Noteholder Instructing Group

Under the ICA, **Noteholder Instructing Group** will mean:

- (a) subject to paragraph (c) below, at any time prior to the Class A Discharge Date, the Class A Instructing Group;
- (b) subject to paragraph (c) below, at any time on or after the Class A Discharge Date but before the Class B Discharge Date, the Class B Instructing Group; and
- (c) at any time in respect of the Topco Security, the Class B Instructing Group.

5.4 Class A Instructing Group and Class B Instructing Group

Under the ICA, any provision that requests or requires any Direction from, or made by:

- (a) the **Class A Instructing Group** will mean either:
 - (i) any Direction from or made by the Class A Note Trustee, acting in accordance with the rights, powers and discretions conferred on it pursuant to the Class A Conditions and the Note Trust Deed; or
 - (ii) any Direction from or made by the Class A Note Trustee, acting in accordance with any duly passed resolution of the relevant Class A Noteholders (whom the Class A Note Trustee will represent) pursuant to the Class A Conditions and the Note Trust Deed; and
- (b) the **Class B Instructing Group** will mean either:
 - (i) any Direction from or made by the Class B Note Trustee, acting in accordance with the rights, powers and discretions conferred on it pursuant to the Class B Conditions and the Note Trust Deed; or
 - (ii) any Direction from or made by the Class B Note Trustee, acting upon any duly passed resolution of the relevant Class B Noteholders (whom the Class B Note Trustee will represent) pursuant to the Class B Conditions and the Note Trust Deed,

6. ACCESSION

6.1 Introduction

The ICA will provide for certain parties to accede to, and be bound by, the ICA subject to the satisfaction of certain procedures.

6.2 Accession of additional Borrower Secured Creditor, additional Issuer Secured Creditor and additional Topco Secured Creditor

- (a) Under the ICA:
 - (i) the Obligor Group Agent will procure that prior to any Obligor granting to any person the benefit of any Borrower Security (including, any additional working capital facility lender under the Working Capital Facility Agreement), such person (unless it is already a party as a Borrower Secured Creditor or a successor or assignee of an existing Borrower Secured Creditor) will accede as a party to the ICA (in the capacity as a Borrower Secured Creditor).



- (ii) the Issuer (or the Obligor Group Agent acting on its behalf) will procure that prior to the Issuer granting to any person the benefit of any Issuer Security, such person (unless it is already a party as a Issuer Secured Creditor or a successor or assignee of an existing Issuer Secured Creditor) will accede as a party to the ICA (in the capacity as an Issuer Secured Creditor).
- (iii) the Obligor Group Agent will procure that prior to any Topco Obligor granting to any person the benefit of any Topco Security, such person (unless it is already a party as a Topco Secured Creditor or a successor or assignee of an existing Topco Secured Creditor) will accede as a party to the ICA (in the capacity as a Topco Secured Creditor).
- (b) The accession of any additional Borrower Secured Creditors, additional Issuer Secured Creditors and additional Topco Secured Creditors to the ICA, from time to time, will be subject to the satisfaction of certain conditions precedent.

6.3 Additional Obligors and additional Non-Obligor Group Creditors

- (a) Under the ICA, the Obligor Group Agent (for itself and on behalf of all the other Obligors) will represent and warrant to the Borrower Security Trustee and the Issuer Security Trustee that, as at the Closing Date, each member of the Obligor Group is a party to the ICA as an Obligor and is a party to the Class A IBLA and the Class B IBLA as an Obligor (a defined in the Class A IBLA or Class B IBLA, as applicable).
- (b) The Obligor Group Agent will procure that any member of the Obligor Group that is not party to the ICA as an Obligor at any time will (unless it is already a party to the ICA as an Obligor on the Closing Date) accede as a party to the ICA (in the capacity as an Obligor).
- (c) Under the ICA, the Obligor Group Agent (for itself and on behalf of all the other Obligors and Topco Obligors) will represent and warrant to the Borrower Security Trustee and the Issuer Security Trustee that, as at the Closing Date, each member of the Group or any shareholder of any member of the Group (in each case, that is not an Obligor or a Topco Obligor) to whom any Obligor or any Topco Obligor owes any Liabilities is a party to the ICA.
- (d) The Obligor Group Agent will procure that any member of the Group or any shareholder of any member of the Group (in each case, that is not an Obligor or a Topco Obligor) that is a creditor of any Obligor or any Topco Obligor in respect of any Liabilities, from time to time (the **Relevant Entity**) will (unless the Relevant Entity is already a party to this ICA as a Non-Obligor Group Creditor) accede as a party to the ICA (in the capacity as a Non-Obligor Group Creditor) on or before the date that such Obligor or Topco Obligor incurs the relevant Liabilities in favour of such Relevant Creditor.

7. UNDERTAKINGS

7.1 Introduction

- (a) Under the ICA, the Borrower Secured Creditors and the Issuer Secured Creditors will undertake not to take certain actions in respect of, amongst other things, the Borrower Security, the Issuer Security and, in respect of the Issuer Secured Creditors only, not to take certain actions against the Issuer.
- (b) Under the ICA, the Obligors will undertake not to take certain actions in respect of, amongst other things, the Borrower Secured Liabilities, Intra-Obligor Group Liabilities and payments in respect of any Liabilities owed to such Obligor by any Topco Obligor.
- (c) Under the ICA, the Non-Obligor Group Creditors will undertake not to take certain actions in respect of, amongst other things, any amounts owed by any Obligor or Topco Obligor to such Non-Obligor Group Creditor.

7.2 Undertakings of Borrower Secured Creditors

Under the ICA, each Borrower Secured Creditor (other than the Borrower Security Trustee) will undertake that it will not:

- (a) permit or require any Obligor to discharge any of the Borrower Secured Liabilities owed to it, except to the extent and in the manner permitted under the ICA and as further specified in the other Borrower Transaction Documents but only to the extent the provisions in such other Borrower Transaction Documents are consistent with the ICA;



- (b) accelerate, or permit or require any Obligor to accelerate, cancel, pay, prepay, repay, redeem, purchase, terminate early or voluntarily terminate or otherwise acquire any of the Borrower Secured Liabilities owed by such Obligor, except to the extent and in the manner permitted by the ICA and as further specified in the other Borrower Transaction Documents but only to the extent the provisions of such other Borrower Transaction Documents are consistent with the ICA;
- (c) take, accept or receive the benefit of any Security Interest, guarantee, indemnity or other assurance against financial loss from any Obligor in respect of any of the Borrower Secured Liabilities owed to it except pursuant to the Borrower Security created under the Borrower Security Documents or in respect of any other permitted financial indebtedness;
- (d) take, receive or recover from any of the Obligors by set-off, any right of combination of accounts, proceedings of any kind or in any other manner whatsoever (save where permitted by any of paragraph 7.2(a) and paragraph 7.2(b) above) the whole or any part of the Borrower Secured Liabilities owed to it, except:
 - (i) in respect of the Borrower Account Bank, to the extent permitted under the Borrower Account Bank Agreement; or
 - (ii) in accordance with the provisions of the ICA; or
- (e) take any other Enforcement Action in respect of the Borrower Security and Borrower Security Documents except in accordance with the provisions of the ICA.

7.3 Undertakings of Issuer Secured Creditors

Each Issuer Secured Creditor (other than the Issuer Security Trustee) will undertake that it will not:

- (a) permit or require the Issuer to discharge any of the Issuer Secured Liabilities owed to it, except to the extent and in the manner permitted under the ICA and as further specified in the other Issuer Transaction Documents but only to the extent the provisions of such other Issuer Transaction Documents are consistent with the ICA;
- (b) accelerate, or permit or require the Issuer to accelerate, cancel, pay, prepay, repay, redeem, purchase, terminate early or voluntarily terminate or otherwise acquire any of the Issuer Secured Liabilities owed by the Issuer, except to the extent and in the manner permitted by the ICA and as further specified in the other Issuer Transaction Documents but only to the extent the provisions of such other Issuer Transaction Documents are consistent with the ICA;
- (c) take, accept or receive the benefit of any Security Interest, guarantee, indemnity or other assurance against financial loss from the Issuer in respect of any of the Issuer Secured Liabilities owed to it except pursuant to the Issuer Security created under the Issuer Security Documents or in respect of any other permitted financial indebtedness;
- (d) take, receive or recover from the Issuer by set-off, any right of combination of accounts, proceedings of any kind or in any other manner whatsoever (save where permitted by either of paragraph 7.3(a) or paragraph 7.3(b) above) the whole or any part of the Issuer Secured Liabilities owed to it, except:
 - (i) in respect of the Issuer Account Bank, to the extent permitted under the Issuer Account Bank Agreement;
 - (ii) the exercise of any such right expressly permitted in respect of the Liquidity Standby Accounts under the Liquidity Facility Agreement; or
 - (iii) in accordance with the provisions of the ICA; or
- (e) take any Enforcement Action in respect of the Issuer Security and Issuer Transaction Documents except in accordance with the provisions of the ICA.

7.4 No Enforcement Action against the Issuer

Each Issuer Secured Creditor (other than the Issuer Security Trustee) will agree that:

- (a) subject to paragraph 27.2(a) (Instructions prior to the Class A Discharge Date) only the Issuer Security Trustee is entitled to:
 - (i) take Enforcement Action in respect of the Issuer Security; and/or



- (ii) take proceedings or to exercise any rights, discretions or powers, or to grant any consents or releases, in respect of the security given under or pursuant to the Issuer Security Documents or otherwise have direct recourse to the Issuer Security;
- (b) neither it nor any person acting on behalf of such party (other than the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee) will have any right to take or initiate any proceedings or steps against the Issuer to enforce the Issuer Security Documents including without limitation by way of attachment, execution or diligence;
- (c) no Issuer Secured Creditor (other than the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee) will have the right to take or join any person in taking steps against the Issuer for the purposes of obtaining payment of any amount due whatsoever from the Issuer to such Issuer Secured Creditor, including the appointment of a Receiver (including an administrative receiver), provided that nothing will prevent a Issuer Secured Creditor from proving for the full amount owed to it by the Issuer in any the liquidation of the Issuer;
- (d) neither it nor any party on its behalf (other than the Issuer Security Trustee or a Receiver appointed by the Issuer Security Trustee) will initiate or join any person in initiating howsoever any Insolvency Proceedings against the Issuer; and
- (e) it will not be entitled to take any steps or proceedings which would result in any of the provisions of the Issuer Priorities of Payments or the provisions described in this paragraph 7.4 not being observed.

7.5 Undertakings of Topco Secured Creditors

Each Topco Secured Creditor (other than the Borrower Security Trustee) will agree that it will not:

- (a) permit or require the Topco Obligors to discharge any of the Topco Secured Liabilities owed to it, except to the extent and in the manner permitted under the ICA and as further specified in the other Topco Transaction Documents but only to the extent the provisions of such other Topco Transaction Documents are consistent with the ICA;
- (b) accelerate, or permit or require the Topco Obligors to accelerate, cancel, pay, repay, redeem, purchase, terminate early or voluntarily terminate or otherwise acquire any of the Topco Secured Liabilities owed by the Topco Obligors, except to the extent and in the manner permitted by the ICA and as further specified in the Topco Transaction Documents but only to the extent the provisions of such Topco Transaction Documents are consistent with the relevant provisions of the ICA;
- (c) take, accept or receive the benefit of any Security Interest, guarantee, indemnity or assurance against financial loss from the Topco Obligors in respect of any of the Topco Secured Liabilities owed to it except pursuant to the Topco Security created under the Topco Security Documents;
- (d) take, receive or recover from the Issuer by set-off, any right of combination of accounts, proceedings of any kind or in any other manner whatsoever (save where permitted by either of paragraph 7.5(a) or paragraph 7.5(b)) the whole or any part of the Topco Secured Liabilities owed to it, except in accordance with the provisions of the ICA; or
- (e) take any Enforcement Action in respect of the Topco Security and Topco Transaction Documents except in accordance with the provisions of the ICA and the Topco Transaction Documents.

7.6 Undertakings of Obligors—Borrower Secured Liabilities

Each Obligor will undertake that it will not:

- (a) discharge any of the Borrower Secured Liabilities owed by it, save to the extent such discharge would fall within the exception set out in paragraph 7.2(a) (Undertakings of Borrower Secured Creditors);
- (b) accelerate, cancel, pay, prepay, repay, redeem, purchase, terminate early or voluntarily terminate or otherwise acquire any of the Borrower Secured Liabilities owed by it, save to the extent such action would fall within the exceptions set out in paragraph 7.2(b) (Undertakings of Borrower Secured Creditors);
- (c) create or permit to subsist (except by operation of law) any Security Interest, guarantee, indemnity or other assurance against financial loss in respect of any of the Borrower Secured Liabilities owed by it except pursuant to the Borrower Security; and



- (d) take any steps to discharge by set-off, any right of combination of accounts, proceedings of any kind or in any other manner whatsoever, the whole or any part of the Borrower Secured Liabilities owed by it, save where permitted by any of paragraph 7.6(a) and paragraph 7.6(b) above or to the extent such discharge would fall within the exception set out in paragraph 7.2(d) (Undertakings of Borrower Secured Creditors) or by operation of law.

7.7 Undertakings of the Obligors: Intra-Obligor Group Liabilities and Topco Obligors

Unless required to do so by the Borrower Security Trustee acting upon the instructions of the relevant Instructing Group, each Obligor will undertake that it will until the Final Discharge Date:

- (a) not take or join any person in taking steps:
 - (i) against any other Obligor for the purposes of obtaining payment of any amount due whatsoever from such Obligor in respect of any Intra-Obligor Group Liabilities; and
 - (ii) against any Topco Obligor for the purposes of obtaining payment of any amount due whatsoever from any Topco Obligor in respect of any Liabilities;
- (b) not take or join any person in taking any Enforcement Action in relation to any other Obligor or any Topco Obligor;
- (c) not initiate or join any person in initiating howsoever an insolvency event in relation to any other Obligor or any Topco Obligor; and
- (d) not be entitled to take any steps or proceedings which would result in any of the Borrower Priorities of Payments, the Issuer Priorities of Payments, the Topco Transaction Documents or the provisions described in this paragraph 7.7(a) not being observed.

7.8 Restrictions on Payments: Intra-Obligor Group Liabilities and Topco Obligors

On or after the delivery of any Loan Enforcement Notice by the Borrower Security Trustee as described in paragraph 23.7 (Loan Enforcement Notice) but before the Final Discharge Date:

- (a) no Obligor will make any Payment of any Intra-Obligor Group Liabilities or any Payment of any Liabilities owed to any Topco Obligor; and
- (b) no Obligor will receive any Payment or distribution of any kind whatsoever in respect of or on account of any Intra-Obligor Group Liabilities or any Liabilities owed to such Obligor by any Topco Obligor,

at any time, unless permitted in accordance with the terms of the ICA.

7.9 Undertakings of the Non-Obligor Group Creditors: Obligor Group Creditor Liabilities

Each Non-Obligor Group Creditor undertakes that it will until the Final Discharge Date:

- (a) not take or join any person in taking steps against any Obligor or any Topco Obligor for the purposes of obtaining payment of any amount due whatsoever from such Obligor or Topco Obligor to such Non-Obligor Group Creditor;
- (b) not take or join any person in taking any Enforcement Action in respect of any Obligor or Topco Obligor;
- (c) not initiate or join any person in initiating howsoever an insolvency event in relation to any Obligor or Topco Obligor; and
- (d) not be entitled to take any steps or proceedings which would result in any of the Borrower Priorities of Payments, the Issuer Priorities of Payments, the Topco Transaction Documents or the provisions described in this paragraph 7.9 not being observed.

7.10 Restriction on Payments: Non-Obligor Group Creditor Liabilities

- (a) Prior to the Final Discharge Date:
 - (i) no member of the Obligor Group or any Topco Obligor will make any Payment of any Non-Obligor Group Creditor Liabilities; and
 - (ii) no Non-Obligor Group Creditor or any Topco Obligor will receive any Payment or distribution of any kind whatsoever in respect of or on account of any Non-Obligor Group Creditor Liabilities,



at any time, unless permitted in accordance paragraph (b) below.

- (b) The Obligors and the Topco Obligors will only make a Payment to any Non-Obligor Group Creditor in respect of any Non-Obligor Group Creditor Liabilities if:
- (i) the making of such Payment does not breach the terms and conditions of the Class A IBLA and the Class B IBLA; and
 - (ii) at the time of that action, a Potential Loan Event of Default, a Loan Event of Default or a Share Enforcement Event has not occurred,

unless the Borrower Security Trustee, acting upon the instructions of the relevant Instructing Group, authorises such Payment.

7.11 Undertakings of Topco Obligors—Topco Secured Liabilities

Each Topco Obligor will undertake that it will not:

- (a) discharge any of the Topco Secured Liabilities owed by it, save to the extent such discharge would fall within the exception set out in paragraph 7.5(a) (Undertakings of Topco Secured Creditors);
- (b) accelerate, cancel, pay, prepay, repay, redeem, purchase, terminate early or voluntarily terminate or otherwise acquire any of the Topco Secured Liabilities owed by it, save to the extent such action would fall within the exceptions set out in paragraph 7.5(b) (Undertakings of Topco Secured Creditors);
- (c) create or permit to subsist (except by operation of law) any Security Interest, guarantee, indemnity or other assurance against financial loss in respect of any of the Topco Secured Liabilities owed by it except pursuant to the Topco Security Documents; and
- (d) take any steps to discharge by set-off, any right of combination of accounts, proceedings of any kind or in any other manner whatsoever, the whole or any part of the Topco Secured Liabilities owed by it, save where permitted by any of paragraph 7.5(a) and paragraph 7.5(b) (Undertakings of Topco Secured Creditors) or to the extent such discharge would fall within the exception set out in paragraph 7.5(d) (Undertakings of Topco Secured Creditors) or by operation of law.

7.12 Undertakings of the Topco Obligors: Intra-Topco Obligor Group Liabilities and the Obligor Group

Unless required to do so by the Borrower Security Trustee (acting upon the instructions of the Class B Instructing Group), each Topco Obligor will undertake that it will until the Final Discharge Date:

- (a) not take or join any person in taking steps
 - (i) against any other Topco Obligor for the purposes of obtaining payment of any amount due whatsoever from such Topco Obligor in respect of any Intra-Topco Obligor Group Liabilities; and
 - (ii) against any Obligor for the purposes of obtaining payment of any amount due whatsoever from any Obligor in respect of any Liabilities;
- (b) not take or join any person in taking any Enforcement Action in relation to any other Topco Obligor or any Obligor;
- (c) not initiate or join any person in initiating howsoever an insolvency event in relation to any other Topco Obligor or any Obligor; and
- (d) not be entitled to take any steps or proceedings which would result in any of the Borrower Priorities of Payments, the provisions of the Borrower Transaction Documents or the provisions described in this paragraph 7.12(a) not being observed,

provided that, if there are any Class A Notes outstanding, then no action may be taken against any Obligor unless with the prior consent of the Class A Instructing Group.

**7.13 Restrictions on Payments: Intra-Topco Obligor Group Liabilities and Obligors**

On or after the delivery of a demand notice by the Borrower Security Trustee pursuant to the Topco Payment Undertaking but before the Final Discharge Date:

- (a) no Topco Obligor will make any Payment of any Intra-Topco Obligor Group Liabilities or any Payment of any Liabilities owed to any Obligor; and
- (b) no Topco Obligor will receive any Payment or distribution of any kind whatsoever in respect of or on the account of any Intra-Topco Obligor Group Liabilities or any Liabilities owed to such Topco Obligor by any Obligor,

at any time, unless permitted in accordance with the terms of the ICA.

8. BORROWER PRE-ENFORCEMENT PRIORITIES OF PAYMENTS**8.1 Introduction**

The ICA will provide for the ranking in point of payment of the claims of the Borrower Secured Creditors prior to the giving of a Loan Enforcement Notice.

8.2 Borrower Pre-Enforcement Priorities of Payments

Under the ICA, subject to (i) the provisions described in paragraph 8.7 (Prepayment of the Class B IBLA—Topco Transaction Documents), (ii) paragraph 11.5 (WCF Permitted Payments) and (iii) if the Borrowers elect to voluntarily prepay any of the Class A Loans and/or Class B Loan (in accordance with the terms of the Class A IBLA and/or the Class B IBLA, respectively), then such prepayment will be permitted irrespective of the provisions described in this paragraph, then notwithstanding the Borrower Security, on each Loan Interest Payment Date before the Borrower Security Trustee delivers any Loan Enforcement Notice or any Loan Acceleration Notice, the Obligor Group Agent, as agent for the Obligors, will instruct the Borrower Account Bank to withdraw amounts from the Obligor Accounts (other than amounts standing to the credit of the Designated Accounts) to be applied in paying or providing for the payment of the amounts in accordance with the applicable order of priority as follows:

- (a) on each Loan Interest Payment Date that (i) does not fall in any Lock-Up Period; (ii) is before the Class A1 EMD; and (iii) where the Class A Restricted Payment Condition is satisfied, then in accordance with paragraph 8.3 (Borrower Pre-Enforcement Priority of Payments—Part A: No Lock-Up Period applies; before the Class A1 EMD; and Class A Restricted Payment Condition is satisfied) below;
- (b) on each Loan Interest Payment Date that (i) does not fall in any Lock-Up Period; (ii) before the Class A1 EMD; and (iii) where the Class A Restricted Payment Condition is not satisfied, then in accordance with paragraph 8.4 (Borrower Pre-Enforcement Priority of Payments—Part B: No Lock-Up Period applies; before the Class A1 EMD and the Class A Restricted Payment Condition is not satisfied) below;
- (c) on each Loan Interest Payment Date that falls in any Lock-Up Period, then in accordance with paragraph 8.5 (Borrower Pre-Enforcement Priority of Payments—Part C: Lock-Up Period applies) below; and
- (d) on each Loan Interest Payment Date that (i) follows the Class A1 EMD; and (ii) does not fall in any Lock-Up Period, then in accordance with paragraph 8.6 (Borrower Pre-Enforcement Priority of Payments—Part D: For any Loan Interest Payment Date following the Class A1 EMD; and no Lock-Up Period applies) below,

(together, the **Borrower Pre-Enforcement Priorities of Payments**), in each case,

- (i) together with any interest and VAT payable thereon, as provided for in the relevant Transaction Document; and
- (ii) if and to the extent that payments or provisions of a higher order of priority have been made in full.

8.3 Borrower Pre-Enforcement Priority of Payments—Part A: No Lock-Up Period applies; before the Class A1 EMD; and the Class A Restricted Payment Condition is satisfied

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable in respect of:

- (a) the fees and other remuneration and indemnity payments (if any) payable to the Borrower Security Trustee and other appointees (if any) appointed by it under the Borrower Security



Documents and any costs, charges, liabilities and expenses incurred by the Borrower Security Trustee under the Borrower Security Documents and any other amounts payable to the Borrower Security Trustee under the Borrower Security Documents, together with interest thereon as provided for therein; and

- (b) the First Facility Fee due and payable to the Issuer;
2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:
- (a) the Second Facility Fee due and payable to the Issuer; and
 - (b) the fees, other remuneration, costs, charges and expenses of the Rating Agencies;
3. *third*, in or towards satisfaction, *pari passu* and *pro rata*, of:
- (a) the Third Facility Fee due and payable to the Issuer; and
 - (b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement;
4. *fourth*, in or towards satisfaction, of the Fourth Facility Fee due and payable to the Issuer;
5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of:
- (a) all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses of the WCF Agent and each WCF Lender (except in relation to principal) due and payable to the WCF Agent and each WCF Lender under the Working Capital Facility Agreement; and
 - (b) from (and including) the WCF Final Maturity Date, all principal amounts outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility unless and until the Working Capital Facility has been discharged in full;
6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A IBLA;
7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Loan Amounts due and payable under the Class A IBLA;
8. *eighth*, in or towards satisfaction of all amounts required to be deposited into the Maintenance Capex Reserve Account under the Class A IBLA;
9. *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class B IBLA;
10. *tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class B Loan Amounts due and payable under the Class B IBLA;
11. *eleventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and any other amounts then outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility Agreement, as follows:
- (a) at any time from (and including) the First Total Commitments Reduction Date until (but excluding) the Second Total Commitments Reduction Date, until the principal amount outstanding under the Working Capital Facility is not greater than the First Reduced Total Commitments Amount; and
 - (b) at any time:
 - (i) from (and including) the Second Total Commitments Reduction Date; or
 - (ii) when a WCF Drawstop Event has occurred and is outstanding or a WCF Default has occurred and is outstanding,until the principal amount outstanding under the Working Capital Facility is reduced to zero;
12. *twelfth*, in or towards satisfaction of the amounts required to be deposited into the Investment Capex Reserve Account under the Class A IBLA;



13. *thirteenth*, in or towards satisfaction of the Fifth Facility Fee due and payable to the Issuer; and
14. *fourteenth*, to the Borrowers and/or any other Obligor in or towards payment of any other amounts in accordance with the Borrower Transaction Documents, including, the making of any Restricted Payments if the relevant Restricted Payment Conditions are satisfied on the terms and subject to the conditions set out in the Transaction Documents.

8.4 Borrower Pre-Enforcement Priority of Payments—Part B: No Lock-Up Period applies; before the Class A1 EMD; and the Class A Restricted Payment Condition is not satisfied

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable in respect of:
 - (a) the fees and other remuneration and indemnity payments (if any) payable to the Borrower Security Trustee and other appointees (if any) appointed by it under the Borrower Security Documents and any costs, charges, liabilities and expenses incurred by the Borrower Security Trustee under the Borrower Security Documents and any other amounts payable to the Borrower Security Trustee under the Borrower Security Documents, together with interest thereon as provided for therein; and
 - (b) the First Facility Fee due and payable to the Issuer;
2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) the Second Facility Fee due and payable to the Issuer;
 - (b) the fees, other remuneration, costs, charges and expenses of the Rating Agencies;
3. *third*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) the Third Facility Fee due and payable to the Issuer; and
 - (b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement;
4. *fourth*, in or towards satisfaction, of the Fourth Facility Fee due and payable to the Issuer;
5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses of the WCF Agent and each WCF Lender (except in relation to principal) due and payable to the WCF Agent and each WCF Lender under the Working Capital Facility Agreement; and
 - (b) from (and including) the WCF Final Maturity Date, all principal amounts outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility unless and until the Working Capital Facility has been discharged in full;
6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A IBLA;
7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Loan Amounts due and payable under the Class A IBLA;
8. *eighth*, in or towards satisfaction of all amounts required to be deposited into the Maintenance Capex Reserve Account under the Class A IBLA;
9. *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and any other amounts then outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility Agreement, as follows:
 - (a) at any time from (and including) the First Total Commitments Reduction Date until (but excluding) the Second Total Commitments Reduction Date, until the principal amount outstanding under the Working Capital Facility is not greater than the First Reduced Total Commitments Amount; and



- (b) at any time:
 - (i) from (and including) the Second Total Commitments Reduction Date; or
 - (ii) when a WCF Drawstop Event has occurred and is outstanding or a WCF Default has occurred and is outstanding,

until the principal amount outstanding under the Working Capital Facility is reduced to zero;

- 10. *tenth*, in or towards satisfaction of the amounts required to be deposited into the Investment Capex Reserve Account under the Class A IBLA;
- 11. *eleventh*, in or towards satisfaction of the Fifth Facility Fee due and payable to the Issuer; and
- 12. *twelfth*, to the Borrowers and / or any other Obligor in or towards payment of any other amounts in accordance with the Borrower Transaction Documents except that:
 - (a) Restricted Payments shall not be made; and
 - (b) any amounts under the Class B Loan or Class B Notes shall not be paid or repaid other than out of New Equity Funds (if any).

8.5 Borrower Pre-Enforcement Priority of Payments—Part C: Lock-Up Period applies

- 1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable in respect of:
 - (a) the fees and other remuneration and indemnity payments (if any) payable to the Borrower Security Trustee and other appointees (if any) appointed by it under the Borrower Security Documents and any costs, charges, liabilities and expenses incurred by the Borrower Security Trustee under the Borrower Security Documents and any other amounts payable to the Borrower Security Trustee under the Borrower Security Documents, together with interest thereon as provided for therein; and
 - (b) the First Facility Fee due and payable to the Issuer;
- 2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) the Second Facility Fee due and payable to the Issuer;
 - (b) the fees, other remuneration, costs, charges and expenses of the Rating Agencies;
- 3. *third*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) the Third Facility Fee due and payable to the Issuer; and
 - (b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement;
- 4. *fourth*, in or towards satisfaction of the Fourth Facility Fee due and payable to the Issuer;
- 5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses of the WCF Agent and each WCF Lender (except in relation to principal) due and payable to the WCF Agent and each WCF Lender under the Working Capital Facility Agreement; and
 - (b) from (and including) the WCF Final Maturity Date, all principal amounts outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility unless and until the Working Capital Facility has been discharged in full;
- 6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A IBLA;



7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Loan Amounts due and payable under the Class A IBLA;
8. *eighth*, in or towards satisfaction of all amounts required to be deposited into the Maintenance Capex Reserve Account under the Class A IBLA;
9. *ninth*, if the Class A Restricted Payment Condition is satisfied on the relevant Loan Interest Payment Date and the Loan Interest Payment Date falls within the Class A1 Lock-Up Period, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class B IBLA;
10. *tenth*, if the Class A Restricted Payment Condition is satisfied on the relevant Loan Interest Payment Date and the Loan Interest Payment Date falls within the Class A1 Lock-Up Period, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class B Loan Amounts due and payable under the Class B IBLA;
11. *eleventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and any other amounts then outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility Agreement, as follows:
 - (i) at any time from (and including) the First Total Commitments Reduction Date until (but excluding) the Second Total Commitments Reduction Date, until the principal amount outstanding under the Working Capital Facility is not greater than the First Reduced Total Commitments Amount; and
 - (ii) at any time:
 - (A) from (and including) the Second Total Commitments Reduction Date; or
 - (B) when a WCF Drawstop Event has occurred and is outstanding or a WCF Default has occurred and is outstanding,until the principal amount outstanding under the Working Capital Facility is reduced to zero;
12. *twelfth*, in or towards satisfaction of the amounts required to be deposited into the Investment Capex Reserve Account under the Class A IBLA;
13. *thirteenth*, in or towards satisfaction of the Fifth Facility Fee due and payable to the Issuer;
14. *fourteenth*, subject to the applicable provisions specified in paragraph A (Application of Funds on the Class A1 EMD if the Class A1 Loan is outstanding), paragraph B (Application of Funds in the period from Class A2 EMD Less One Year to Class A2 EMD) and paragraph C (Application of Funds on the Class A2 EMD if either of the Class A1 Loan and/or the Class A2 Loan is outstanding) below, in or towards satisfaction of the amounts required to be deposited by the Obligor into the Cash Accumulation Amount pursuant to the Class A IBLA; and
15. *fifteenth*, to the Obligor in or towards payment of any other amounts in accordance with the Borrower Transaction Documents including, the making of any Restricted Payments if the Class A Restricted Payments Condition is satisfied.

A Application of Funds on the Class A1 EMD if the Class A1 Loan is outstanding

On the Class A1 EMD, if the Class A1 Loan is outstanding all Net Free Cashflow and all amounts standing to the credit of the Cash Accumulation Account shall be applied in or towards satisfaction of:

- (a) if the Class A FCF DSCR Sequential Ratio Test is satisfied, in or towards the repayment of all amounts outstanding (whether or not otherwise due but which are unpaid) under the Class A1 Loan until it is discharged in full; or
- (b) if the Class A FCF DSCR Sequential Ratio Test is not satisfied, in or towards satisfaction *pari passu* and *pro rata*, with respect to their respective outstanding principal amount (whether or not otherwise due but which are unpaid) of:
 - (i) the repayment of all amounts outstanding under the Class A1 Loan until it is discharged in full; and



- (ii) the defeasance of the Class A2 Loan by depositing the relevant available funds into the Defeasance Account up to the outstanding principal amount of the Class A2 Loan.

B Application of Funds in the period from the Class A2 EMD Less One Year to the Class A2 EMD

In the period from (and including) the Class A2 EMD Less One Year to (but excluding) the Class A2 EMD:

- (a) if the Class A1 Loan remains outstanding and the Class A FCF DSCR Sequential Ratio Test is satisfied, all Net Free Cashflow shall be applied in or towards satisfaction *pro rata* and *pari passu* with respect to their respective outstanding principal amount (whether or not otherwise due but which are unpaid) of:
 - (i) the repayment of all amounts outstanding under the Class A1 Loan until it is discharged in full; and
 - (ii) the crediting of relevant available funds to the Cash Accumulation Account up to the outstanding principal amount of the Class A2 Loan;
- (b) if the Class A1 Loan remains outstanding and the Class A FCF DSCR Sequential Ratio Test is not satisfied, all Net Free Cashflow shall be applied in or towards satisfaction *pro rata* and *pari passu* with respect to their respective outstanding principal amount (whether or not otherwise due but which are unpaid) of:
 - (i) the repayment of all amounts outstanding under the Class A1 Loan until they are discharged in full; and
 - (ii) the defeasance of the Class A2 Loan by depositing the relevant available funds into the Defeasance Account up to the outstanding principal amount of the Class A2 Loan;
- (c) if the Class A1 Loan has been repaid in full, all Net Free Cash Flow funds will be credited into the Cash Accumulation Account and not be released to the Borrowers unless, such cash is applied in or towards prepayment of the Class A2 Loan, subject to the payment of any Class A Make-Whole Payment; and
- (d) any cash standing to the credit of the Defeasance Account shall not be applied to repay the Class A1 Loan or be released to the Borrowers unless, such cash is (i) applied in or towards prepayment of the Class A2 Loan or (ii) applied as part of a transaction to repay all amounts outstanding under the Class A1 Loan and Class A2 Loan, subject, in each case, to the payment of any Class A Make-Whole Payment.

C Application of Funds on the Class A2 EMD if either of the Class A1 Loan and/or the Class A2 Loan is outstanding

On the Class A2 EMD if either of the Class A1 Loan and/or the Class A2 Loan is outstanding:

- (a) all Net Free Cashflow and all amounts standing to the credit of the Cash Accumulation Account shall be applied in or towards satisfaction *pro rata* and *pari passu* with respect to their respective outstanding principal amount (whether or not otherwise due but which are unpaid), of the repayment of all amounts outstanding under:
 - (i) the Class A1 Loan until it is discharged in full; and
 - (ii) the Class A2 Loan until it is discharged in full; and
- (b) all amounts standing to the credit of the Defeasance Account shall be applied in or towards satisfaction of the repayment of all amounts outstanding under the Class A2 Loan only until the Class A2 Loan is discharged in full.

8.6 Borrower Pre-Enforcement Priority of Payments—Part D: For any Loan Interest Payment Date following the Class A1 EMD; and no Lock-Up Period applies

- 1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due and payable in respect of:
 - (a) the fees and other remuneration and indemnity payments (if any) payable to the Borrower Security Trustee and other appointees (if any) appointed by it under the Borrower Security Documents and any costs, charges, liabilities and expenses incurred by the Borrower Security Trustee under the Borrower Security Documents and any other amounts payable to the Borrower Security Trustee under the Borrower Security Documents, together with interest thereon as provided for therein; and



- (b) the First Facility Fee due and payable to the Issuer;
2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) the Second Facility Fee due and payable to the Issuer; and
 - (b) the fees, other remuneration, costs, charges and expenses of the Rating Agencies;
3. *third*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) the Third Facility Fee due and payable to the Issuer; and
 - (b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement;
4. *fourth*, in or towards satisfaction, of the Fourth Facility Fee due and payable to the Issuer;
5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of:
 - (a) all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses of the WCF Agent and each WCF Lender (except in relation to principal) due and payable to the WCF Agent and each WCF Lender under the Working Capital Facility Agreement; and
 - (b) from (and including) the WCF Final Maturity Date, all principal amounts outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility unless and until the Working Capital Facility has been discharged in full;
6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A IBLA;
7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Loan Amounts due and payable under the Class A IBLA;
8. *eighth*, in or towards satisfaction of all amounts required to be deposited into the Maintenance Capex Reserve Account under the Class A IBLA;
9. *ninth*, on the first and second Loan Interest Payment Dates following the Class A1 EMD only, provided that the Class A Restricted Payment Condition is satisfied on such first or second (as applicable) Loan Interest Payment, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable under the Class B IBLA;
10. *tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and any other amounts then outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility Agreement, as follows:
 - (i) at any time from (and including) the First Total Commitments Reduction Date until (but excluding) the Second Total Commitments Reduction Date, until the principal amount outstanding under the Working Capital Facility is not greater than the First Reduced Total Commitments Amount; and
 - (ii) at any time:
 - (A) from (and including) the Second Total Commitments Reduction Date; or
 - (B) when a WCF Drawstop Event has occurred and is outstanding or a WCF Default has occurred and is outstanding,until the principal amount outstanding under the Working Capital Facility is reduced to zero;
11. *eleventh*, in or towards satisfaction of the amounts required to be deposited into the Investment Capex Reserve Account under the Class A IBLA;
12. *twelfth*, in or towards satisfaction, of the Fifth Facility Fee due and payable to the Issuer;



13. *thirteenth*, in or towards satisfaction of any amounts required to be paid in accordance with the applicable provisions specified in paragraph A (Application of Funds) below; and
14. *fourteenth*, to the Obligors in or towards payment of any other amounts in accordance with the Borrower Transaction Documents.

A Application of Funds

- (a) If the Class A1 Loan remains outstanding after the Class A1 EMD then in respect of any Loan Interest Payment Date in the period from (but excluding) the Class A1 EMD to (but excluding) the Class A2 EMD Less One Year, if the Class A FCF DSCR Sequential Ratio Test is satisfied, all Net Free Cashflow will be applied in or towards satisfaction (whether or not otherwise due but which are unpaid) of the repayment of the Class A1 Loan until it is discharged in full.
- (b) If the Class A1 Loan remains outstanding after the Class A1 EMD then in respect of any Loan Interest Payment Date in the period from (but excluding) the Class A1 EMD to (but excluding) the Class A2 EMD Less One Year, if the Class A FCF DSCR Sequential Ratio Test is not satisfied, all Net Free Cashflow shall be applied in or towards satisfaction on a *pro rata* and *pari passu* basis with respect to their respective outstanding principal amount (whether or not otherwise due but which are unpaid) of:
 - (i) the repayment of all amounts outstanding under the Class A1 Loan until it is discharged in full; and
 - (ii) the defeasance of the Class A2 Loan by depositing the relevant available funds into the Defeasance Account up to the outstanding principal amount of the Class A2 Loan.
- (c) If at any time in the period from (but excluding) the Class A1 EMD to (but excluding) the Class A2 EMD Less One Year, the Class A1 Loan has been repaid in full, all Net Free Cashflow shall be available to the Borrowers to be applied in accordance with the Transaction Documents, including the making of any Restricted Payments if the relevant Restricted Payment Conditions are satisfied and otherwise are in accordance with the Transaction Documents.
- (d) If at any time in the period from (but excluding) the Class A1 EMD to (but excluding) the Class A2 EMD Less One Year, the Class A FCF DSCR Sequential Ratio Test is satisfied, then as at any Loan Interest Payment Date in such the period, any cash standing to the credit of the Defeasance Account shall be:
 - (i) applied in or towards satisfaction (whether or not otherwise due but which are unpaid) of the repayment of all amounts outstanding under the Class A1 Loan until it is discharged in full; and thereafter
 - (ii) released to the Borrowers to be applied in accordance with the Transaction Documents, including, the making of any Restricted Payments if the relevant Restricted Payment Conditions are satisfied and otherwise are in accordance with the Transaction Documents.
- (e) If the Class A1 Loan has not been repaid on the Class A2 EMD, then on each Loan Interest Payment Date after (but excluding) the Class A2 EMD, all Net Free Cashflow, will be applied in or towards satisfaction *pro rata* and *pari passu* with respect to their respective outstanding principal amount (whether or not otherwise due but which are unpaid) of the repayment of all amounts outstanding under:
 - (i) the Class A1 Loan until it is discharged in full; and
 - (ii) the Class A2 Loan until it is discharged in full.
- (f) If the Class A1 Loan has been discharged in full after the Class A2 EMD, then on each Loan Interest Payment Date after the Class A2 EMD, all Net Free Cashflow will be applied in or towards satisfaction (whether or not otherwise due but which are unpaid) of the repayment of all amounts outstanding under the Class A2 Loan until it is discharged in full.

8.7 Prepayment of the Class B IBLA—Topco Transaction Documents

If and to the extent the Borrowers receive funds from any person or persons that have acquired (or intend to acquire) the Topco Secured Property pursuant to the Topco Payment Undertaking or any other Topco Transaction Document (including, as a result of the enforcement of the Topco Security following the occurrence of a Share Enforcement Event or otherwise) and the Borrowers receive such funds for the express purpose of enabling the Borrowers to prepay amounts outstanding under the Class B IBLA, then such specified funds will be applied by the Borrowers to prepay the Class B IBLA in accordance with the Class B IBLA (after all costs, fees and expenses of any Trustee and Receiver in relation to the enforcement of the Topco Security have been discharged in full) and such funds will not be applied in accordance with any of the Borrower Pre-Enforcement Priorities of Payments, the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments or the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments.



8.8 Cash Accumulation Account

Prior to the delivery by the Borrower Security Trustee of a Loan Acceleration Notice, the Obligor Group Agent (for and on behalf of the Obligors) will be required to deposit relevant funds into the Cash Accumulation Account in accordance with the Class A IBLA and the ICA and the Obligor Group Agent (for and on behalf of the Obligors) will be required to apply funds standing to the credit of the Cash Accumulation Account to satisfy the payment obligations of the Obligors in accordance with the Class A IBLA and the ICA.

8.9 Defeasance Account

Prior to the delivery by the Borrower Security Trustee of a Loan Acceleration Notice the Obligor Group Agent (for and on behalf of the Obligors) will be required to deposit relevant funds into the Defeasance Account in accordance with the Class A IBLA and the ICA and the Obligor Group Agent (for and on behalf of the Obligors) will be required to apply funds standing to the credit of the Defeasance Account to satisfy the payment obligations of the Obligors in accordance with the Class A IBLA and the ICA.

9. ISSUER PRE-ACCELERATION PRIORITY OF PAYMENTS

9.1 Introduction

The ICA will provide for the application of cash available to the Issuer and the ranking in point of payment of the claims of the Issuer Secured Creditors prior to the giving of a Note Acceleration Notice on the terms set out below.

9.2 Receipts

The Issuer will take or cause to be taken such action as may from time to time be necessary on its part to ensure that the Issuer Accounts will from time to time be credited in accordance with the Cash Management Agreement.

9.3 Ranking of Issuer Secured Liabilities prior to the giving of a Note Acceleration Notice

Subject to paragraph 9.4 (Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents) and paragraph 9.5 (Receipt of other specific funds under the IBLAs), each Issuer Secured Creditor agrees and the Issuer and the Issuer Security Trustee acknowledges that each Issuer Secured Creditor's claims will rank according to the Issuer Pre-Acceleration Priority of Payments before a Note Trustee gives a Note Acceleration Notice.

9.4 Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents

If and to the extent the Issuer receives funds under the Class B IBLA from any of the Obligors (or any person or persons that have acquired (or intend to acquire) the Topco Secured Property pursuant to the Topco Payment Undertaking or any other Topco Transaction Document (including, as a result of the enforcement of the Topco Security following the occurrence of a Share Enforcement Event) and the Issuer receives such funds for the express purpose of enabling the Issuer to discharge its obligations under the Class B Notes, then such specified funds will be applied by the Issuer to directly discharge the Class B Notes in accordance with the Class B Conditions (after all costs fees and expenses of any Trustee and Receiver in relation to the enforcement of the Topco Security have been discharged in full) and such funds will not be applied in accordance with the Issuer Pre-Acceleration Priority of Payments or Issuer Post-Acceleration Priority of Payments.

9.5 Receipt of other specific funds under the IBLAs

- (a) If and to the extent the Issuer receives funds from any of the Obligors exercising their rights to voluntarily prepay any of the Class A Loans and/or Class B Loan in accordance with the terms of the Class A IBLA and/or Class B IBLA, as applicable, or otherwise pursuant to clause 12 (Financial Covenant) of the Class A IBLA, clause 18.19 (Application of Sale and Leaseback Proceeds) of the Class A IBLA, clause 13 (Class B Financial Covenant) of the Class B IBLA and clause 19 (Asset Sales) of the Class B IBLA, to enable the Issuer to discharge specific obligations owed to any Issuer Secured Creditor (including, without limitation, the Class A Noteholders and/or the Class B Noteholders, in the case of a voluntary prepayment), then such specified funds will be applied by the Issuer to discharge those specific obligations and such funds will not be applied in accordance with the Issuer Pre-Acceleration Priority of Payments.
- (b) If in any other circumstance, other than those described in paragraphs 9.4 (Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents) and 9.5(a), above, the Issuer receives funds from any of the Obligors pursuant to any other term or condition of the IBLAs (for the express purpose and on the terms specified therein, respectively), to enable the Issuer to discharge specific obligations owed to any Issuer Secured Creditor, then such specified funds will be applied by the Issuer to discharge those specific obligations provided that any payment obligations due and payable to an Issuer Secured Creditor, and which rank higher in the Issuer Pre-Acceleration Priority of Payments, than those owed to such Issuer Secured Creditor, have been discharged first.



9.6 Issuer Pre-Acceleration Priority of Payments

Subject to paragraph 9.4 (Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents) and paragraph 9.5 (Receipt of other specific funds under the IBLAs), and notwithstanding the security rights created by or pursuant to clause 3 (Issuer Security) of the Issuer Deed of Charge, on each Note Interest Payment Date before a Note Trustee gives any Note Acceleration Notice to the Issuer, the Cash Manager, as agent for the Issuer Security Trustee, will instruct the Issuer Account Bank to withdraw amounts from the Issuer Transaction Account (but only to the extent that such withdrawal does not cause the Issuer Transaction Account to be overdrawn) and any interest earned on any amounts standing to the credit of any Liquidity Standby Account, to be applied in paying or providing for the payment of the amounts in the order of priority set out below (the **Issuer Pre-Acceleration Priority of Payments**), in each case:

- (a) together with any interest and VAT payable thereon, as provided for in the relevant Transaction Document; and
 - (b) if and to the extent that payments or provisions of a higher order of priority have been made in full.
1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable in respect of the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee and other appointees (if any) appointed by any of them under the Issuer Deed of Charge, Note Trust Deed respectively and any costs, charges, liabilities and expenses incurred by any of the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee under the Issuer Deed of Charge and Note Trust Deed respectively and any other amounts (other than amounts payable under the Notes) payable to the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee under the Issuer Deed of Charge and Note Trust Deed respectively, together with interest thereon as provided for therein;
 2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer in respect of:
 - (a) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Corporate Services Providers incurred under the Issuer Corporate Services Agreements;
 - (b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Paying Agents incurred under the Agency Agreement;
 - (c) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement; and
 - (d) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Cash Manager incurred under the Cash Management Agreement;
 3. *third*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer in respect of:
 - (a) the amounts due to third parties under obligations incurred in the course of the Issuer's business (other than as provided elsewhere in this priority of payments);
 - (b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the stock exchange where the Notes are listed (or any other listing authority) and the listing agent; and
 - (c) the amounts due to HM Revenue & Customs in respect of corporation tax on profits of the Issuer;
 4. *fourth*, in or towards satisfaction of payment of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and the Liquidity Facility Agent due and payable by the Issuer to each such Liquidity Facility Provider and the Liquidity Facility Agent under the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts payable by the Issuer);
 5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A Notes;
 6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Note Amounts due and payable under the Class A Notes;



7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class B Notes;
8. *eighth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and Additional Class B Note Amounts due and payable under the Class B Notes;
9. *ninth*, in or towards satisfaction, *pari passu* and *pro rata*, of all Liquidity Subordinated Amounts due and payable by the Issuer under the Liquidity Facility Agreement; and
10. *tenth*, after retaining the Issuer Profit Amount, (which the Issuer may, after meeting any corporation tax thereon, use to pay a dividend or otherwise to pay such account or person nominated by the Issuer), any remaining amount by way of rebate of Facility Fees to the Borrower under the terms of the IBLAs.

9.7 Intra-period expenses—Issuer level

Notwithstanding the security rights created by or pursuant to clause 3 (Issuer Security) of the Issuer Deed of Charge, on any Business Day other than on a Note Interest Payment Date prior the service of any Note Acceleration Notice, the Cash Manager as agent for the Issuer Security Trustee, may instruct the Issuer Account Bank to withdraw funds standing to the credit of the Issuer Transaction Account (but only to the extent that such withdrawal does not cause the Issuer Transaction Account to become overdrawn) to pay amounts that are due and payable of a type described in item 3 of the Issuer Pre-Acceleration Priority of Payments.

10. REPRESENTATIVES

- 10.1 The ICA will provide that Borrower Secured Creditors and Issuer Secured Creditors may appoint (and terminate the appointment of) a Secured Creditor Representative to act on their behalf subject to certain conditions
- 10.2 The ICA will provide that Noteholders and any Secured Creditor that is part of a syndicate (which contains two or more participants) must appoint a Secured Creditor Representative.
- 10.3 In the case of any class of Noteholders, their Secured Creditor Representative will be the Note Trustee for the time being of that particular class.
- 10.4 Under the ICA each Obligor (other than the Obligor Group Agent), each Topco Obligor and each Non-Obligor Group Creditor will appoint the Obligor Group Agent to act on its behalf in relation to Borrower Transaction Documents and Topco Transaction Documents, as applicable.

11. WORKING CAPITAL FACILITY

11.1 Failure to discharge the Working Capital Facility by the WCF Final Maturity Date

If the Working Capital Facility has not been discharged in full by the WCF Final Maturity Date then notwithstanding any other provision of the ICA or any other Transaction Document the WCF Agent will not be permitted to instruct the Borrower Security Trustee to take any Enforcement Action in respect of the Borrower Security unless and until the WCF Agent (for and on behalf of itself and the WCF Lenders) represents the Instructing Group in accordance with paragraph 5 (Instructing Group).

11.2 Application of sale and leaseback proceeds

Notwithstanding:

- (a) the provisions of the Class A IBLA which apply following a Relevant Disposal (as defined in the Class A IBLA); and
- (b) the provisions of the Class B IBLA which apply following an Asset Sale,

in each case, the relevant Net Sales Proceeds (as defined in the Class A IBLA) or the Net Available Cash (as defined in the Class B IBLA) as applicable, will be applied as follows:

- (i) if the disposal is made on or after the First Total Commitments Reduction Date (but before the Second Total Commitments Reduction Date), and the principal amount outstanding under the Working Capital Facility is more than £15,000,000, such proceeds will be first applied to prepay the Working Capital Facility in an amount such that immediately following such prepayment, the principal amount outstanding under the Working Capital Facility is not greater than £15,000,000; and
- (ii) if the disposal is made on or after the Second Total Commitments Reduction Date, and there are amounts outstanding under the Working Capital Facility, such proceeds will be first applied to repay in full any and all amounts then outstanding under the Working Capital Facility.



11.3 Application of Net Free Cashflow under the Class A IBLA

- (a) Subject to paragraph (c) below, if at any time during the period from (and including) the First Total Commitments Reduction Date until (but excluding) the Second Total Commitments Reduction Date, the principal amount outstanding under the Working Capital Facility is more than £15,000,000, the Obligors will procure that any Net Free Cashflow will, on each WCF Interest Payment Date falling during such period (including any Loan Interest Payment Date falling on the First Total Commitments Reduction Date), be applied to prepay the Working Capital Facility until the principal amount outstanding under the Working Capital Facility is not greater than £15,000,000.
- (b) Subject to paragraph (c) below, if at any time from (and including) the Second Total Commitments Reduction Date, there are amounts outstanding under the Working Capital Facility the Obligors will procure that any Net Free Cashflow will, on each WCF Interest Payment Date falling during such period (including any Loan Interest Payment Date falling on the Second Total Commitments Reduction Date), be applied to prepay in full any and all amounts then outstanding under the Working Capital Facility.
- (c) If at any time a WCF Default that has not been cured or waived in accordance with the provisions of the Working Capital Facility and the ICA or any WCF Drawstop Event has occurred and remains outstanding under the Working Capital Facility and there are amounts then outstanding under the Working Capital Facility the Obligors will procure that any Net Free Cashflow will, on each WCF Interest Payment Date under the Working Capital Facility, be applied to repay in full any and all amounts then outstanding under the Working Capital Facility.
- (d) Notwithstanding the terms of the Class A IBLA or any other provision of any other Transaction Document, no Obligor will, without the prior consent of the WCF Agent, make a Class A Restricted Payment or a Class B Restricted Payment at any time during which any of the circumstances set out or referred to in paragraphs (a) to (c) above (inclusive) of this paragraph 11.3 are continuing.

11.4 Consent to extend grace period

The ICA will provide that on the occurrence of a breach of the provisions listed in sub-paragraph (h)(v) of paragraph 22 (*Entrenched Rights*), the consent of each WCF Lender shall be required to extend any applicable grace period under the Class A IBLA unless such extension is for a period which is not longer than 14 days.

11.5 WCF Permitted Payments

The ICA will provide that notwithstanding any provision of the ICA or any other Transaction Document:

- (a) prior to the occurrence of a Loan Event of Default that is continuing, if a WCF Interest Payment Date under the Working Capital Facility does not fall on the same day as a Loan Interest Payment Date, the payment of any amounts due on such Loan Interest Payment Date in accordance with the Working Capital Facility will be permitted and be paid on such WCF Interest Payment Date irrespective of whether it coincides with a Loan Interest Payment Date;
- (b) upon the occurrence of a Loan Event of Default that is continuing, amounts due and payable under the Working Capital Facility will only be discharged on the date that is a Loan Interest Payment Date under the Class A IBLA and:
 - (i) the interest period in respect of any loan outstanding under the Working Capital Facility at the time of the occurrence of a Loan Event of Default that is continuing will be extended to the Loan Interest Payment Date immediately following such occurrence; and
 - (ii) any such loan will become repayable on such Loan Interest Payment Date, but will otherwise remain subject to the terms of the Working Capital Facility; and
- (c) amounts available to discharge the Working Capital Facility pursuant to paragraph 11.2 (Application of Sale and Leaseback Proceeds) will be used to prepay the Working Capital Facility on the relevant Loan Interest Payment Date).

11.6 Direction from the WCF Lenders

The ICA will provide that any provision in the ICA requiring any Direction from any WCF Lender in its capacity as a Borrower Secured Creditor, a Secured Creditor or otherwise will be construed to mean a requirement for a Direction from the WCF Agent in its capacity as agent for all WCF Lenders. The WCF Agent will provide any such Direction on behalf of the relevant WCF Lenders on the terms and subject to the conditions of the Working Capital Facility Agreement.

12. LIQUIDITY FACILITY AGREEMENT

12.1 LF Event of Default under the Liquidity Facility Agreement

- (a) Subject to paragraph (b) below, at any time that a LF Event of Default has occurred and is continuing then notwithstanding such LF Event of Default, the Liquidity Facility Providers or Liquidity Facility Agent will not be permitted to instruct the Borrower Security Trustee to take any Enforcement Action in respect of the Borrower Security.



- (b) If the Liquidity Facility Agent is the Instructing Group in accordance with paragraph 5 (Instructing Group) then it will be entitled to instruct the Issuer Security Trustee to take any Enforcement Action in respect of the Issuer Security or make a demand under any guarantee, indemnity or other assurance given by the Issuer.

12.2 Direction from the Liquidity Facility Providers

Under the ICA, any provision requiring any Direction from any Liquidity Facility Provider in its capacity as an Issuer Secured Creditor, a Secured Creditor or otherwise will be construed to mean a requirement for a Direction from the Liquidity Facility Agent in its capacity as agent for all Liquidity Facility Providers. The Liquidity Facility Agent will provide any such Direction on behalf of the relevant Liquidity Facility Providers on the terms and subject to the conditions of the Liquidity Facility Agreement.

13. AMENDMENTS, CONSENTS AND WAIVERS—GENERAL PROCEDURES

13.1 Introduction

The ICA will provide for a procedure for the Obligor Group Agent and / or the Issuer to amend, waive or otherwise secure a consent in respect of matters concerning the Borrower Transaction Documents, Issuer Transaction Documents (including, the ICA), Topco Transaction Documents, the Class A Conditions and the Class B Conditions.

13.2 Instigation of an ICA Proposal

The Obligor Group Agent will be entitled:

- (a) to request that the Borrower Security Trustee concur in making any amendment to, giving any consent under, or granting any waiver in respect of any breach or proposed breach of any Borrower Transaction Document; and
- (b) to direct the Issuer to request that the Issuer Security Trustee concur in making any amendment to, giving any consent under, or granting any waiver in respect of any breach or proposed breach of any Issuer Transaction Document,

and any such request by the Obligor Group Agent to the Borrower Security Trustee or by the Issuer (as directed by the Obligor Group Agent) to the Issuer Security Trustee will constitute an **ICA Proposal**.

13.3 Consultation if Discretion Matter

- (a) If the Obligor Group Agent intends to request that any Security Trustee exercise its discretion in respect of a Discretion Matter pursuant to paragraph 15.1 (Discretion Matters), then at least 15 Business Days before submitting the relevant ICA Proposal in accordance with this paragraph 13.3, the Obligor Group Agent will notify the relevant Security Trustee that it intends to submit an ICA Proposal on such terms and consult such Security Trustee to establish whether or not the Security Trustee agrees that the matter in respect of which it is being asked to exercise its discretion (pursuant to paragraph 16.1 (Amendments, Consents and Waivers—General Procedures) is a Discretion Matter.
- (b) The Obligor Group Agent will supply all information and documentation that the Security Trustee may reasonably request to enable it to form an opinion as to whether or not the matter is a Discretion Matter.

13.4 Minimum requirements of an ICA Proposal

An ICA Proposal will:

- (a) in relation to:
 - (i) a Borrower Transaction Document be by way of notice in writing to the Borrower Security Trustee signed by any director on behalf of the Obligor Group Agent; and
 - (ii) an Issuer Transaction Document be by way of notice in writing to the Issuer Security Trustee signed by any director on behalf of the Issuer and be accompanied by the written direction signed by any director on behalf of the Obligor Group Agent;
- (b) state whether such ICA Proposal is in respect of:
 - (i) a Discretion Matter;



- (ii) a General Matter; or
- (iii) an Entrenched Right
- (If:
 - (A) paragraph (b)(i) above applies, such ICA Proposal will be accompanied by a certificate signed by any director of the Obligor Group Agent setting out the basis for which the Obligor Group Agent believes the Borrower Security Trustee (in the case of an ICA Proposal pursuant to paragraph 13.2(a) (Instigation of an ICA Proposal)) or the Issuer Security Trustee (in the case of an ICA Proposal pursuant to paragraph 13.2(b) (Instigation of an ICA Proposal)), as applicable, would be entitled to concur in making the proposed amendment, giving the proposed consent under or granting the proposed waiver and will attach all such evidence in support of such belief that the Obligor Group Agent considers to be reasonably necessary;
 - (B) paragraph (b)(ii) above applies, such ICA Proposal will be accompanied by a certificate signed by any director of the Obligor Group Agent setting out the basis for which the Obligor Group Agent believes the relevant Noteholder Instructing Group, would be entitled to concur in making the proposed amendment, giving the proposed consent under or granting the proposed waiver and will attach all such evidence in support of such belief that the Obligor Group Agent considers to be reasonably necessary; and
 - (C) paragraph (b)(iii) above applies, such ICA Proposal will contain information as to the Borrower Secured Creditors and/or Issuer Secured Creditors in whose favour (in the reasonable opinion of the Obligor Group Agent) the Entrenched Right is given);
- (c) propose the form of amendment, consent and/or waiver to be put to all Secured Creditors;
- (d) specify the period of time within which the approval of the Borrower Security Trustee or Issuer Security Trustee is sought (the **Decision Period**) which, subject to the provisions of paragraph 13.8 (Commencement of Decision Period), will be:
 - (i) not less than 15 Business Days for any Discretion Matter;
 - (ii) not less than 15 Business Days for any General Matter unless the General Matter is one in respect of any class of Noteholders, in which case the Decision Period will not be less than 30 Business Days; or
 - (iii) not less than 15 Business Days for any Entrenched Right unless the Entrenched Right is one in respect of any class of Noteholders, in which case the Decision Period will not be less than 30 Business Days; and
- (e) provide such supporting information as in the Obligor Group Agent's reasonable opinion is necessary for the recipient of such ICA Proposal to make an informed assessment of the matters addressed in the ICA Proposal together with a reminder of the timetable under paragraph 13.6 (Determination of voting category).

13.5 Copies to Secured Creditor Representatives

- (a) The Obligor Group Agent will concurrently with the delivery of the ICA Proposal to the Borrower Security Trustee and the Issuer will concurrently with the delivery of the ICA Proposal to the Issuer Security Trustee, as applicable, deliver a copy of the ICA Proposal to:
 - (i) the Borrower Secured Creditor Representative of each Borrower Secured Creditor; and
 - (ii) the Issuer Secured Creditor Representative of each Issuer Secured Creditor,

respectively, the Obligor Group Agent may post the information described in paragraph 13.4(e) (Minimum requirements of an ICA Proposal) to a secured website and provide each Borrower Secured Creditor and/or each Issuer Secured Creditor with access to such secured website provided that the Obligor Group Agent will only make available such information to Noteholders (in their capacity as Issuer Secured Creditors) of any class of Notes, if the Note Trustee in respect of such class of Notes informs the Obligor Group Agent that it is of the opinion that the ICA Proposal is one which requires a Direction from the Noteholders of such class.



- (b) Each recipient of an ICA Proposal will be entitled to request such further information from the Obligor Group Agent as it may require in order to take a decision with respect to such ICA Proposal.

13.6 Determination of voting category

- (a) The determination of the voting category made by the Obligor Group Agent in an ICA Proposal pursuant to paragraph 13.4(b)(i) to paragraph 13.4(b)(iii) (inclusive) (Minimum requirements of an ICA Proposal) will be binding on the Secured Creditors unless such Secured Creditor (other than the Noteholders) or its Secured Creditor Representative informs the Obligor Group Agent (and the Issuer if in respect of an ICA Proposal pursuant to paragraph 13.2(b) (Instigation of an ICA Proposal)) in writing within 7 Business Days of receipt of the relevant ICA Proposal in respect of any Secured Creditor (other than the Noteholders), that such Secured Creditor (each, a **Determination Dissenting Creditor**) disagrees with the determination of the voting category made in such ICA Proposal (a **Determination Dissenting Notice**). The Determination Dissenting Notice will specify in reasonable detail why such Secured Creditor disagrees with the determination of the voting category by the Obligor Group Agent and the Determination Dissenting Creditor will specify which voting category (Discretion Matter, General Matter or Entrenched Right) in the view of the Determination Dissenting Creditor, should apply to the relevant ICA Proposal.
- (b) The Determination Dissenting Creditor(s) and the Obligor Group Agent will use reasonable endeavours to agree on the voting category pursuant to paragraph (a) above within 7 Business Days of receipt of the Determination Dissenting Notice in respect of any Secured Creditor (other than the Noteholders).
- (c) If the Determination Dissenting Creditor(s) and the Obligor Group Agent are not able to agree on the voting category of the relevant ICA Proposal within 7 Business Days of the receipt by the Obligor Group Agent (and the Issuer, as applicable) of the Determination Dissenting Notice they must instruct an expert(s) (at the cost of the Obligors) to determine the voting category of the relevant ICA Proposal, such expert(s) to be agreed upon by the Determination Dissenting Creditor(s) and the Obligor Group Agent or, if no agreement can be reached by the Determination Dissenting Creditor(s) and the Obligor Group Agent such voting category shall be determined by an expert chosen by the President for the time being of the Law Society of England and Wales (the **Appropriate Expert**). The Appropriate Expert (acting jointly, if comprising more than one individual) having regard to all the circumstances and facts that he/she considers relevant must determine the relevant voting category in respect of the relevant ICA Proposal. The decision of the Appropriate Expert will be final and binding on each of the parties.

13.7 Deemed Agreement

- (a) If the Obligor Group Agent does not receive a Determination Dissenting Notice within 7 Business Days of receipt of the relevant ICA Proposal, in respect of any Secured Creditor (other than the Noteholders), the Secured Creditors will be deemed to have consented to the voting category proposed in the relevant ICA Proposal (a **Deemed Agreement**). The Obligor Group Agent will provide written confirmation to the Borrower Security Trustee or Issuer Security Trustee, as applicable, of which Secured Creditors (i) have been deemed to agree and (ii) have actually agreed to the voting category of the ICA Proposal.

13.8 Commencement of Decision Period

- (a) If a Deemed Agreement has occurred pursuant to paragraph 13.7 (Deemed Agreement), the Decision Period will commence from the expiry of 7 Business Days of receipt of the relevant ICA Proposal, in respect of any Secured Creditor (other than the Noteholders).
- (b) If a Deemed Agreement has not occurred, the Decision Period for approval of the resolution(s) set out in the ICA Proposal will commence from the date on which the Determination Dissenting Creditor(s) and the Obligor Group Agent reach agreement in writing on the applicable voting category in accordance with the provisions of paragraph 13.6 (Determination of voting category) or, as applicable, from the date of the Appropriate Expert determination and where any voting category has changed to an Entrenched Right then the Obligor Group Agent or Issuer, as applicable, will propose a new voting period in accordance with paragraph 13.4(d) (Minimum requirements of an ICA Proposal).

13.9 Miscellaneous provisions

Without prejudice to the provisions of the Note Trust Deed in relation to any decision or determination by any class of Noteholders, no physical meeting of any Borrower Secured Creditors or Issuer Secured Creditors (or any of their Secured Creditor Representatives), respectively, will be necessary to vote in respect of any ICA Proposal or otherwise approve or consent to any matter described in any ICA Proposal made in accordance with the terms of the ICA.



14. AMENDMENTS, CONSENTS AND WAIVERS — NOTIFICATION, AUTHORISATION AND IMPLEMENTATION ETC

14.1 Introduction

The ICA will provide the procedure for certain parties to approve, implement and notify any amendments, waivers and consents in respect of the Borrower Transaction Documents, Issuer Transaction Documents (including, the ICA), Topco Transaction Documents and the Class B Conditions.

14.2 Security Trustees are expressly authorised to sign etc

- (a) Unless the relevant Borrower Secured Creditor has signed any new, further, amended and/or restated, or supplemental agreement, document, deed, release, notice or instrument, each Borrower Secured Creditor will irrevocably appoint the Borrower Security Trustee as its attorney to sign, execute and/or deliver (for and on behalf of such Borrower Secured Creditor) any such new, further, amended and/or restated, or supplemental agreement, document, deed, release, notice or instrument required pursuant to paragraph 14.4 (Implementation) to give effect to and implement any amendments or the terms of any consent or waiver made or approved by the Borrower Security Trustee pursuant to paragraph 15.1 (Amendments, Consents and Waivers — Discretion Matters) and such signing, execution and/or delivery by the Borrower Security Trustee will bind each Borrower Secured Creditor as if such documentation had been duly executed by it.
- (b) Unless the relevant Issuer Secured Creditor has signed any new, further, amended and/or restated, or supplemental agreement, document, deed, release, notice or instrument, each Issuer Secured Creditor will irrevocably appoint the Issuer Security Trustee as its attorney to sign, execute and/or deliver (for and on behalf of such Issuer Secured Creditor) any new, further, amended and/or restated, or supplemental agreement, document, deed, release, notice or instrument required pursuant to paragraph 14.3 (Implementation) to give effect to and implement any amendments or the terms of any such consent or waiver made or approved by the Issuer Security Trustee pursuant to paragraph 15.1 (Amendments, Consents and Waivers — Discretion Matters) and such signing, execution and / or delivery by the Borrower Security Trustee will bind each Issuer Secured Creditor as if such documentation had been duly executed by it in its own capacity.
- (c) The Borrower Secured Creditors and the Issuer Secured Creditors agree that the Borrower Security Trustee and the Issuer Security Trustee, respectively, will have no liability for the execution at delivery of the documents necessary to implement such amendments, waivers or consents.

14.3 Implementation

- (a) As soon as reasonably practicable after the giving of its consent or its agreement to waive or amend any event, matter or thing in accordance with paragraph 15.1 (Amendments, Consents and Waivers—Discretion Matters), then:
 - (i) the Borrower Security Trustee will (pursuant to the authority granted to it under paragraph 14.2 (Security Trustees are expressly authorised to sign etc)) at the cost of the Obligor Group Agent; and
 - (ii) the Issuer Security Trustee will (pursuant to the authority granted to it under paragraph 14.2 (Security Trustees are expressly authorised to sign etc)) at the cost of the Issuer,

as applicable, sign, execute and/or deliver any agreement, document, deed, release, notice or instrument as may be required to be signed, executed and/or delivered and which are provided to the Borrower Security Trustee or the Issuer Security Trustee in order to give effect to the relevant matter or thing which the Borrower Security Trustee and/or Issuer Security Trustee, as applicable, has consented to or agreed to waive or amend.

- (b) The Borrower Security Trustee or the Issuer Security Trustee will upon reasonable request provide any Borrower Secured Creditor and such other applicable Borrower Secured Creditors and Issuer Secured Creditor copies of any agreement, document, deed, release, notice or instrument that has been signed, executed and/or delivered by any of them pursuant to this paragraph 14.3.

14.4 Binding force

Any amendment agreed, waiver granted or consent given by:

- (a) the Borrower Security Trustee in accordance with the provisions of the ICA in will be binding on all Obligors and all Borrower Secured Creditors and each of the Obligors and the Borrower Secured Creditors will be bound (and each of them undertakes) to give effect to it; and
- (b) the Issuer Security Trustee in accordance with the provisions of the ICA will be binding on the Issuer and all Issuer Secured Creditors and the Issuer and the Issuer Secured Creditors will be bound (and each of them undertakes) to give effect to it.



14.5 Notification to Secured Creditors etc

In respect of any amendments agreed, consents given or waivers granted by the relevant Security Trustee, the relevant Noteholder Instructing Group, the Class A Instructing Group and / or any Affected Secured Creditor, pursuant to:

- (a) paragraph 15.1 (Amendments, Consents and Waivers—Discretion Matters);
- (b) paragraph 16.1 (Amendments, Consents and Waivers — General Matters);
- (c) paragraph 17.1 (Amendments, Consents and Waivers — Entrenched Rights); and / or
- (d) paragraph 19.1 (Amendments, Consents and Waivers — Class B IBLA),

in each case, as applicable, the Obligor Group Agent will notify each Borrower Secured Creditor and the Obligor Group Agent (on behalf of the Issuer) will notify each Issuer Secured Creditor and the Rating Agencies, as applicable, in writing as soon practicable (and in any event not later than 7 Business Days) of such amendment, consent or waiver.

15. AMENDMENTS, CONSENTS AND WAIVERS — DISCRETION MATTERS

Subject to paragraph 15.2 (Limitations on general discretion and Entrenched Rights), the:

- (a) Borrower Security Trustee, in relation to a Borrower Transaction Document to which it is a party or over which it has the benefit of the Borrower Security under the Borrower Security Documents; or
- (b) Issuer Security Trustee, in relation to an Issuer Transaction Document to which it is a party or over which it has the benefit of the Issuer Security under the Issuer Security Documents,

as requested by the Obligor Group Agent or Issuer, as applicable, under an ICA Proposal, in its sole discretion may concur with the Obligor Group Agent, the Issuer or any other relevant party, in making any amendment to, give any consent under, or grant any waiver in respect of any breach or proposed breach of such Borrower Transaction Document or Issuer Transaction Document, as applicable, if:

- (i) in the opinion of such Borrower Security Trustee or Issuer Security Trustee, as applicable, it is required to correct any manifest error, or an error in respect of which the English court could reasonably be expected to make a rectification order, or it is of a formal, minor, administrative or technical nature, and in each case, whether or not such amendment, waiver or consent concerns an Entrenched Right; or
- (ii) where such amendment, consent or waiver is:
 - (A) in respect of a Borrower Transaction Document, not in the opinion of the Borrower Security Trustee, materially prejudicial to the interests of the Borrower Secured Creditors; or
 - (B) in respect of an Issuer Transaction Document, not in the opinion of the Issuer Security Trustee, materially prejudicial to the interests of the Issuer Secured Creditors (and in the case of any class of Noteholders in their capacity as Issuer Secured Creditors, where the relevant Note Trustee is of the opinion that the relevant amendment, consent or waiver is not materially prejudicial to the interests of the relevant Noteholders),

(in each case, a **Discretion Matter**).

16. AMENDMENTS, CONSENTS AND WAIVERS — GENERAL MATTERS

16.1 General Matters

Except in relation to the Class B IBLA, where paragraph 19.1 (Amendments, consents and waivers — Class B IBLA and Class B Conditions) applies and subject to paragraph 18 (Certain Consequential Amendments, Consents and Waivers) no proposed amendment to be made, consent to be given or waiver to be granted in respect of any breach of any Transaction Document in respect of any General Matter will be effective unless and until the provisions of this paragraph 16.1 are satisfied, and:

- (a) the Borrower Security Trustee will not concur with the Obligor Group Agent in making any amendment to, giving any consent under or granting any waiver in respect of breaches or proposed breaches of any Borrower Transaction Document; and



- (b) the Issuer Security Trustee will not concur with the Issuer in making any amendment to, giving any consent under or granting any waiver in respect of breaches or proposed breaches of any Issuer Transaction Document,

in each case, which falls within the category of a General Matter, unless and until the relevant Instructing Group has provided its consent to such amendment, consent or waiver, as applicable.

17. AMENDMENTS, CONSENTS AND WAIVERS — ENTRENCHED RIGHTS

17.1 Entrenched Rights

Subject to the limitations specified in paragraph 15.1(b)(i) (Discretion Matters), paragraph 18 (Certain Consequential Amendments, Consents and Waivers) and paragraph 20.2 (Entrenched Rights not applicable), no proposed amendment to be made, consent to be given or waiver to be granted, in respect of any Transaction Document which relates to an Entrenched Right will be effective, and:

- (a) the Borrower Security Trustee will not concur with the Obligor Group Agent in making any amendment to, giving any consent under or granting any waiver in respect of breaches or proposed breaches of any Borrower Transaction Document; and
- (b) the Issuer Security Trustee will not concur with the Issuer and the Obligor Group Agent in making any amendment to, giving any consent under or granting any waiver in respect of breaches or proposed breaches of any Issuer Transaction Document,

in each case, unless and until:

- (i) such amendment, consent or waiver is consented to by the relevant Noteholder Instructing Group; and
- (ii) such amendment, consent or waiver is consented to by any Affected Secured Creditor.

For the avoidance of doubt, individual Noteholders will not be entitled to assert an Entrenched Right in accordance with this paragraph 17.1 or under any of the Borrower Transaction Documents or Issuer Transaction Documents other than through the relevant Note Trustee in accordance with the Note Trust Deed.

18. CERTAIN CONSEQUENTIAL AMENDMENTS, CONSENTS AND WAIVERS

Any consequential amendments, consents or waivers required to be made or granted pursuant to any Transaction Document:

- (a) in connection with the accession of any Additional Site; or
- (b) in connection with the issue of any Additional Notes or making any additional Loans;

to give effect to any of the matters specified in paragraphs (a) and (b) above, will not constitute an Entrenched Right of any Secured Creditor or a General Matter (notwithstanding that such amendment, consent or waiver would relate to either (x) an Entrenched Right or (y) would be a General Matter, were it not for this limitation) and there will be no requirement to obtain the consent of any Secured Creditor (that would be an Affected Secured Creditor were it not for this limitation) or any Instructing Group to give effect to such amendment, consent or waiver, provided that the relevant conditions precedent set out in any Transaction Document to give effect to the transactions specified in paragraphs (a) and (b) above, are satisfied.

19. AMENDMENTS, CONSENTS AND WAIVERS — CLASS B IBLA AND CLASS B CONDITIONS

19.1 Amendments, consents and waivers — Class B IBLA

Without prejudice to the rights of the Borrower Security Trustee and Issuer Security Trustee under paragraph 15.1 (Discretion Matters), the Issuer must not make or concur in making any amendment to, giving any consent under or granting any waiver in respect of breaches or proposed breaches of the Class B IBLA (the **Class B IBLA Relevant Matter**), for so long as there is any amount outstanding under the Class A IBLA, if the Class B IBLA Relevant Matter:

- (a) would have the effect of increasing:
 - (i) the frequency of payments due;



- (ii) the amount or rate of interest payable; or
- (iii) the amount of principal due;

(except in the case of (ii) and (iii) above, if the Class B IBLA Relevant Matter is required to effect an additional or new facility under the Class B IBLA as a consequence of the issue of further Class B Notes or new Class B Notes by the Issuer in accordance with the Class B Conditions), under the Class B IBLA;

- (b) would have the effect of shortening the maturity of the Class B Loan;
- (c) would have the effect of changing the definition of Class B Loan Expected Maturity Date or Class B Loan Final Maturity Date;
- (d) would have the effect of changing any provision concerning the payment of interest in kind;
- (e) changes the currency of any payment obligation under the Class B IBLA (excluding any change occasioned as a consequence of the euro being adopted as the lawful currency of the UK); or
- (f) involves amending clause 30 (Share Enforcement Event and Class B Loan Event of Default) of the Class B IBLA (or the definitions used therein) the effect of which would:
 - (i) allow the declaration of a Class B Loan Event of Default thereunder; or
 - (ii) make the Class B Loan immediately due and payable or payable on demand,in each case, at any time before any acceleration of either of the Class A Loans,

unless the Class B IBLA Relevant Matter has first been approved by the Class A Instructing Group in accordance with the terms of the Note Trust Deed.

19.2 Amendments, consents and waivers — Class B Conditions

The Issuer must not make or concur in making any amendment to, requesting any consent under or requesting any waiver in respect of breaches or proposed breaches of the Class B Conditions (the **Class B Conditions Relevant Matter**) for so long as there is any amount outstanding under the Class A Conditions, if the Class B Conditions Relevant Matter:

- (a) would have the effect of increasing:
 - (i) the frequency of payments due;
 - (ii) the amount or rate of interest payable, or
 - (iii) the amount of principal due,(except in the case of (ii) and (iii) above, if the Class B Conditions Relevant Matter is required as a consequence of the issue of further Class B Notes or new Class B Notes by the Issuer in accordance with the Class B Conditions) under the Class B Notes;
- (b) would have the effect of shortening the maturity of the Class B Notes;
- (c) would have the effect of changing the definition of Class B Note Expected Maturity Date or Class B Note Final Maturity Date;
- (d) would have the effect of changing any provision concerning the payment of interest in kind;
- (e) changes the currency of any payment obligation under the Class B Notes (excluding any change occasioned as a consequence of the euro being adopted as the lawful currency of the UK); or
- (f) involves amending Condition 9 (Class B Note Events of Default) of the Class B Conditions (or the definitions used therein) the effect of which would:
 - (i) allow the declaration of a Class B Note Event of Default thereunder; or
 - (ii) make the Class B Notes immediately due and payable,



in each case, at any time before any acceleration of Class A Notes,

unless the Class B Conditions Relevant Matter has first been approved by the Class A Instructing Group in accordance with the terms of the Note Trust Deed.

20. AMENDMENTS, CONSENTS AND WAIVERS — NO LONGER A SECURED CREDITOR

20.1 Ceasing to be a Secured Creditor

If:

- (a) all amounts owing to a Secured Creditor (or class of Secured Creditors) under the Transaction Documents have been irrevocably discharged in full;
- (b) that Secured Creditor (or class of Secured Creditors) is no longer under any legally binding commitment to make any advance or to enter into any hedging or other financial transaction with any Obligor or the Issuer, as applicable; and
- (c) that Secured Creditor (or class of Secured Creditors) has no further obligations under any Transaction Document,

then the ICA may be amended, and any term thereof may be waived without the consent of that Secured Creditor (or class of Secured Creditors) (the **Relevant Creditor(s)**).

20.2 Entrenched Rights not applicable

Any provision of any Transaction Document which relates to Entrenched Rights of an Affected Secured Creditor may be changed, amended or waived (or consents may be given in respect thereof) at such time that any amendment, consent or waiver is intended to be effective without the consent of any Relevant Creditor which would otherwise have been an Affected Secured Creditor.

21. AMENDMENTS, CONSENTS AND WAIVERS — TOPCO TRANSACTION DOCUMENTS

21.1 Amendments, consents and waivers — Topco Transaction Documents

Subject to paragraph 21.2 (Topco discretion matter), no proposed amendment to be made, consent to be given or waiver to be granted in respect of any breach of any Topco Transaction Document will be made, given, or granted unless and until the Class B Instructing Group has provided its consent to such amendment, consent or waiver, as applicable.

21.2 Topco discretion matter

If requested by any Topco Obligor, the Borrower Security Trustee in its sole discretion may concur with such Topco Obligor in making any amendment to, give any consent under, or grant any waiver in respect of any breach or proposed breach of any Topco Transaction Document to which it is a party, if in the opinion of the Borrower Security Trustee it is required to correct any manifest error, or an error which the English court could reasonably be expected to make a rectification order, or it is of a formal, minor or administrative or technical nature or not materially prejudicial to the interests of the Class B Noteholders.

22. ENTRENCHED RIGHTS

22.1 Introduction

The ICA will specify certain Entrenched Rights of certain Borrower Secured Creditors, Issuer Secured Creditors and Topco Secured Creditors.

22.2 Entrenched Rights

Under the ICA, **Entrenched Rights** will mean, subject always to the limitations specified (x) in paragraph 15.1(b)(i) (Discretion Matters), (y) paragraph 18 (Certain Consequential Amendments, Consents and Waivers) and (z) paragraph 20.2 (Entrenched Rights not applicable), matters that would have the effect of:

- (a) amending the priority of payments in relation to any existing payment obligations (including any terms which determine the applicability of any priority of payments) or altering any definitions used in relation thereto;



- (b) postponing or altering any date for payments of interest, principal or any other amounts in respect of any secured debt;
- (c) reducing or altering, cancelling or rescheduling the amount of principal, rate of interest or any other amounts payable in respect of any secured debt, including amending any provisions in relation to the redemption of any secured debt;
- (d) altering the currency of payment in respect of any existing secured debt (other than the UK adopting the euro);
- (e) changing any existing obligation of an Obligor to gross up any payment in respect of the relevant Borrower Secured Creditor's debt in the event of the imposition of withholding taxes;
- (f) effecting any release of any Borrower Security or Issuer Security or any guarantor or guarantee unless permitted under the Borrower Security Documents, Issuer Security Documents or any other Transaction Document, as applicable, or otherwise effected pursuant to any existing permitted enforcement regime of the Borrower Security or Issuer Security;
- (g) in relation to the Class B Noteholders:
 - (i) adding a new or further class of Notes that is junior to the Class A Notes but senior or *pari passu* to the Class B Notes or adding a new or further facility advanced by the Issuer or another party to the Borrowers that is junior to the Class A IBLA but senior to the Class B IBLA; and
 - (ii) amending or waiving any term of the Class B IBLA;
- (h) in relation to each WCF Lender:
 - (i) amending or waiving any term of the Working Capital Facility Agreement;
 - (ii) increasing the commitment amount and/or any other amount and/or rate payable under the Liquidity Facility by an amount exceeding £40,000,000 in aggregate whilst the Working Capital Facility is outstanding;
 - (iii) altering any excess cash sweeps or mandatory prepayment applications or calculations with respect to any disposal proceeds or other cash receipts or any cash reserve requirements (including for the Maintenance Capex and Investment Capex) and, in each case, any increase or decrease thereto and any definitions used in relation thereto;
 - (iv) increasing the amount of any existing classes or forms of debt or hedging payment which rank or would rank ahead of any amount payable in respect of the Working Capital Facility under any of the Priorities of Payments other than any Additional Class A Loan made in respect of an issue of corresponding Class A Additional Notes issued in compliance with Condition 19 (Further Notes and New Notes) of the Class A Conditions and provided that such loan does not result in a breach of the financial covenant (being the Class A FCF DSCR test) in the Class A IBLA;
 - (v) amending, waiving or providing any form of consent in respect of the following provisions of the Class A IBLA and any of the definitions referred to therein:
 - (A) clause 12 (Financial Covenant);
 - (B) clause 13 (Class A Restricted Payments etc.);
 - (C) clause 18.6 (Negative pledge);
 - (D) clause 18.8 (Holding companies);
 - (E) clause 18.17 (Acquisitions);
 - (F) clause 18.18 (Sale and Leaseback Transactions);
 - (G) clause 18.19 (Application of Sale and Leaseback Proceeds);
 - (H) clause 18.20 (No disposal of a Holiday Park by CP Opco);



- (I) clause 18.22 (Financial Indebtedness);
 - (J) clause 18.23 (Lending and guarantees etc.);
 - (K) clause 18.25 (Mergers);
 - (L) clause 20 (Additional Site Covenants);
 - (M) any Drawstop A IBLA Event of Default and any cure or remedy provision in relation thereto other than where any such cure or remedy provision relates to clause 24.3 (Breach of other obligations) of the Class A IBLA in respect of any breach of a covenant listed in paragraphs 22.2(h)(v) (A) to (L) above and is extended by no more than 14 days upon the instruction from the Class A Noteholders where such breach is capable of remedy;
 - (N) the definition of “Repeated Representations” and the relevant clauses referred to therein; and
 - (O) any provision which expressly requires the approval or consent of the WCF Lenders.
- (vi) in relation to each Liquidity Facility Provider, amending or waiving any term of the Liquidity Facility Agreement.

23. ENFORCEMENT OF BORROWER SECURITY

23.1 Introduction

The ICA will provide for the exercise and enforcement of rights by the relevant Instructing Group following a Loan Event of Default under the relevant IBLA, the Borrower Security becoming enforceable and the giving of a Loan Acceleration Notice.

23.2 Notification of Loan Events of Default

If any Obligor or any Borrower Secured Creditor (other than the Borrower Security Trustee) becomes aware of the occurrence of a Loan Event of Default, it will forthwith notify the Borrower Security Trustee, the Issuer Security Trustee and the Obligor Group Agent in writing and the Borrower Security Trustee will promptly thereafter notify the Borrower Secured Creditor Representatives and the Issuer Security Trustee will promptly notify the Issuer Secured Creditor Representatives.

23.3 Loan Enforcement Instruction Notices

Subject to paragraph 27.2(a) (Instructions prior to the Class A Discharge Date), at any time at which the Borrower Security Trustee has actual notice of the occurrence of a Loan Event of Default, it will promptly request by notice (a **Loan Enforcement Instruction Notice**) to the Issuer Security Trustee an instruction from the Issuer Security Trustee as directed by the relevant Instructing Group, as to whether the Borrower Security Trustee should be required to:

- (a) deliver a Loan Enforcement Notice to enforce all or any part of the Borrower Security or to take any other kind of Enforcement Action in respect of the Borrower Security; and/or
- (b) deliver a Loan Acceleration Notice to accelerate any or all of the obligations secured by the Borrower Security.

23.4 Instructions prior to the Class A Discharge Date

- (a) Prior to the Class A Discharge Date:
 - (i) only the Class A Instructing Group will be entitled to direct the Issuer Security Trustee to require the Borrower Security Trustee:
 - (A) to deliver a Class A Loan Enforcement Notice;
 - (B) to enforce the Borrower Security in accordance with the ICA and the Borrower Security Documents; and
 - (C) to deliver a Class A Loan Acceleration Notice; and



- (ii) the Class B Instructing Group will not be entitled to direct the Issuer Security Trustee to require the Borrower Security Trustee:
 - (A) to deliver a Class B Loan Enforcement Notice;
 - (B) to enforce the Borrower Security in accordance with the ICA and the Borrower Security Documents; and
 - (C) subject to paragraph (b) below, to deliver a Class B Loan Acceleration Notice.
- (b) If the Class A Instructing Group directs the Issuer Security Trustee to require the Borrower Security Trustee to deliver a Class A Loan Acceleration Notice, then the Class B Instructing Group will also be entitled to direct the Issuer Security Trustee to require the Borrower Security Trustee to deliver a Class B Loan Acceleration Notice if at such time a Share Enforcement Event or a Class B Loan Event of Default is outstanding.
- (c) For the purposes of paragraph 23.3 (Loan Enforcement Instruction Notice) and this paragraph 23.4 (Instructions prior to the Class A Discharge Date), the Borrower Security Trustee will be required to undertake any action described in this paragraph 23.4 (Instructions prior to the Class A Discharge Date), if the Borrower Security Trustee is directed by the Issuer Security Trustee, and where the Issuer Security Trustee is acting on the directions of the Class A Note Trustee, and where the Class A Note Trustee is (i) acting in its absolute discretion or (ii) acting on the directions of the holders of at least 25% of the aggregate principal amount outstanding of the Class A Notes then outstanding or (iii) acting on the direction of a Class A Extraordinary Resolution of the Class A Noteholders.
- (d) Subject to paragraph 23.4(a)(ii), for the purposes of paragraph 23.2 (Loan Enforcement Instruction Notice) and this paragraph 23.4 (Instructions prior to the Class A Discharge Date), the Borrower Security Trustee will be required to undertake any action described in this paragraph 23.4 (Instructions prior to the Class A Discharge Date), if the Borrower Security Trustee is directed by the Issuer Security Trustee, and where the Issuer Security Trustee is acting on the directions of the Class B Note Trustee, and where the Class B Note Trustee is (i) acting in its absolute discretion or (ii) acting on the direction of the holders of at least 30% of the aggregate principal amount outstanding of the Class B Notes then outstanding or (iii) acting on the direction of a Class B Extraordinary Resolution of the Class B Noteholders.

23.5 Appointment of Receiver to block an administrator—Obligor level

- (a) If any person presents an application for the appointment of an administrator of any Obligor, a notice of intention to appoint an administrator of any Obligor is received by the Borrower Security Trustee or documents are filed with a competent court or registrar for the administration of any Obligor (whether out of court or otherwise), the Borrower Security Trustee will upon receipt of such application or notice:
 - (i) within four business days of receipt or presentation of the application for the appointment of an administrator or, if the applicant has abridged the time for making the application, within such abridged time;
 - (ii) within four business days of receipt of the notice of intention to appoint an administrator or, if the applicant has abridged the time for making the application, within such abridged time; or
 - (iii) within one business day of receipt of written notice of appointment of an administrator pursuant to Section 15 of Schedule B1 of the Insolvency Act 1986 or, if the applicant has abridged the time for making the application, within such abridged time,

appoint (to the extent permitted by applicable law), by writing or deed, and in accordance with the Borrower Deed of Charge, such person or persons (including an officer or officers of the Borrower Security Trustee) as the Borrower Security Trustee considers appropriate to be a Receiver of such Obligor and, in the case of the appointment of more than one person, to act together or independently of the other or others.

- (b) If any Obligor becomes aware of any application for the appointment of an administrator of the Issuer, a notice of intention to appoint an administrator of any Obligor or documents to be, or actually filed with, a competent court or registrar for the administration of the Issuer, then it will immediately inform the Issuer Security Trustee in writing of such application, notice or filing, and if applicable, provide to the Borrower Security Trustee copies of all documentation and / or details of any information that it has received and / or is aware of in relation to any such application, notice or filing.
- (c) For the purposes of paragraph (a), **business day** will have the meaning given to it in the Insolvency Act 1986.



- (d) If the Borrower Security Trustee is unable to appoint a Receiver in accordance with the provisions of paragraph (a) prior to the hearing of an application brought pursuant to the Insolvency Act 1986, the Borrower Security Trustee or a person appointed by it will attend the hearing of the application to oppose the application or make such submissions in respect of the application as the Borrower Security Trustee in its absolute discretion determines to be appropriate. The Borrower Security Trustee will not be liable for any failure to appoint a Receiver hereunder except in the case of any, gross negligence, wilful default or fraud of the Borrower Security Trustee.

23.6 Indemnity is adequate—Obligor level

- (a) Save as set out in the next sentence, the Borrower Security Trustee will not be obliged to appoint a Receiver unless it is indemnified and/or secured to its satisfaction. If the Borrower Security Trustee is required to appoint a Receiver pursuant to paragraph 23.5 (Appointment of Receiver to block an administrator—Obligor level), the Borrower Security Trustee will agree that notwithstanding any other term of the ICA or any other Borrower Transaction Document, it is adequately indemnified and secured to its satisfaction in respect of such appointment by virtue of its rights under the ICA and the security that it has in respect of such rights.
- (b) Each Obligor will agree that, in the event that the Borrower Security Trustee appoints a Receiver in the circumstances referred to in paragraph 23.5 (Appointment of Receiver to block an administrator—Obligor level), it waives any claim against the Borrower Security Trustee in respect of such appointment.
- (c) For the avoidance of doubt:
 - (i) nothing in paragraph 23.5 (Appointment of Receiver to block an administrator—Obligor Level) and paragraph 23.6 (Indemnity is adequate—Obligor level) shall be construed so as to impose on the Borrower Security Trustee any obligation to indemnify any administrative receiver appointed by it pursuant to paragraph 23.5 (Appointment of Receiver to block an administrator—Obligor level except to the extent of (and from) the cash and assets comprising the Borrower Secured Property held by the Borrower Security Trustee at such time; and
 - (ii) the Borrower Security Trustee shall have no liability if, having used its reasonable endeavours, it is unable to find a person who is willing to be appointed as an administrative receiver on the terms as to indemnification referred to in paragraph 23.6(c)(i) above.

The Issuer and Obligors will waive any claim against the Borrower Security Trustee in respect of any appointment made pursuant to the provisions described in this sub-clause (c).

23.7 Loan Enforcement Notice

Subject to paragraph 23.4(a) (Instructions prior to the Class A Discharge Date), the Borrower Security Trustee will deliver a Loan Enforcement Notice to the Borrowers and the Obligor Group Agent (on behalf of all the other Obligors) if:

- (a) a Loan Event of Default has occurred and is continuing; and
- (b) the Borrower Security Trustee is:
 - (i) instructed to do so by the Issuer Security Trustee, directed by the relevant Instructing Group, pursuant to paragraph 23.3 (Loan Enforcement Instruction Notices); and
 - (ii) the indemnity requirements set out in paragraph 23.12 (Indemnity required—Obligor level) have been satisfied,

and unless and until so:

- (A) instructed or notified; and
- (B) indemnified and / secured to its satisfaction,

the Borrower Security Trustee will be under no obligation to and will not deliver a Loan Enforcement Notice and/or to take any Enforcement Action in respect of the Borrower Security (subject always to paragraph 23.5 (Appointment of Receiver to block an administrator—Obligor level)).



23.8 Borrower Security enforceable

- (a) Subject to paragraph 23.4 (Instructions prior to the Class A Discharge Date), with immediate effect upon the occurrence of a Loan Event of Default, the whole of the Borrower Security will become immediately enforceable.
- (b) Following service of a Loan Enforcement Notice on the Borrowers and the Obligor Group Agent (on behalf of all the other Obligors), the Borrower Security Trustee:
 - (i) may enforce the Borrower Security in accordance with the ICA and the Borrower Security Documents; and
 - (ii) will deliver (or make available) a copy of the Loan Enforcement Notice to:
 - (A) the Issuer Security Trustee;
 - (B) the Rating Agencies;
 - (C) each Borrower Secured Creditor; and
 - (D) each Issuer Secured Creditor (including, the Noteholders).
- (c) The whole of the Borrower Security will be and remain enforceable during the applicable Loan Enforcement Period.

23.9 Freezing of the Obligor Accounts

With immediate effect from the earlier of the date on which the Borrower Security Trustee gives a crystallisation notice under the Borrower Deed of Charge and the date on which a Loan Event of Default occurs, and unless and until contrary notice is given under the Borrower Deed of Charge, the Obligor Group Agent and the Borrower Account Bank:

- (a) will only act upon a Direction of the Borrower Security Trustee; and
- (b) will not permit any amount to be withdrawn from any of the Obligor Accounts without the prior written consent of the Borrower Security Trustee and will hold all sums from time to time standing to the credit of the Obligor Accounts to the order of the Borrower Security Trustee or any Receiver.

23.10 Standstill if Class A Notes are outstanding

If the Class A Instructing Group directs the Issuer Security Trustee to require the Borrower Security Trustee to enforce the Borrower Security then:

- (a) the Class B Instructing Group is not entitled to direct the Issuer Security Trustee to require the Borrower Security Trustee to enforce the Borrower Security or direct the Borrower Security Trustee to enforce the Borrower Security;
- (b) no other Secured Creditor is entitled to direct the Borrower Security Trustee to enforce the Borrower Security;
- (c) the Secured Creditors and the other Parties acknowledge that the Borrower Security Trustee will unless provided in the ICA not be obliged to take into account the interests of any Secured Creditor other than the Class A Instructing Group in respect of the method, type and timing of that enforcement or of the exploitation, management or realisation of any of the Borrower Security, when:
 - (i) following the requirements of the Issuer Security Trustee, as directed by the Class A Instructing Group; or
 - (ii) when exercising any discretions, in relation to such enforcement,

except that:

- (A) in relation to disposals of any Borrower Secured Property in excess of £10 million, the Class B Note Trustee (acting on behalf of the Class B Noteholders) will be provided with a Fairness Opinion (for the benefit of the Class B Note Trustee and the Class B Noteholders) and in accordance with paragraph 24.2 (Requirement for a Fairness Opinion); and



(B) the Class B Note Trustee (acting on behalf of the Class B Noteholders) and the Class B Noteholders will be required to take any such action as the Issuer Security Trustee, directed by the Borrower Security Trustee, may require to enable the enforcement of the Borrower Security in accordance with:

- I. the requirements of Issuer Security Trustee directed by the Class A Instructing Group; or
- II. any exercise of any discretion by the Borrower Security Trustee in relation to such enforcement,

provided that the proceeds of such enforcement are applied in accordance with the terms of the applicable Borrower Post-Enforcement Priorities of Payments such that, if and to the extent that there are any proceeds of enforcement remaining after the discharge of the Class A IBLA (and all items required to be paid in priority to the Class A IBLA) then such excess proceeds will be applied by the Borrower Security Trustee to discharge the Class B IBLA in accordance with the applicable Borrower Post-Enforcement Priorities of Payments (and for the avoidance of doubt in priority to any amount payable to any member of the Group).

23.11 Enforcement Action—Borrower Security

Subject to paragraph 24.2(a) (Requirement for a Fairness Opinion), at any time during any Loan Enforcement Period:

- (a) the Borrower Security Trustee may:
 - (i) appoint (or refraining from appointing) or remove any Receiver pursuant to and as more particularly set out in the Issuer Security Documents; and
 - (ii) consult with any Receiver in relation to any dealing with assets over which such Receiver is appointed and/or, if necessary, the release of such asset from the Borrower Security;
- (b) the Borrower Security Trustee and any Receiver may take any Enforcement Action in respect of the Borrower Security in accordance with the terms and conditions of, and the trusts, rights, powers, duties, authorities and discretions vested in the Borrower Security Trustee and any Receiver under the ICA and the other Borrower Security Documents, including, without limitation:
 - (i) exercising any of the rights, powers, duties, authorities and discretions vested in the Borrower Security Trustee and a Receiver under the Borrower Deed of Charge and any other Borrower Security Document;
 - (ii) enforcing and/or liquidating all or any part of the Borrower Security (at the times, in the manner and on the terms it thinks fit) and/or taking possession of and holding or disposing of all or any part of the Borrower Secured Property and/or exercise all rights, actions and privileges granted by applicable law to a secured creditor in relation to the Borrower Secured Property);
 - (iii) disposing of any Borrower Secured Property and taking any other action in accordance with paragraph 35 (Authorisation to Dispose Following Distress Event), including, the acceptance of any consideration received for any such disposal in a form other than cash (in respect of the Issuer only);
 - (iv) instituting such proceedings against an Obligor and taking such action as it may think fit to enforce all or any part of the Borrower Security; and
 - (v) exercising all or any of the powers, authorities and discretions conferred by the LPA (as varied or extended by any Borrower Security Document) on mortgagees and by the ICA and any other Borrower Security Document on any Receiver or otherwise conferred by law on mortgagees or Receivers;
- (c) if any Class A Notes and Class B Notes are outstanding, the Borrower Security Trustee and any Receiver will have no duty or responsibility to or to take into account the interests of the Class B Noteholders in relation to any Enforcement Action contemplated or undertaken in respect of any Borrower Security except as provided in paragraph 24 (Enforcement Action if Class B Notes Outstanding);



- (d) the Issuer Security Trustee, directed by the relevant Instructing Group, may give or refrain from giving instructions to the Borrower Security Trustee to enforce or refrain from taking any Enforcement Action in respect of any Borrower Security directed by the relevant Instructing Group;
- (e) the Borrower Security Trustee is entitled to rely on and comply with instructions given to it by the Issuer Security Trustee whether or not directed by the relevant Instructing Group;
- (f) in taking any Enforcement Action in respect of the Borrower Security, the Borrower Security Trustee will enforce the Borrower Security in such manner (including, without limitation, the selection of any Receiver over any Obligor to be appointed by the Borrower Security Trustee) as the Issuer Security Trustee, directed by the relevant Instructing Group, will instruct; and
- (g) subject to paragraph 23.5 (Appointment of Receiver to block an Administrator—Obligor level), the Borrower Security Trustee may, subject to any contrary instruction from the relevant Instructing Group, cease any Enforcement Action at any time.

23.12 Indemnity required—Obligor level

The Borrower Security Trustee will not be obliged to deliver a Loan Enforcement Notice, a Loan Acceleration Notice or to take any Enforcement Action in respect of the Borrower Security unless and until it has been indemnified and/or secured to its satisfaction against all Liabilities to which it may become liable or which it may incur by giving any Loan Enforcement Notice, Loan Acceleration Notice or taking any Enforcement Action in respect of the Borrower Security except that the Borrower Security Trustee agrees that, in respect of the appointment of a Receiver pursuant to paragraph 23.5 (Appointment of Receiver to block an administrator—Obligor level) only, notwithstanding any other term of the ICA or any other Borrower Transaction Document, it is adequately indemnified and secured to its satisfaction.

24. ENFORCEMENT ACTION IF CLASS B NOTES OUTSTANDING

24.1 Introduction

The ICA will provide that the exercise and enforcement of rights by the Instructing Group in respect of the Borrower Security that has become enforceable is in certain circumstances subject to the provision of a Fairness Opinion to the Class B Note Trustee (for the benefit of itself and the Class B Noteholders).

24.2 Requirement for a Fairness Opinion

If:

- (a) there are any Class B Notes outstanding;
- (b) the Borrower Security has become enforceable; and
- (c) the Class A Instructing Group have instructed the Issuer Security Trustee to require the Borrower Security Trustee to deliver a Class A Loan Enforcement Notice,

then, subject to paragraph 24.3 (Borrower Security Trustee may dispose under a Sales Process), the Borrower Security Trustee will (or will procure that any agent, receiver or delegate appointed to act on behalf of the Borrower Security Trustee pursuant to this Agreement will) comply with the following conditions:

- (i) before any disposal of any Borrower Secured Property of a value more than £10 million the Borrower Security Trustee will procure the provision to the Class B Note Trustee (for the benefit of itself and the Class B Noteholders), of a Fairness Opinion (having asked at least three potential Financial Advisers for a quote in respect of the costs for the provision thereof);
- (ii) such Fairness Opinion must be delivered to the Class B Note Trustee at least two weeks before the proposed disposal;
- (iii) subject to and in accordance with paragraph 24.3 (Borrower Security Trustee may dispose under a Sales Process), the Borrower Security Trustee will be responsible for commissioning any Fairness Opinion;
- (iv) neither the Class B Note Trustee nor any Class B Noteholder will be entitled to raise any objections to any Fairness Opinion delivered by the Borrower Security Trustee in accordance with paragraph (ii); and



- (v) the cost of commissioning any Fairness Opinion will be for the account of the Borrower Security Trustee provided always that the Borrower Security Trustee is prefunded to an amount equal to the cost of such Fairness Opinion as an expense of the enforcement process except that if the cost is more than £500,000 (excluding VAT), then:
 - (A) the excess cost will be for the account of the Class B Noteholders, provided that:
 - I. where one of the potential Financial Advisers offered to produce a Fairness Opinion for less than £500,000 (excluding VAT) but the Class A Noteholders directed the Borrower Security Trustee to select another provider whose fees for providing the opinion are in excess of £500,000, all such fees will be for the account of the enforcement process generally (and not specifically for the account of the Class B Noteholders); and
 - II. if more than one potential Financial Adviser provides a quote and all the quotes provided are in excess of £500,000, the Class B Noteholders will be required to pay for all fees in excess of £500,000 save where the Class A Noteholders select a Financial Adviser which has provided a quote which is higher than another quote provided; and
 - (B) the Borrower Security Trustee will not be obliged to commission any Fairness Opinion unless:
 - I. it is indemnified and / or secured to its satisfaction and / or prefunded; and / or
 - II. receives an undertaking from the Class B Noteholders that the Class B Noteholders will indemnify, secure and/or pre-fund the Borrower Security Trustee for any excess costs in relation to commissioning any Fairness Opinion, if applicable.

24.3 Borrower Security Trustee may dispose under a Sales Process

If the Borrower Security Trustee:

- (a) is unable to appoint a Financial Adviser when requested or unable to obtain a Fairness Opinion; or
- (b) is notified in writing by the Class B Note Trustee on behalf of the Class B Noteholders that the Class B Noteholders do not require the procurement of a Fairness Opinion; or
- (c) intends to dispose of the assets for a value that is less than the proposed consideration specified in respect of such assets in a Fairness Opinion, then
 - (i) subject to applicable law, the Borrower Security Trustee or any Receiver will only dispose of relevant assets through a competitive marketing and sales process typical for such type of assets with a view to obtaining a fair market consideration for such assets under the then prevailing market conditions (**Sales Process**) and will be entitled to appoint any investment bank, accounting firm or any other third party professional organisation of international standing engaged in the marketing and sale of businesses and assets, to advise the Borrower Security Trustee or the Receiver in relation to such disposal; and
 - (ii) the Borrower Security Trustee or any Receiver will be entitled to dispose of the assets under and in accordance with the Sales Process (including, at a value less than that stated in any Fairness Opinion), provided that if there is more than one party willing to acquire the assets, then the Borrower Security Trustee or the Receiver will be required to accept the highest executable offer.

24.4 Fairness Opinion only required if Class A Notes are outstanding

Except as set out in paragraph 24.2 (Requirement for a Fairness Opinion), in no other circumstances will a Fairness Opinion be required prior to the disposal of any Borrower Secured Property.

24.5 Class A Instructing Group may provide Directions to appoint Financial Adviser

The Class A Instructing Group may provide any Direction to Issuer Security Trustee to require the Borrower Security Trustee to appoint any Financial Adviser and the Borrower Security Trustee will act in accordance with any such Direction.



24.6 Borrower Security Trustee entitled to seek Directions from the Class A Instructing Group

- (a) Further to paragraph 24.5 (Instructing Group may provide Directions to appoint Financial Adviser), the Borrower Security Trustee will be entitled to seek any Direction from the Issuer Security Trustee in relation to any matter concerning the commissioning of a Fairness Opinion or otherwise, the enforcement of the Borrower Security and the Borrower Security Trustee will be required to follow any Direction given by the Issuer Security Trustee.
- (b) The Issuer Security Trustee will be entitled to seek any Direction from the Class A Instructing Group in relation to any request for any Direction by made by the Borrower Security Trustee pursuant to paragraph (a) above, concerning the commissioning of a Fairness Opinion or otherwise the enforcement of the Borrower Security and the Issuer Security Trustee will be required to follow any Direction given to it by the Class A Instructing Group.

25. LOAN ACCELERATION NOTICE

25.1 Loan Acceleration Notice

Subject to paragraph 23.4(a) (Instructions prior to the Class A Discharge Date), the Borrower Security Trustee will deliver a Loan Acceleration Notice to the Borrowers and the Obligor Group Agent (on behalf of all the other) Obligors following the delivery of a Loan Enforcement Notice or a Loan Enforcement Instruction Notice if the Borrower Security Trustee is instructed to do so by the Issuer Security Trustee, and the Issuer Security Trustee shall give such instruction to the Borrower Security Trustee if the Issuer Security Trustee is directed to do so by the relevant Instructing Group, pursuant to paragraph 23.3 (Loan Enforcement Instruction Notices) (and as further specified in paragraphs 23.4(c) and 23.4(d) (Instructions prior to the Class A Discharge Date)) and the indemnity requirements set out in paragraph 23.12 (Indemnity required—Obligor level) have been satisfied, and unless and until so instructed and indemnified, the Borrower Security Trustee will be under no obligation to and will not deliver a Loan Acceleration Notice.

25.2 Consequences of delivery of Loan Acceleration Notice

- (a) Upon the delivery of a Loan Acceleration Notice, all outstanding amounts under the Class A IBLA and / or Class B IBLA as applicable will be declared immediately due and payable.
- (b) Notwithstanding any other provision of the ICA or any other Transaction Document, if a Loan Acceleration Notice has been served by the Borrower Security Trustee (but not otherwise), the other Borrower Secured Creditors may serve a notice or notices declaring any amount payable to a Borrower Secured Creditor under a Borrower Transaction Document to be payable in advance of its stated maturity or requiring the payment of any termination amount under a relevant Borrower Transaction Document.
- (c) The Borrower Security Trustee will deliver a copy of the Loan Acceleration Notice to:
 - (i) the Issuer Security Trustee;
 - (ii) the Rating Agencies;
 - (iii) each Borrower Secured Creditor; and
 - (iv) each Issuer Secured Creditor (and in the case of the Class A Noteholders and the Class B Noteholders, the relevant Note Trustee who shall notify the relevant Noteholders in accordance with the Note Trust Deed).

26. BORROWER POST—ENFORCEMENT PRIORITIES OF PAYMENTS

26.1 Ranking of Borrower Secured Liabilities after giving a Loan Enforcement Notice

Subject to paragraph 8.7 (Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents), each Borrower Secured Creditor agrees and each of the Obligors and the Borrower Security Trustee acknowledges that each Borrower Secured Creditor's claims will rank according to the Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments after the Borrower Security Trustee delivers any Loan Enforcement Notice (but before the Borrower Security Trustee delivers any Loan Acceleration Notice, if any) pursuant to paragraph 23.7 (Loan Enforcement Notice).

26.2 Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments

Subject to paragraph 8.7 (Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents), all monies received or recovered by the Borrower Security Trustee or any Receiver, whether in the form of cash or otherwise, for the benefit of the



Borrower Secured Creditors in respect of the Borrower Secured Liabilities if the Borrower Security Trustee delivers any Loan Enforcement Notice (but before the Borrower Security Trustee delivers any Loan Acceleration Notice, if any) will, subject to paragraph 26.8 (Suspense account—Borrower level), be held by the Borrower Security Trustee or any Receiver on trust, and will be applied in paying or providing for the payment of the amounts in the order of priority set out below (the **Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments**), in each case:

- (a) together with any interest and VAT payable thereon, as provided for in the relevant Transaction Document; and
- (b) if and to the extent that payments or provisions of a higher order of priority have been made in full.

Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments:

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due in respect of:
 - (a) the fees and other remuneration and indemnity payments (if any) payable to the Borrower Security Trustee and other appointees (if any) appointed by the Borrower Security Trustee under the Borrower Security Documents and any costs, charges, liabilities and expenses incurred by the Borrower Security Trustee under the Borrower Security Documents and any other amounts payable to the Borrower Security Trustee under the Borrower Security Documents, together with interest thereon as provided for therein;
 - (b) the fees and other remuneration and indemnity payments (if any) payable to the Receiver and any costs, charges, liabilities and expenses incurred by the Receiver under the Borrower Security Documents, together with interest thereon as provided for therein; and
 - (c) the First Facility Fee due and payable to the Issuer;
2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due in respect of:
 - (a) the Second Facility Fee due and payable to the Issuer;
 - (b) the Third Facility Fee due and payable to the Issuer; and
 - (c) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement;
3. *third*, in or towards satisfaction, of the Fourth Facility Fee due and payable to the Issuer;
4. *fourth*, in or towards satisfaction, *pari passu* and *pro rata* of:
 - (a) all amounts of interest, fees, other remuneration, indemnity payments, costs, charges and expenses of the WCF Agent and each WCF Lender (except in relation to principal) due and payable to the WCF Agent and each WCF Lender under the Working Capital Facility Agreement; and
 - (b) from (and including) the WCF Final Maturity Date, all principal amounts outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility unless and until the Working Capital Facility has been discharged in full;
5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A IBLA;
6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Loan Amounts due and payable under the Class A IBLA;
7. *seventh*, in or towards satisfaction of the amounts required to fund the Maintenance Capex Reserve Account;
8. *eighth*, in or towards satisfaction of all amounts of interest due and payable under the Class B IBLA;
9. *ninth*, in or towards satisfaction of all amounts of principal and all Additional Class B Loan Amounts due and payable under the Class B IBLA;



10. *tenth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and any other amounts then outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility Agreement, as follows:
 - (i) at any time from (and including) the First Total Commitments Reduction Date until (but excluding) the Second Total Commitments Reduction Date, until the principal amount outstanding under the Working Capital Facility is not greater than the First Reduced Total Commitments Amount; and
 - (ii) at any time:
 - (A) from (and including) the Second Total Commitments Reduction Date; or
 - (B) when a WCF Drawstop Event has occurred and is outstanding or a WCF Default has occurred and is outstanding,until the principal amount outstanding under the Working Capital Facility is reduced to zero;
11. *eleventh*, in or towards satisfaction of the amounts required to be deposited into the Investment Capex Reserve Account under the Class A IBLA;
12. *twelfth*, in or towards satisfaction of the Fifth Facility Fee due and payable to the Issuer;
13. *thirteenth*, if:
 - (a) the relevant Loan Interest Payment Date falls in a Lock-Up Period, then in or towards satisfaction of the amounts required to be paid in accordance with the applicable provisions specified in paragraph A (Application of Funds on the Class A1 EMD if the Class A1 Loan is outstanding), paragraph B (Application of Funds in the period from the Class A2 EMD) or paragraph C (Application of Funds on the Class A2 EMD if either of the Class A1 Loan and/or Class A2 Loan is outstanding) of Part C of the Borrower Pre-Enforcement Priority of Payments: Lock-Up Period applies, except that no Restricted Payments shall be made; and
 - (b) the relevant Loan Interest Payment Date falls in the period after the Class A1 EMD but does not fall in a Lock-Up Period, then in or towards satisfaction of the amounts required to be paid in accordance with the applicable provisions specified in paragraph A (Application of Funds) of Part D of the Borrower Pre-Enforcement Priority of Payments: For any Loan Interest Payment Date following the Class A1 EMD; and where no Lock-Up Period applies, except that no Restricted Payments shall be made; and
14. *fourteenth*, the surplus (if any) shall be deposited into the operating accounts of the Obligors or any other account, and be applied for any purpose, in each case, as the Borrower Security Trustee or Receiver may direct.

26.3 Ranking of Borrower Secured Liabilities after giving a Loan Acceleration Notice

Each Borrower Secured Creditor agrees and each of the Obligors and the Borrower Security Trustee acknowledges that each Borrower Secured Creditor's claims will rank according to the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments after the Borrower Security Trustee delivers any Loan Acceleration Notice pursuant to paragraph 23.7 (Loan Enforcement Notice).

26.4 Borrower Post-Enforcement (Post-Acceleration) Priority of Payments

All monies received or recovered by the Borrower Security Trustee or any Receiver, whether in the form of cash or otherwise, for the benefit of the Borrower Secured Creditors in respect of the Borrower Secured Liabilities if the Borrower Security Trustee delivers any Loan Acceleration Notice will, subject to paragraph 26.8 (Suspense account—Borrower level), be held by the Borrower Security Trustee or any Receiver on trust, and will be applied in paying or providing for the payment of the amounts in the order of priority set out below (the **Borrower Post-Enforcement (Post-Acceleration) Priority of Payments**), in each case:

- (a) together with any interest and VAT payable thereon, as provided for in the relevant Transaction Document; and
- (b) if and to the extent that payments or provisions of a higher order of priority have been made in full.



Borrower Post-Enforcement (Post-Acceleration) Priority of Payments:

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due in respect of:
 - (a) the fees and other remuneration and indemnity payments (if any) payable to the Borrower Security Trustee and other appointees (if any) appointed by the Borrower Security Trustee under the Borrower Security Documents and any costs, charges, liabilities and expenses incurred by the Borrower Security Trustee under the Borrower Security Documents and any other amounts payable to the Borrower Security Trustee under the Borrower Security Documents, together with interest thereon as provided for therein;
 - (b) the fees and other remuneration and indemnity payments (if any) payable to the Receiver and any costs, charges, liabilities and expenses incurred by the Receiver under the Borrower Security Documents, together with interest thereon as provided for therein; and
 - (c) the First Facility Fee due and payable to the Issuer;
2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of the amounts due in respect of:
 - (a) the Second Facility Fee due and payable to the Issuer;
 - (b) the Third Facility Fee due and payable to the Issuer; and
 - (c) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Borrower Account Bank incurred under the Borrower Account Bank Agreement;
3. *third*, in or towards satisfaction, of the Fourth Facility Fee due and payable to the Issuer;
4. *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of the WCF Agent and each WCF Lender and any other amounts then outstanding (whether or not otherwise due but which are unpaid) under the Working Capital Facility Agreement;
5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A IBLA;
6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Loan Amounts due and payable under the Class A IBLA;
7. *seventh*, in or towards satisfaction of all amounts of interest due and payable under the Class B IBLA;
8. *eighth*, in or towards satisfaction of all amounts of principal and all Additional Class B Loan Amounts due and payable under the Class B IBLA;
9. *ninth*, in or towards satisfaction of the Fifth Facility Fee due and payable to the Issuer; and
10. *tenth*, the surplus (if any) to the Obligors or any other party entitled thereto.

26.5 General provisions regarding Borrower Post-Enforcement Priorities of Payments

The ICA will provide that if there are insufficient funds to discharge or provide for in full amounts due and payable in respect of an item and any other item(s) ranking *pari passu* with such item in a Borrower Post-Enforcement (Pre-Acceleration) Priority of Payments or the Borrower Post-Enforcement (Post-Acceleration) Priority of Payments, all items which rank *pari passu* with each other will be discharged or provided for to the extent there are sufficient funds to do so and on a *pro rata* basis, according to the respective amounts thereof.

26.6 Non-cash distributions

The ICA will provide that the Borrower Security Trustee or any Receiver will be entitled to receive and apply all monies recovered or received by any of them in a form other than cash in paying or providing for the payment of amounts owed to the Issuer pursuant to and paragraph 26.5 (Borrower Post-Enforcement (Post-Acceleration) Priority of Payments).



26.7 Suspense account—Borrower level

Following the giving of a Loan Enforcement Notice or Loan Acceleration Notice, the Borrower Security Trustee may at its absolute discretion pending application thereof pursuant to paragraph 26.5 (Borrower Post-Enforcement (Post-Acceleration) Priority of Payments), or deposit all amounts from time to time received by it from the Obligors or in respect of the Borrower Secured Property or from the realisation or enforcement of the Borrower Security in a separate suspense account for so long as, and on the terms which, it considers appropriate without any obligation to apply those amounts in or towards the discharge of any of the Borrower Secured Liabilities.

27. ENFORCEMENT OF ISSUER SECURITY

27.1 Notification of Note Events of Default

If the Issuer or any Issuer Secured Creditor (other than the Issuer Security Trustee) becomes aware of the occurrence of a Note Event of Default it will forthwith notify the Issuer Security Trustee, the Borrower Security Trustee and the Obligor Group Agent in writing and the Issuer Security Trustee will promptly thereafter notify the Class A Note Trustee (if it is a Class A Note Event of Default) or the Class B Note Trustee (if it is a Class B Note Event of Default).

27.2 Instructions prior to the Class A Discharge Date

- (a) Prior to the Class A Discharge Date:
 - (i) pursuant to the Class A Conditions, the Class A Instructing Group will be entitled to direct the Class A Note Trustee to give a Class A Note Acceleration Notice to the Issuer;
 - (ii) pursuant to the Class A Conditions, the Class A Instructing Group will be entitled to direct the Class A Note Trustee to direct the Issuer Security Trustee to give a Class A Note Enforcement Notice to the Issuer and take enforcement steps in relation to the Issuer Security;
 - (iii) the Class B Instructing Group will not be entitled:
 - (A) subject to paragraph (b) below, pursuant to the Class B Conditions, to direct the Class B Note Trustee to give a Class B Note Acceleration Notice to the Issuer; and
 - (B) direct the Class B Note Trustee to direct the Issuer Security Trustee to give a Class B Note Enforcement Notice to the Issuer and take enforcement steps in relation to the Issuer Security,
 - (iv) no other Issuer Secured Creditor will be entitled to direct the Issuer Security Trustee to enforce the Issuer Security.
- (b) If the Class A Instructing Group gives a Class A Note Acceleration Notice to the Issuer pursuant to Condition 9 (Class A Note Events of Default) of the Class A Conditions the Class B Instructing Group will not be prohibited from directing the Issuer Security Trustee to serve a Class B Note Acceleration Notice on the Issuer, if the Class B Instructing Group is entitled to do so under the Class B Conditions provided that if the Class A Note Trustee (acting upon a Direction of the Class A Instructing Group) requires the Class B Instructing Group to direct the Class B Note Trustee to serve a Class B Note Acceleration Notice on the Issuer, then the Class B Note Trustee will serve a Class B Note Acceleration Notice on the Issuer.
- (c) For the purposes of this paragraph 27.2 (Instructions prior to the Class A Discharge Date), the Issuer Security Trustee will be required to take any action described in this paragraph 27.2 (Instructions prior to the Class A Discharge Date) if the Issuer Security Trustee is directed by the Class A Note Trustee (i) acting in its absolute discretion or (ii) acting on the directions of the holders of at least 25% of the aggregate principal amount outstanding of the Class A Notes then outstanding or (iii) acting on the direction of a Class A Extraordinary Resolution of the Class A Noteholders.
- (d) Subject to paragraph 27.2(a)(iii) for the purposes of this paragraph 27.2 (Instructions prior to the Class A Discharge Date), the Issuer Security Trustee will be required to take any action described in this paragraph 27.2(a)(ii) (Instructions prior to the Class A Discharge Date) if it is instructed by the Class B Note Trustee (i) acting in its absolute discretion or (ii) acting on the directions of the holders of at least 30% of the aggregate principal amount outstanding of the Class B Notes then outstanding or (iii) acting on the direction of any Class B Extraordinary Resolution of the Class B Noteholders.



27.3 Appointment of Receiver to block an administrator—Issuer level

- (a) If any person presents an application for the appointment of an administrator of the Issuer, a notice of intention to appoint an administrator of the Issuer is received by the Issuer Security Trustee or documents are filed with a competent court or registrar for the administration of the Issuer (whether out of court or otherwise), the Issuer Security Trustee will upon receipt of such application or notice:
 - (i) within four business days of receipt or presentation of the application for the appointment of an administrator or, if the applicant has abridged the time for making the application, within such abridged time;
 - (ii) within four business days of receipt of the notice of intention to appoint an administrator or, if the applicant has abridged the time for making the application, within such abridged time; or
 - (iii) within one business day of receipt of written notice of appointment of an administrator pursuant to Section 15 of Schedule B1 of the Insolvency Act 1986 or, if the applicant has abridged the time for making the application, within such abridged time,

appoint (to the extent permitted by applicable law), by writing or deed, such person or persons (including an officer or officers of the Issuer Security Trustee) as the Issuer Security Trustee considers appropriate to be a Receiver of the Issuer and, in the case of the appointment of more than one person, to act together or independently of the other or others.

- (b) If the Issuer becomes aware of any application for the appointment of an administrator of the Issuer, a notice of intention to appoint an administrator of the Issuer or documents to be, or actually filed with, a competent court or registrar for the administration of the Issuer, then it will immediately inform the Issuer Security Trustee in writing of such application, notice or filing, and if applicable, provide to the Issuer Security Trustee copies of all documentation and/or details of any information that it has received and/or is aware of in relation to any such application, notice or filing.
- (c) For the purposes of paragraph 28.4(a), **business day** will have the meaning given to it in the Insolvency Act 1986.
- (d) If the Issuer Security Trustee is unable to appoint a Receiver in accordance with the provisions of paragraph 27.3(a) (Appointment of a Receiver to block an administrator—Issuer level) prior to the hearing of an application brought pursuant to the Insolvency Act 1986, the Issuer Security Trustee will attend the hearing of the application to oppose the application or make such submissions in respect of the application as the Issuer Security Trustee in its absolute discretion determines to be appropriate. The Issuer Security Trustee will not be liable for any failure to appoint a Receiver hereunder except in the case of gross negligence, wilful default or fraud of the Issuer Security Trustee.

27.4 Indemnity is adequate—Issuer level

- (a) Save as set out in the next sentence, the Issuer Security Trustee will not be obliged to appoint a Receiver unless it is indemnified and/or secured to its satisfaction. If the Issuer Security Trustee is required to appoint a Receiver pursuant to paragraph 27.3 (Appointment of Receiver to block an administrator—Issuer level), the Issuer Security Trustee will agree that notwithstanding any other term of the ICA or any other Issuer Transaction Document, it is adequately indemnified and secured to its satisfaction in respect of such appointment by virtue of its rights under the ICA and the security it has in respect of such rights.
- (b) The Issuer will agree that, in the event that the Issuer Security Trustee appoints a Receiver in the circumstances referred to in paragraph 27.3 (Appointment of Receiver to block an administrator—Issuer level), it waives any claim against the Issuer Security Trustee in respect of such appointment.

27.5 Issuer Security enforceable

- (a) Subject to paragraph 27.2 (Instructions prior to the Class A Discharge Date), at any time after a Note Acceleration Notice has been given to the Issuer by a Note Trustee pursuant to the relevant Conditions, the relevant Instructing Group may direct the Issuer Security Trustee to enforce the Issuer Security.
- (b) Subject to paragraph 27.2 (Instructions prior to the Class A Discharge Date), if:
 - (i) a Note Trustee provides the Issuer Security Trustee with a copy of a Note Acceleration Notice given to the Issuer; and



- (ii) pursuant to the relevant Conditions, such Note Trustee instructs the Issuer Security Trustee to enforce the Issuer Security, then the Issuer Security Trustee will give a Note Enforcement Notice to the Issuer declaring the whole of the Issuer Security to be enforceable.
- (c) The Issuer Security Trustee will deliver a copy of the Note Enforcement Notice to:
 - (i) the Obligor Group Agent;
 - (ii) the Rating Agencies;
 - (iii) each other Issuer Secured Creditor Representative; and
 - (iv) each Borrower Secured Creditor Representative.
- (d) With immediate effect from the time when the Issuer Security Trustee gives a Note Enforcement Notice to the Issuer, the whole of the Issuer Security will become enforceable and the whole of the Issuer Security will be and remain enforceable during the applicable Note Enforcement Period.

27.6 Freezing of the Issuer Accounts

With immediate effect from the earlier of the date on which the Issuer Security Trustee gives a crystallisation notice under the Issuer Deed of Charge and the date on which such notice is revoked, the Cash Manager and the Issuer Account Bank:

- (a) will only act upon a Direction of the Issuer Security Trustee; and
- (b) will not permit any amount to be withdrawn from any of the Issuer Accounts without the prior written consent of the Issuer Security Trustee and will hold all sums from time to time standing to the credit of the Issuer Accounts to the order of the Issuer Security Trustee or any Receiver.

27.7 Standstill if Class A Notes are outstanding

If the Class A Instructing Group directs the Issuer Security Trustee to take any steps to enforce the Issuer Security then:

- (a) the Class B Instructing Group are not entitled to direct the Issuer Security Trustee to enforce the Issuer Security;
- (b) no other Issuer Secured Creditor is entitled to direct the Issuer Security Trustee to enforce the Issuer Security; and
- (c) the Secured Creditors and the other parties to the ICA will acknowledge that the Issuer Security Trustee will, unless provided in the ICA, not be obliged to take into account the interests of any Secured Creditor or any other party to the ICA other than the Class A Instructing Group in respect of the method, type and timing of that enforcement or of the exploitation, management or realisation of any of the Issuer Security, when:
 - (i) following any Direction of the Class A Instructing Group; or
 - (ii) when exercising any discretions, in relation to such enforcement.

27.8 Enforcement Action—Issuer Security

At any time during any Note Enforcement Period:

- (a) The Issuer Security Trustee may:
 - (i) appoint (or refraining from appointing) or remove any Receiver pursuant to and as more particularly set out in the Issuer Security Documents; and
 - (ii) consult with any Receiver in relation to any dealing with assets over which such Receiver is appointed and/or, if necessary, the release of such asset from the Issuer Security;



- (b) the Issuer Security Trustee and any Receiver may take any Enforcement Action in respect of the Issuer Security in accordance with the terms and conditions of, and the trusts, rights, powers, duties, authorities and discretions vested in the Issuer Security Trustee and any Receiver under the ICA and the other Issuer Security Documents, including, without limitation:
 - (i) exercising any of the rights, powers, duties, authorities and discretions vested in the Issuer Security Trustee and a Receiver under the Issuer Deed of Charge and any other Issuer Security Document;
 - (ii) enforcing and/or liquidating all or any part of the Issuer Security (at the times, in the manner and on the terms it thinks fit) and / or taking possession of and holding or disposing of all or any part of the Issuer Secured Property and / or exercise all rights, actions and privileges granted by applicable law to a secured creditor in relation to the Issuer Secured Property);
 - (iii) disposing of any Issuer Secured Property and taking any other in accordance with paragraph 29.8 (Authorisation to Release and Transfer Following Distress Event) including, the acceptance of any consideration received for any such disposal in a form other than cash (in respect of Noteholders only);
 - (iv) pursuant to any Loan Event of Default triggered under the relevant IBLA as a result of the occurrence of any Note Event of Default and/or service of any Note Acceleration Notice, subject to paragraph 27.2 (Instructions prior to the Class A Discharge Date) instructing the Borrower Security Trustee to deliver a Loan Enforcement Notice and/or Loan Acceleration Notice pursuant to the relevant IBLA, and/or to take any Enforcement Action in relation to the Borrower Security; and
 - (v) exercising all or any of the powers, authorities and discretions conferred by the LPA (as varied or extended by any Issuer Security Document) on mortgagees and by the ICA and any other Issuer Security Document on any Receiver or otherwise conferred by law on mortgagees or Receivers;
- (c) if any Class A Notes and Class B Notes are outstanding, the Issuer Security Trustee and any Receiver will have no duty or responsibility to take into account the interests of the Class B Noteholders in relation to any Enforcement Action contemplated or undertaken in respect of any Issuer Security except as provided in paragraph 24 (Enforcement Action if Class B Notes Outstanding);
- (d) the Issuer Security Trustee may refrain from taking any Enforcement Action in respect of any Issuer Security unless instructed otherwise by the relevant Instructing Group;
- (e) if the Issuer Security has become enforceable, the relevant Instructing Group may give or refrain from giving instructions to the Issuer Security Trustee to enforce or refrain from enforcing the Issuer Security as they see fit;
- (f) the Issuer Security Trustee is entitled to rely on and comply with instructions given to it by the relevant Instructing Group;
- (g) in taking any Enforcement Action in respect of the Issuer Security, the Issuer Security Trustee will enforce the Issuer Security in such manner (including, without limitation, the selection of any Receiver over the Issuer to be appointed by the Issuer Security Trustee) as the relevant Instructing Group will instruct; and
- (h) subject to paragraph 27.3 (Appointment of a Receiver to block an administrator—Issuer level), the Issuer Security Trustee may, subject to any contrary instruction from the relevant Instructing Group, cease any Enforcement Action at any time.

27.9 Indemnity required—Issuer level

The Issuer Security Trustee will not be obliged to serve a Note Acceleration Notice on the Issuer or take any Enforcement Action in respect of the Issuer Security unless and until it has been indemnified and/or secured to its satisfaction against all Liabilities to which it may become liable or which it may incur by serving any Note Acceleration Notice or taking any Enforcement Action in respect of the Issuer Security except that the Issuer Security Trustee agrees that, in respect only of the appointment of a Receiver pursuant to paragraph 27.3 (Appointment of Receiver to block an administrator—Issuer level), notwithstanding any other term of the ICA or any other Issuer Transaction Document, it is adequately indemnified and secured to its satisfaction.



28. ISSUER POST-ACCELERATION PRIORITY OF PAYMENTS

28.1 Ranking of Issuer Secured Liabilities after the giving of a Note Acceleration Notice

Each Issuer Secured Creditor agrees and the Issuer and the Issuer Security Trustee acknowledges that each Issuer Secured Creditor's claims will rank according to the Issuer Post-Acceleration Priority of Payments after a Note Trustee gives a Note Acceleration Notice.

28.2 Issuer Post-Acceleration Priority of Payments

All monies received or recovered by the Issuer Security Trustee or any Receiver, whether in the form of cash or otherwise, for the benefit of the Issuer Secured Creditors in respect of the Issuer Secured Liabilities if a Note Trustee gives a Note Acceleration Notice to the Issuer will, subject to:

- (a) paragraph 9.4 (Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents); and
- (b) paragraph 28.5 (Repayment of Standby Drawings) and paragraph 28.6 (Suspense account—Issuer level),

be held by the Issuer Security Trustee or any Receiver on trust, and will be applied in paying or providing for the payment of the amounts in the order of priority set out below (the **Issuer Post-Acceleration Priority of Payments**), in each case:

Issuer Post-Acceleration Priority of Payments:

1. *first*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable in respect of:
 - (a) the fees and other remuneration and indemnity payments (if any) payable to the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee and other appointees (if any), other than a Receiver appointed under paragraph (b) below, appointed by any of them under the Issuer Deed of Charge and Note Trust Deed respectively and any costs, charges, liabilities and expenses incurred by any of the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee under the Issuer Deed of Charge and Note Trust Deed respectively and any other amounts payable (other than amounts payable under the Notes) to the Issuer Security Trustee, Class A Note Trustee and Class B Note Trustee under the Issuer Deed of Charge and the Note Trust Deed respectively, together with interest thereon as provided for therein; and
 - (b) the fees and other remuneration and indemnity payments (if any) payable to the Receiver and any costs, charges, liabilities and expenses incurred by the Receiver under the Issuer Deed of Charge, together with interest thereon as provided for therein;
2. *second*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts due and payable by the Issuer in respect of:
 - (a) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Corporate Services Providers incurred under the Corporate Services Agreements;
 - (b) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Paying Agents incurred under the Agency Agreement;
 - (c) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Issuer Account Bank incurred under the Issuer Account Bank Agreement; and
 - (d) the fees, other remuneration, indemnity payments, costs, charges and expenses of the Cash Manager incurred under the Cash Management Agreement;
3. *third*, in or towards satisfaction of payment of all amounts of interest, principal, fees, other remuneration, indemnity payments, costs, charges and expenses of each Liquidity Facility Provider and the Liquidity Facility Agent due and payable by the Issuer to each such Liquidity Facility Provider and the Liquidity Facility Agent under the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts payable by the Issuer);
4. *fourth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class A Notes;



- 5. *fifth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class A Note Amounts due and payable under the Class A Notes;
- 6. *sixth*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of interest due and payable under the Class B Notes;
- 7. *seventh*, in or towards satisfaction, *pari passu* and *pro rata*, of all amounts of principal and all Additional Class B Note Amounts due and payable under the Class B Notes;
- 8. *eighth*, in or towards satisfaction, *pari passu* and *pro rata* of all Liquidity Subordinated Amounts due and payable by the Issuer under the Liquidity Facility Agreement; and
- 9. *ninth*, the surplus (if any) to the Issuer or any other party entitled thereto.

28.3 General provisions regarding Issuer Post-Acceleration Priority of Payments

If there are insufficient funds to discharge or provide for in full amounts due and payable in respect of an item and any other item(s) ranking *pari passu* with such item in the Issuer Post-Acceleration Priority of Payments, all items which rank *pari passu* with each other will be discharged or provided for to the extent there are sufficient funds to do so and on a *pro rata* basis, according to the respective amounts thereof.

28.4 Non-cash distributions

The Issuer Security Trustee or any Receiver will be entitled to receive and apply all monies recovered or received by any of them in a form other than cash in paying or providing for the payment of amounts owed to any Noteholder pursuant to paragraph 28.2 (Issuer Post-Acceleration Priority of Payments).

28.5 Repayment of Liquidity Standby Account Drawings

Following the giving of a Note Acceleration Notice or, if earlier, upon acceleration and cancellation of a Liquidity Facility provided pursuant to the Liquidity Facility Agreement in accordance with the terms thereof, all amounts credited to each Liquidity Standby Account in respect of each Liquidity Facility Provider will be paid by Cash Manager or on behalf of the Issuer Security Trustee or any Receiver to each such Liquidity Facility Provider.

28.6 Suspense account—Issuer level

Following the giving of a Note Acceleration Notice, the Issuer Security Trustee may at its absolute discretion pending application thereof pursuant to paragraph 28.2 (Issuer Post-Acceleration Priority of Payments) deposit all amounts from time to time received by it from the Issuer or in respect of the Issuer Secured Property or from the realisation or enforcement of the Issuer Security in a separate suspense account for so long as, and on the terms which, it considers appropriate without any obligation to apply those amounts in or towards the discharge of any of the Issuer Secured Liabilities.

29. ENFORCEMENT OF TOPCO SECURITY

29.1 Introduction

The ICA will provide for the procedure for the enforcement of the Topco Security pursuant to a Share Enforcement Event provided that the Topco Security Enforcement Condition is satisfied.

29.2 Notification of Share Enforcement Event

If any Obligor, Topco Obligor, Borrower Secured Creditor or Topco Secured Creditor (other than the Borrower Security Trustee) becomes aware of the occurrence of a Share Enforcement Event, it will forthwith notify the Borrower Security Trustee, the Issuer Security Trustee and the Obligor Group Agent in writing and the Borrower Security Trustee will promptly thereafter notify the Topco Secured Creditor Representatives and the Borrower Secured Creditor Representatives and the Issuer Security Trustee will promptly notify the Issuer Secured Creditor Representatives.

29.3 Instructions to enforce

If a Share Enforcement Event has occurred and is continuing only the Class B Instructing Group (acting upon a resolution passed by the holders representing at least 30 per cent. of the aggregate principal amount outstanding of the Class B Notes then outstanding) may direct the Issuer Security Trustee to require the Borrower Security Trustee to enforce the Topco Security, on the terms and subject to conditions of the Topco Transaction Documents provided that the Topco Security Enforcement Condition is satisfied.



29.4 Topco Security Enforcement Condition

Under the ICA, the **Topco Security Enforcement Condition** will be satisfied if in connection with the enforcement of the Topco Security:

- (a) the Class B Instructing Group provides the Issuer Security Trustee with a tax opinion (**Tax Opinion**) from any reputable internationally recognised law or accounting firm or any other reputable internationally recognised independent expert which is engaged in providing tax opinions, that confirms that there would be no actual or contingent tax liability in the Obligor Group as a result of the enforcement of the Topco Security (the **Tax Liability**) in an amount more than £10 million, or
- (b) if the actual or contingent Tax Liability is anticipated to be more than £10 million, the Issuer Security Trustee is provided:
 - (i) with funds (whether from any prospective purchaser of any of the assets that are subject to the Topco Security, any of the Class B Noteholders or any other person) in an amount equal to the excess over £10 million in respect of such Tax Liability; or
 - (ii) with such other collateral or support arrangement to mitigate such actual and/or contingent tax liability which is satisfactory to the Issuer Security Trustee (acting reasonably) in respect of the excess over £10m.

29.5 Enforcement Action—Topco Security

Subject to paragraph 29.3 (Instructions to enforce) at any time during any Topco Security Enforcement Period:

- (a) the Borrower Security Trustee may:
 - (i) appoint (or refraining from appointing) or remove any Receiver pursuant to and as more particularly set out in the Topco Security Documents;
 - (ii) consult with any Receiver in relation to any dealing with assets over which such Receiver is appointed and/or, if necessary, the release of such asset from the Topco Security;
- (b) the Topco Security Trustee and any Receiver may take any Enforcement Action in respect of the Topco Security in accordance with the terms and conditions of, and the trusts, rights, powers, duties, authorities and discretions vested in the Borrower Security Trustee and any Receiver under the ICA and the other Topco Security Documents, including, without limitation:
 - (i) exercising any of the rights, powers, duties, authorities and discretions vested in the Borrower Security Trustee and a Receiver under the Topco Security Documents;
 - (ii) enforcing and/or liquidating all or any part of the Topco Security (at the times, in the manner and on the terms it thinks fit) and / or taking possession of and holding or disposing of all or any part of the Topco Secured Property and / or exercise all rights, actions and privileges granted by applicable law to a secured creditor in relation to the Topco Secured Property);
 - (iii) disposing of any Topco Secured Property and taking any other in accordance with paragraph 30 (Authorisation to Dispose Following Distress Event) including, the acceptance of any consideration received for any such disposal in a form other than cash;
 - (iv) exercising all or any of the powers, authorities and discretions conferred by Cayman Islands law (as varied or extended by any Topco Security Document) on mortgagees and by the ICA and any other Topco Security Document on any Receiver or otherwise conferred by law on mortgagees or Receivers;
- (c) the Borrower Security Trustee may refrain from taking any Enforcement Action in respect of any Topco Security unless instructed otherwise by the Class B Instructing Group;
- (d) if the Topco Security has become enforceable, the Class B Instructing Group may give or refrain from giving instructions to the Borrower Security Trustee to enforce or refrain from enforcing the Topco Security as they see fit;
- (e) the Borrower Security Trustee is entitled to rely on and comply with instructions given to it by the Class B Instructing Group;



- (f) in taking any Enforcement Action in respect of the Topco Security, the Borrower Security Trustee will enforce the Topco Security in such manner (including, without limitation, the selection of any Receiver over any Topco Obligor to be appointed by the Borrower Security Trustee) as the Class B Instructing Group will instruct; and
- (g) the Borrower Security Trustee, may, subject to any contrary instruction from the relevant Instructing Group, cease any Enforcement Action at any time.

29.6 Waiver of rights—Topco Security

To the extent permitted under applicable law and subject to the paragraph 29.8 (Topco enforcement proceeds—prepayment of the Class B IBLA and Class B Notes), each of the Topco Secured Creditors and the Topco Obligors waives all rights it may otherwise have to require that the Topco Security be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Topco Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Topco Secured Liabilities is so applied.

29.7 Indemnity required—Topco level

The Borrower Security Trustee will not be obliged to take any Enforcement Action in respect of the Topco Security unless and until it has been indemnified and/or secured to its satisfaction against all Liabilities to which it may become liable or which it may incur by taking any Enforcement Action in respect of the Topco Security.

29.8 Topco enforcement proceeds—prepayment of the Class B IBLA and Class B Notes

Any proceeds of the enforcement of the Topco Security will be applied in accordance with paragraph 8.7 (Prepayment of the Class B IBLA—Topco Transaction Documents) and subject to paragraph 9.4 (Prepayment of the Class B IBLA and Class B Notes—Topco Transaction Documents), as applicable.

30. AUTHORISATION TO RELEASE AND TRANSFER FOLLOWING DISTRESS EVENT

30.1 Introduction

The ICA will provide the Borrower Security Trustee and the Issuer Security Trustee the right to dispose of any Borrower Secured Property, any Issuer Security Property and any Topco Secured Property, as applicable, including, amongst other things, the right to release any security, guarantees and other liabilities, and the right to transfer certain obligations, in respect of secured property.

30.2 Distressed Disposals

- (a) Unless otherwise stated, in this paragraph 30.2 any reference to any release, disposal or transfer by any Security Trustee of any Transaction Security means the release, disposal or transfer by:
 - (i) the Borrower Security Trustee or any Receiver appointed by it in respect of any Borrower Security;
 - (ii) the Borrower Security Trustee or any Receiver appointed by it in respect of any Topco Security; and
 - (iii) the Issuer Security Trustee or any Receiver appointed by it in respect of any Issuer Security,as applicable, and as the context may so require.
- (b) Subject to paragraph 24.2 (Requirement for a Fairness Opinion) in respect of any disposal of any Borrower Secured Property and subject to the satisfaction of the Topco Security Enforcement Condition in respect of any disposal of any Topco Secured Property, if a Distressed Disposal of any asset is being effected, the Issuer Security Trustee and the Borrower Security Trustee are irrevocably and unconditionally authorised:
 - (i) at the cost of the relevant Obligor or the Obligor Group Agent, in respect of the Borrower Security Trustee in relation to any release, disposal or transfer in respect of any Borrower Security;
 - (ii) at the cost of the relevant Topco Obligor or the Obligor Group Agent, in respect of the Borrower Security Trustee in relation to any release, disposal or transfer in respect of any Topco Security; and
 - (iii) at the cost of the Issuer, in respect of the Issuer Security Trustee in relation to any release, disposal or transfer in respect of any Issuer Security,



and without any consent, sanction, authority or further confirmation from any Creditor or any other party to the ICA, in each case below, as applicable and as the context may so require:

- (A) release of Issuer Security/non crystallisation certificates: to release any of the Issuer Security, or any other claim over that asset and execute and deliver or enter into any release of that Issuer Security, or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Issuer Security Trustee, be considered necessary or desirable;
- (B) release of Borrower Security/non crystallisation certificates: to release any of the Borrower Security, or any other claim over that asset and execute and deliver or enter into any release of that Borrower Security, or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Borrower Security Trustee, be considered necessary or desirable;
- (C) release of Topco Security/non crystallisation certificates: to release any of the Topco Security, or any other claim over that asset and execute and deliver or enter into any release of that Topco Security, or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Borrower Security Trustee, be considered necessary or desirable;
- (D) release of liabilities and Security on a share sale (Obligor): if the asset which is disposed of consists of shares in the capital of any Obligor, to release:
 - I. that Obligor, and any Subsidiary of that Obligor from all or any part of:
 - (a) its Borrowing Liabilities;
 - (b) its Guarantee Liabilities; and
 - (c) its Other Liabilities;
 - II. any Borrower Security granted by that Obligor or any Subsidiary of that Obligor over any of its assets;
 - III. any other claim of:
 - (a) the Issuer;
 - (b) any Intra-Obligor Group Creditor;
 - (c) any another Obligor;
 - (d) any Topco Obligor; and
 - (e) any Non-Obligor Group Creditor,over that Obligor's assets or over the assets of any Subsidiary of that Obligor, on behalf of each relevant Creditor or other party to the ICA;
- (E) release of liabilities and Security on a share sale (Topco Obligor): if the asset which is disposed of consists of shares in the capital of any Topco Obligor, to release:
 - I. that Topco Obligor, and any Subsidiary of that Topco Obligor from all or any part of:
 - (a) its Borrowing Liabilities;
 - (b) its Guarantee Liabilities; and
 - (c) its Other Liabilities;
 - II. any Topco Security granted by that Topco Obligor or any Subsidiary of that Topco Obligor over any of its assets;
 - III. any other claim of:
 - (a) the Issuer;



- (b) any Intra-Topco Obligor Group Creditor;
- (c) any another Topco Obligor;
- (d) any Obligor; and
- (e) any Non-Obligor Group Creditor,

over that Topco Obligor's assets or over the assets of any Subsidiary of that Topco Obligor, on behalf of each relevant Creditor or other party to the ICA;

(F) release of liabilities and Security on a share sale (Holding Company): if the asset which is disposed of consists of shares in the capital of any Holding Company of any Obligor or any Topco Obligor, to release:

I. that Holding Company and any Subsidiary of that Holding Company from all or any part of:

- (a) its Borrowing Liabilities;
- (b) its Guarantee Liabilities; and
- (c) its Other Liabilities;

II. any Borrower Security granted by any Subsidiary of that Holding Company over any of its assets, as applicable;

III. any Topco Security granted by any Subsidiary of that Holding Company over any of its assets, as applicable; and

IV. any other claim of:

- (a) the Issuer;
- (b) any Intra-Obligor Group Creditor;
- (c) any another Obligor;
- (d) any Intra-Topco Obligor Group Creditor;
- (e) any another Topco Obligor; and
- (f) any Non-Obligor Group Creditor,

over the assets of that Holding Company and any Subsidiary of that Holding Company on behalf of each relevant Creditor or other party to the ICA;

(G) disposal of liabilities on a share sale: if the asset which is disposed of consists of shares in the capital of any Obligor, any Topco Obligor or the Holding Company of any Obligor or any Topco Obligor, and the Borrower Security Trustee (as directed by the relevant Instructing Group) is instructed to dispose of all or any part of:

- I. the Liabilities;
- II. the Obligor Liabilities; or
- III. the Topco Obligor Liabilities,

owed by that Obligor, Topco Obligor or Holding Company or any Subsidiary of that Obligor, Topco Obligor or Holding Company, to execute and deliver or enter into any agreement, document, assignment, transfer, novation, deed, release, notice or instrument to dispose of all or part of those Liabilities, Obligor Liabilities or Topco Obligor Liabilities, on behalf of, in each case, the relevant Creditors, Obligors and Topco Obligors, as applicable and as the context may so require;



(H) transfer of obligations in respect of liabilities on a share sale: if the asset which is disposed of consists of shares in the capital of any Obligor, any Topco Obligor or the Holding Company of such Obligor or Topco Obligor (the **Disposed Entity**) and the Borrower Security Trustee (as directed by the relevant Instructing Group) is instructed to transfer to another Obligor or Topco Obligor (the **Receiving Entity**) all or any part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of:

- I. the Intra-Obligor Group Liabilities;
- II. the Intra-Topco Obligor Group Liabilities;
- III. the Obligor Liabilities;
- IV. the Topco Obligor Liabilities; and
- V. the Non-Obligor Group Liabilities,

(the **Relevant Liabilities**) to execute and deliver or enter into any agreement, document, assignment, transfer, novation, deed, release, notice or instrument to:

- (a) agree to the transfer of all or part of the obligations in respect of each of those Relevant Liabilities on behalf of the relevant Intra-Obligor Group Creditors, Intra-Topco Obligor Group Creditors, Obligors, Topco Obligors, Non-Obligor Group Creditors and to which those obligations are owed and on behalf of the Obligors or Topco Obligors which owe those obligations; and
- (b) to accept the transfer of all or part of the obligations in respect of each of those Relevant Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of each of those Relevant Liabilities are to be transferred,

in each case, as applicable and as the context may so require,

(c) The net proceeds of each Distressed Disposal will be:

- (i) paid to the Issuer Security Trustee in respect of any disposal of any Issuer Secured Property for application in accordance with the Issuer Post-Acceleration Priority of Payments;
- (ii) paid to the Borrower Security Trustee in respect of any disposal of any Borrower Secured Property for application in accordance with the applicable Borrower Post-Enforcement Priorities of Payments; and
- (iii) paid to the Borrower Security Trustee in respect of any disposal of any Topco Secured Property for application in accordance with paragraph 29.8 (Topco enforcement proceeds—prepayment of the Class B IBLA and Class B Notes).

30.3 Further assurance—release and disposals

The ICA will provide that the Issuer, each Creditor and Obligor will:

- (a) do all things that the Issuer Security Trustee or Borrower Security Trustee, as applicable requests in order to give effect to this paragraph 30.3 (which will include, without limitation, the execution of any assignments, transfers, releases or any other agreement, document, deed, notice or instrument that the Issuer Security Trustee or Borrower Security Trustee, as applicable may consider to be necessary to give effect to the releases, disposals or transfers contemplated by this paragraph 30.3); and
- (b) if the Issuer Security Trustee or Borrower Security Trustee, as applicable is not entitled to take any of the actions contemplated by this paragraph 30.3 or if the Issuer Security Trustee or Borrower Security Trustee, as applicable requests that any Creditor or other party to the ICA take any such action, take that action itself in accordance with the instructions of the Issuer Security Trustee or Borrower Security Trustee, as applicable,

provided that:

- (i) the proceeds of those disposals are applied in accordance with applicable Priorities of Payments; and



- (ii) any action taken under or pursuant to this paragraph 30.3 does not infringe any of the other provisions of the ICA.

31. RATING AGENCIES

31.1 Rating Agency Confirmations and Rating Assessments

The ICA will provide that notwithstanding that neither Security Trustee nor any other Secured Creditors may have any right of recourse against the Rating Agencies in respect of any Rating Agency Confirmation or any Rating Assessment given by any of them and relied upon by such Security Trustee, each Security Trustee will be entitled, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Transaction Documents to which it is a party or over which it has security:

- (a) to have regard to any Rating Agency Confirmation or any Ratings Assessment if the Transaction Documents require, or in any particular circumstance, where such Security Trustee considers, that a Rating Agency Confirmation or a Ratings Assessment is an appropriate test or the only appropriate test to apply in that circumstance, in exercising any such power, trust, authority, duty or discretion or, as the case may be, in giving the relevant consent; and
- (b) to assume, for the purposes of exercising such power, trust, authority, duty or discretion, that such exercise will not be materially prejudicial to the interests of the relevant Secured Creditors if the Rating Agencies have provided a Rating Agency Confirmation or Ratings Assessment, as applicable.

31.2 Sale and Leaseback Transactions

The ICA will provide that, if in respect of a disposal of a Propco or a Holiday Park owned by a Propco made pursuant to the terms and conditions of the Class A IBLA, a Ratings Assessment is requested from Fitch, each Security Trustee will be deemed to have acknowledged and agreed that:

- (a) a Ratings Assessment is a point-in-time assessment which does not constitute a credit rating by Fitch; will not be monitored by Fitch and therefore will not be updated to reflect changed circumstances or information that may affect the Ratings Assessment; and does not address other matters falling outside of the Relevant Disposal (as defined in the Class A IBLA) that may be of relevance to the Noteholders;
- (b) neither of the Security Trustees will have any right of recourse to or against Fitch in respect of a Ratings Assessment which is relied upon by either Security Trustee; and
- (c) reliance by the Security Trustees on any Ratings Assessment will not create, impose on or extend to Fitch any actual or contingent liability to any person (including, without limitation, the Security Trustees) or create any legal relations between Fitch and the Security Trustees or any other person whether by way of contract or otherwise.

32. CLASS B CALL OPTION

32.1 General

As set out in the Class A Conditions and the Class B Conditions (as to which, see the section “*Description of the Class A Debt Provisions—Terms and Conditions of the Class A Notes*” and the section “*Description of the Class B Debt Provisions—Terms and Conditions of the Class B Notes*”, respectively), the Class B Noteholders have the benefit of a call option (the **Class B Call Option**) in respect of the Class A Notes. The Class A Conditions and the Class B Conditions refer to the terms of the Intercreditor Agreement in respect of the exercise of this option. The circumstances in which the Class B Call Option may be exercised and further terms of the Class B Call Option are set out in the Intercreditor Agreement and are described further in this section.

32.2 Definitions

In this paragraph 32 (Class B Call Option):

Class B Call Option Period means the period commencing on the date of delivery of a Class B Call Option Notice (as further described in paragraph 32.3(c) below) and ending on the date expiring 30 days following such delivery.

Class B Call Option Purchase Price means an amount equal to the aggregate Principal Amount Outstanding of the Class A Notes together with accrued but unpaid interest.



Class B Call Option Trigger Event means any of the following events:

- (a) the provision of a Disposal Intention Notice to the Issuer, the Class A Note Trustee, the Class B Note Trustee and the Principal Paying Agent for each class of Notes by the Borrower Security Trustee (or its Representative); and
- (b) at any time, the occurrence of the last to occur Class A Loan Expected Maturity Date with respect to any Class A Notes or Class A Further Notes or Class A New Notes then outstanding.

Relevant Disposal means any disposal of any or all of the Holiday Parks (whether by means of a share sale or an asset sale) following enforcement of the Borrower Security, other than a disposal forming part of a sale and lease back transaction.

Representative means:

- (a) any representative appointed by the Borrower Security Trustee; and/or
- (b) any person acting on the direction of the Borrower Security Trustee,

including, in each case, and without limitation, any Receiver appointed by the Borrower Security Trustee.

32.3 Class B Call Option

- (a) Any one or more of the Class B Noteholders will be entitled, pursuant to the Class B Call Option, to purchase all (but not some only) of the Class A Notes within the Class B Call Option Period and that at a price equal to the Class B Call Option Purchase Price, subject to the terms set out below.
- (b) If the Borrower Security Trustee (or its Representative) intends to enter into and/or give its consent to a Relevant Disposal then the Borrower Security Trustee (or its Representative, as the case may be) must promptly provide written notice of such intention to the Issuer, the Class A Note Trustee, the Class B Note Trustee and the Principal Paying Agent for each class of Notes (a **Disposal Intention Notice**). Neither the Borrower Security Trustee nor its Representative (if applicable) is permitted to enter into and/or otherwise give consent to any Relevant Disposal during the period from service of a Disposal Intention Notice to the end of the applicable Class B Call Option Period.
- (c) Within one Business Day of (i) the receipt of a Disposal Intention Notice and/or (ii) the occurrence of a Class B Call Option Trigger Event as set out in paragraph (b) of the definition of that term, above, the Issuer must publish (or cause the Principal Paying Agent in respect of the Class B Notes to publish) a notice (a **Class B Call Option Notice**) to the Class B Noteholders in accordance with Condition 17 (Notice to Class B Noteholders) and on a Regulatory Information Service (with a copy to the Class A Note Trustee and the Class B Note Trustee) detailing (I) the occurrence of the relevant Class B Call Option Trigger Event, (II) the right of the Class B Noteholders to exercise the Class B Call Option in accordance with the terms of the Class A Conditions, the Class B Conditions and the Intercreditor Agreement and (III) contact information for the Issuer and information as to the procedures for how the Class B Noteholders can, if they wish to exercise the Class B Call Option, do so (including, without limitation, procedures which must be complied with for the valid exercise of such option and appropriate instructions to be given to the Clearing Systems or otherwise as regards settlement).
- (d) Within one Business Day of the end of the Class B Call Option Period, the Issuer will notify (or cause to be notified) the Class A Note Trustee, the Class A Noteholders, the Class B Note Trustee, the Class B Noteholders and each Principal Paying Agent whether or not any Class B Noteholder has exercised its right to purchase the Class B Notes. If any such Class B Noteholder or Class B Noteholders has or have elected to purchase the Class A Notes then such notice must specify (I) the date of settlement (which must be not earlier than five Business Days and not later than 10 Business Days after the notice has been given) and (II) the amount of the Class B Call Option Purchase Price to be paid on the settlement date.
- (e) Where more than one Class B Noteholder notifies the Issuer that it wishes to exercise the Class B Call Option, then each Class B Noteholder will:
 - (i) have the right to buy a proportionate principal amount of Class A Notes relative to the principal amount of Class B Notes held by it when compared to the aggregate principal amount of Class B Notes held by Class B Noteholders providing such notification; and
 - (ii) be obliged to pay the relevant proportion of the Class B Call Option Purchase Price to, or for the account of, the Class A Noteholders.



- (f) Payment must be made to Class A Noteholders in freely transferable funds to their account maintained with the Clearing Systems unless otherwise agreed by the Class A Noteholders. Payment of the purchase price by all relevant Class B Noteholders will be a condition precedent to the obligation of any Class A Noteholders to transfer, or consent to the transfer, of the Class A Notes held by them. For the avoidance of doubt, payment by the Class B Noteholders to the Class A Noteholders will not be made through the Principal Paying Agent.
- (g) The service of a Disposal Intention Notice does not oblige the Borrower Security Trustee or its Representative to enter into and/or otherwise consent to any proposed Relevant Disposal referred to therein and the Borrower Security Trustee will incur no liability by giving or withholding such consent.

33. CP OPCO LIQUIDITY FACILITY COVENANTS

33.1 Introduction

Under the ICA, CP Opco will covenant in favour of each LF Finance Party to provide certain information.

33.2 CP Opco information covenants

Under the ICA, CP Opco will:

- (a) Financial statements and other information:
 - (i) supply to each LF Finance Party at the same time as the relevant information is provided to the Issuer and the Borrower Security Trustee under the Class A IBLA the financial statements, certificates and other information referred to in clause 17.1 (*Annual and semi-annual financial statements*), clause 17.3 (Investor Report) and clause 17.5 (Class A Compliance Certificate) of the Class A IBLA.

References in this clause of the ICA to the Class A IBLA will be to such agreement disregarding any amendment to such agreement after the Closing Date (unless the Liquidity Facility Agent acting on the instructions of the LF Instructing Group has consented to such amendments);
- (b) Form of financial statements:
 - (i) ensure that each set of financial statements supplied under the ICA gives (if audited) a true and fair view of, or (if unaudited) fairly represents, the financial condition (consolidated or otherwise) of the relevant person as at the date to which those financial statements were drawn up;
 - (ii) notify each LF Finance Party of any change to the manner in which the financial statements supplied under the ICA are prepared; and
 - (iii) supply to any LF Finance Party (if so requested):
 - (A) a full description of any change notified under paragraph (ii) above; and
 - (B) sufficient information to enable the LF Finance Parties to make a proper comparison between the financial position shown by the set of financial statements prepared on the changed basis and the most recent audited consolidated financial statements delivered to the LF Finance Parties under the ICA;
- (c) **Information—miscellaneous:** supply to each LF Finance Party:
 - (i) details of any litigation, arbitration, administrative proceedings or environmental claims against any member of the Group which are current, threatened or pending and which have or might, if adversely determined, have a Material Adverse Effect;
 - (ii) all documents despatched by it to its creditors generally or any class of them at the same time as they are despatched;
 - (iii) copies of any proposed amendments to the Senior Finance Documents;



- (iv) promptly, such information as any LF Finance Party may reasonably require about the property, assets, shares or interests charged or secured pursuant to the Borrower Security Documents and the compliance of the Obligor with the terms of any of the Borrower Security Documents;
 - (v) any documentation or other evidence which is reasonably requested by any LF Finance Party to enable such LF Finance Party to carry out any applicable customer due diligence requirements; and
 - (vi) if an LF Event of Default, Class A Loan Event of Default or Class A Loan Potential Event of Default has occurred and is continuing, promptly upon written request provide any information reasonably required by any LF Finance Party regarding the investigation by an LF Finance Party of such LF Event of Default of such event and the financial condition, assets and operations of the Group and/or any member of the Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Obligor under the ICA, any changes to the senior management of the Group and an up-to-date copy of its shareholders' register);
- (d) **Notification of LF Events of Default:** promptly deliver a written notice to each LF Finance Party forthwith upon becoming aware of any LF Event of Default (and the steps, if any, being taken to remedy it) without waiting for any LF Finance Party to take any further action; and
- (e) **Accounting reference date:** not change its accounting reference date except in accordance with the provisions of the Class A IBLA.

34. RECOURSE AND NON PETITION

34.1 Limited Recourse

- (a) Notwithstanding any other provision of the ICA or any other Transaction Document, each party to the ICA will agree and acknowledge with the Issuer and the Issuer Security Trustee that the only assets of the Issuer available to meet their respective claims (whether held for themselves or as trustee) against the Issuer under or in respect of the Transaction Documents will be the assets subject to the Issuer Security. Any claim remaining unsatisfied after the realisation of the Issuer Security and the application of the proceeds thereof in accordance with the applicable Issuer Priorities of Payments will be extinguished and thereafter they will have no further claim against the Issuer.
- (b) The obligations of the Issuer under the ICA will not be obligations or responsibilities of, or guaranteed by, any other person or entity.

34.2 Non petition

Each party to the ICA will agree and acknowledge with the Issuer and the Issuer Security Trustee that, except as permitted in under the ICA, it will not be entitled to:

- (a) to instruct the Issuer Security Trustee to enforce the Issuer Security other than where expressly permitted under the ICA and the relevant Conditions;
- (b) take or join any person in taking steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it;
- (c) initiate or join any person in initiating any Insolvency Proceedings in relation to the Issuer or the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or
- (d) take any steps or proceedings that would result in any amount held by or on behalf of the Issuer being applied, or any Issuer Secured Liabilities owed to that party being met otherwise than in accordance with the Issuer Priorities of Payments and the provisions relating to the application of funds contained in the ICA.

35. ACTIVITIES OF THE BORROWER SECURITY TRUSTEE AND THE ISSUER SECURITY TRUSTEE

- (a) The ICA will confer rights, powers, authorities and discretions to the Issuer Security Trustee and the Borrower Security Trustee and will provide for the protection and indemnification of the Borrower Security Trustee and Issuer Security Trustee in certain circumstances by the Obligor and / or the Issuer, as applicable, in relation to the exercise of any of their rights, powers, authorities and discretions in relation to the ICA (including the enforcement of any Borrower Security, Issuer Security and / or Topco Security, as applicable) except in the case of gross negligence, wilful default or fraud.
- (b) The ICA provides of the resignation and removal of the Borrower Security Trustee or the Issuer Security Trustee subject to certain conditions.



36. GOVERNING LAW AND JURISDICTION

36.1 Governing law

The ICA and any non-contractual obligations arising out of or in connection with the ICA will be governed by English law.

36.2 Jurisdiction

The ICA will provide that the English courts have exclusive jurisdiction to settle and determine any dispute in connection with the ICA and any non-contractual obligations arising out of or in connection with the ICA.



SUMMARY OF OTHER TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the documents relating to the transaction and is qualified in its entirety by reference to the detailed provisions of the relevant documents.

1. BORROWER SECURITY DOCUMENTS

1.1 Borrower Deed of Charge

The obligations of the Obligors under, among other things, the Issuer/Borrower Loan Agreements will be secured in favour of the Borrower Security Trustee pursuant to the Borrower Deed of Charge to be entered into on or prior to the Closing Date and made between the Obligors and the Borrower Security Trustee.

As described above, such security from each of the Obligors will include:

- (a) first-ranking mortgages or first fixed charges over the freehold and leasehold interests held by the Obligors in their Properties (other than the Head Office) including all buildings, erections, fixtures, fittings, (including trade fixtures and fittings) and fixed plant and machinery on that Property owned by each Obligor and the benefit of any covenants for title given or entered into by any predecessor in title of such Obligor in respect of that Property;
- (b) first legal mortgages over the entire issued share capital of any English subsidiary company of any Obligor;
- (c) assignment by way of first fixed security of all rights, title, interest and benefit of each Obligor in the Transaction Documents;
- (d) assignment by way of security and/or charge of all rights, title, interest and benefit in the insurance policies and to all claims payable and amounts paid under those policies;
- (e) a first fixed charge over monies standing to the credit of all bank accounts opened in any Obligor's name and all rights relating thereto (which may take effect as a floating charge);
- (f) a first fixed charge over all Eligible Investments;
- (g) a first fixed charge over its present and future goodwill;
- (h) a first fixed charge over its present and future uncalled capital;
- (i) fixed charges over the statutory licences, consents and authorisations, present and future, held in connection with the business of each Obligor;
- (j) a first fixed charge over all its rights, title, interest and benefits, present and future, held in ancillary rights in respect of the Properties;
- (k) a first fixed charge over all book debts and other debts (which may take effect as a floating charge);
- (l) a first fixed charge over all its rights, title, interest and benefit, present and future, in and to all of its Intellectual Property Rights;
- (m) a first fixed charge over any beneficial interest, claim or entitlement of it to any assets of any pension fund (excluding any asset required to meet the liabilities to the beneficiaries of such pension fund); and
- (n) first floating charges over all of the other property, undertaking and assets of each Obligor.

The Borrower Security Trustee will hold the benefit of the security created in its favour pursuant to the Borrower Deed of Charge on trust for the benefit of the Borrower Secured Creditors and subject to the provisions of the Intercreditor Agreement.

The circumstances which may lead to the security granted under the Borrower Deed of Charge being enforced are set out in the section "Intercreditor Agreement" above.

Appointment of an administrative receiver — Obligor level

The Borrower Deed of Charge will contain provisions (provided for in the Intercreditor Agreement) that require the Borrower Security Trustee to appoint an administrative receiver to block the appointment of an administrator on the terms and subject to the conditions set out in the Intercreditor Agreement. See paragraph 16.4 (Appointment of a Receiver to block an administrator — Obligor level) in the Intercreditor Agreement.



The Borrower Security Trustee is not and will not be obliged to appoint an administrative receiver unless it is indemnified and/or secured to its satisfaction. However, the Borrower Deed of Charge provides that, in the event that the Borrower Security Trustee is required to enforce the Borrower Security by appointing an administrative receiver following receipt of actual notice of an application for the appointment of an administrator or actual notice of intention to appoint an administrator, the Borrower Security Trustee has agreed that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against the Obligor under the Borrower Deed of Charge and the security which it has in respect of such rights.

Governing law

The Borrower Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law.

1.2 Topco Payment Undertaking

Pursuant to a deed of undertaking, Topco will undertake to pay to an account specified in the Demand Notice (or otherwise as directed by the Borrower Security Trustee) an amount equal to the aggregate of:

- (a) the then principal balance of the Class B Loan;
- (b) any accrued but unpaid interest outstanding in respect of the Class B Loan;
- (c) any Additional Amounts; and
- (d) all other amounts (including, without limitation, any premium and interest on overdue amounts) outstanding under the Class B Issuer/Borrower Loan Agreement,

(together the **Class B Payment Amount**), on the earlier of (i) the close of business on the Class B Loan Expected Maturity Date following the occurrence of a Share Enforcement Event and/or a Class B Loan Event of Default and (ii) the date on which Topco receives a valid Demand Notice from the Borrower Security Trustee.

For these purposes:

Demand Notice means a notice from the Borrower Security Trustee to Topco demanding the payment of the Class B Payment Amount to a specified account in accordance with and subject to the terms of the Topco Payment Undertaking.

Failure by Topco to pay such amount will give the right to the Borrower Security Trustee (on instruction from the Class B Note Trustee or, as the case may be, the Class B Noteholders) to enforce the Topco Share Security granted to the Borrower Security Trustee by Topco over the shares Topco holds in CP Cayman Limited and the share security granted to the Borrower Security Trustee by CP Cayman Limited over the shares it holds in Center Parcs (Holdings 1) Limited. The proceeds from the enforcement of this share pledge must be effected in the most tax efficient manner at the relevant time as a subscription of shares in the Borrowers who then have to use the funds to prepay the Class B Loan. The Class B Payment Amount is also due if there is a Class B Loan Event of Default. The Borrowers will then apply such amounts in payment and/or prepayment of amounts outstanding on the Class B Issuer/Borrower Loan Agreement.

The Issuer will apply all amounts received by it from the Borrowers or, as the case may be, Topco, in accordance with the terms of the Intercreditor Agreement. Topco will agree not to exercise any right of set-off or counterclaim which it might have against the Issuer.

Governing law

The Topco Payment Undertaking and any non-contractual obligations arising out of or in connection with it will be governed by English law.

1.3 Topco Share Security Agreement

Under a share security agreement (the **Topco Share Security Agreement**) entered into between Topco, the Borrower Security Trustee and the Issuer, Topco will grant first-ranking security by way of equitable mortgage and first fixed charge over the entire issued share capital of CP Cayman Limited and its other assets, rights, and undertakings as security for the obligations of Topco under the Topco Payment Undertaking (the **Topco Share Security**). In addition, Topco will grant a first floating charge over all its property, assets and rights, present and future, in favour of the Borrower Security Trustee as continuing security for full punctual payment of the Class B Payment Amount and amounts payable to the Borrower Security Trustee under the Class B Finance Documents. The Issuer will grant (in the Issuer Deed of Charge) security over its whole right, title, interest and benefit under the Topco Payment Undertaking and the Topco Share Security Agreement to the Issuer Security Trustee for the benefit of the Class B Noteholders.



Pursuant to the terms of the Topco Share Security Agreement, the proceeds of enforcement are to be applied by the Issuer Security Trustee in accordance with the terms of the Intercreditor Agreement and the Issuer Deed of Charge respectively.

Governing law

The Topco Share Security Agreement will be governed by, and construed in accordance with, Cayman law.

1.4 CP Cayman Security Agreement

Under a security agreement (the **CP Cayman Security Agreement**) entered into between CP Cayman Limited, the Borrower Security Trustee and the Issuer, CP Cayman Limited will grant a first legal mortgage and first fixed charge over the entire issued share capital of Center Parcs (Holdings 1) Limited and its other assets, rights, and undertakings as security for all obligations and liabilities of Topco under the Topco Payment Undertaking. In addition, CP Cayman Limited will grant a first floating charge over all its property, assets and rights, present and future, in favour of the Borrower Security Trustee as continuing security for all obligations and liabilities of Topco under the Topco Payment Undertaking.

Governing law

The CP Cayman Security Agreement will be governed by, and construed in accordance with, English law.

2. SECURITY INTEREST AGREEMENT

Under a share security interest agreement (the **Security Interest Agreement**) entered into between the Borrower Security Trustee and Center Parcs (UK) Group Limited, Center Parcs (UK) Group Limited will grant first ranking security by way of security interest over the entire issued share capital of Center Parcs (Jersey) 1 Limited in favour of the Borrower Security Trustee as security for the Borrower Secured Liabilities.

Governing law

The Security Interest Agreement will be governed by, and construed in accordance with, the laws of Jersey.

3. ISSUER DEED OF CHARGE

Security for the Notes

The Issuer and the Issuer Security Trustee will enter into a deed of charge (the **Issuer Deed of Charge**) on the Closing Date as security for the obligations of the Issuer to the Issuer Secured Creditors under the Issuer Transaction Documents to which it is a party.

Under or pursuant to the Issuer Deed of Charge, and subject to the Intercreditor Agreement, the Issuer will grant, among other things, the following security in favour of the Issuer Security Trustee on trust for the Issuer Secured Creditors over all of its property, assets and undertaking:

- (a) first-ranking fixed charge, or, as the case may be, assignment by way of security (including pursuant to the Security Interests (Jersey) Law 1983) over:
 - (i) all of the Issuer's rights, title and interest in certain of its assets and undertaking (including its interest in the Borrower Secured Property); and
 - (ii) all of the Issuer's rights in, to, under or in respect of the Issuer Transaction Documents and any other document to which the Issuer is or becomes a party from time to time and its rights in respect of the Issuer Accounts and to all monies standing to the credit of the Issuer Accounts and its Eligible Investments, if any; and
- (b) a floating charge over all of its present and future assets and undertaking, not subject to the fixed security validly and effectively created by it and as described in paragraph (a) above (such security together, the **Issuer Security**).

The sum of £2.00, constituting the issued share capital of the Issuer and received by it in consideration for the allotment and issue of its shares, will not constitute part of the security described above.

Appointment of an administrative receiver

The Issuer Deed of Charge will contain provisions (provided for in the Intercreditor Agreement) that require the Issuer Security Trustee to appoint an administrative receiver to block the appointment of an administrator on the terms and subject to the conditions set out in the Intercreditor Agreement.

The Issuer Security Trustee is not be obliged to appoint an administrative receiver unless it is indemnified and/or secured to its satisfaction.

Governing law

The Issuer Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law and, in respect of the assignment of the Issuer's rights pursuant to the Issuer Jersey Corporate Services Agreement, governed by and construed in accordance with Jersey law.



4. CASH MANAGEMENT AGREEMENT

The Cash Management Agreement will be entered into on the Closing Date by the Issuer, the Cash Manager, and the Issuer Security Trustee.

The Cash Manager will provide certain cash management services to the Issuer in accordance with the terms and conditions of the Cash Management Agreement.

Under the Cash Management Agreement, the Cash Manager will, among other things, (i) perform certain obligations on behalf of the Issuer in accordance with the terms and conditions of the Liquidity Facility Agreement, (ii) agree to operate the bank accounts of the Issuer in accordance with the Cash Management Agreement, the Issuer Account Bank Agreement, the relevant mandates and the Intercreditor Agreement, and (iii) agree that the instructions, mandates and resolutions in relation to those accounts will not be changed without the prior written consent of the Issuer and the Issuer Security Trustee (except in certain permitted circumstances).

Pursuant to the Cash Management Agreement prior to the service of a Class A Note Acceleration Notice or a Class B Note Acceleration Notice, monies standing to the credit of the Issuer's main account (the **Issuer Transaction Account**) may not be used for any purpose other than payments made in accordance with the Cash Management Agreement and the Intercreditor Agreement (as applicable).

If the appointment of the Issuer Account Bank is terminated in accordance with the terms of the Issuer Account Bank Agreement, then the Issuer will be required to arrange for the transfer of such accounts to a bank with the Requisite Ratings on terms acceptable to the Issuer Security Trustee.

Governing law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

5. TAX DEED OF COVENANT

The obligations of the Issuer, the Borrower and the other Obligors under the Transaction Documents are supported by the Tax Deed of Covenant under which, among other things, each of the Covenantors will make representations and give warranties and covenants in relation to itself and (where applicable) its group for the benefit of the Issuer Security Trustee (as trustee for the Issuer Secured Creditors) and the Borrower Security Trustee (as trustee for the Borrower Secured Creditors). These include representations, warranties and covenants as to certain Covenantor's activities, their residence for tax purposes, their historic tax position, the conduct of their tax affairs and their membership of certain groups for tax purposes. The purpose of giving such representations, warranties and covenants is to protect the Obligor Group from various tax-related risks.

The effect of the representations, warranties and covenants given by the Covenantors is that the risk of any member of the Group being subject to an unexpected tax liability which might affect its ability to perform its obligations under any of the Transaction Documents should be minimised.

Governing law

The Tax Deed of Covenant and any non-contractual obligations arising out of or in connection with it will be governed by English law.

6. BORROWER ACCOUNT BANK AGREEMENT

Pursuant to the Borrower Account Bank Agreement to be dated the Closing Date between the Borrowers, the Borrower Security Trustee and the Borrower Account Bank, the Borrower Account Bank will maintain the Cash Accumulation Account, the Maintenance Capex Reserve Account, the Investment Capex Reserve Account, the Defeasance Account, the Disposal Proceeds Account and the Tax Reserve Account (together, the **Borrower Accounts**), all such accounts will be in the name of the Borrowers, but subject to the control of the Issuer Security Trustee.

If the Borrower Account Bank ceases to maintain the Requisite Ratings then the Borrower will be required to arrange for the transfer of such accounts to a bank with the Requisite Ratings on terms acceptable to the Issuer Security Trustee.

Governing law

The Borrower Account Bank Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

**7. ISSUER ACCOUNT BANK AGREEMENT**

Pursuant to the Issuer Account Bank Agreement to be dated the Closing Date between the Issuer, the Issuer Security Trustee and the Issuer Account Bank, the Issuer Account Bank will maintain the Issuer Transaction Account and any Liquidity Standby Account opened with the Issuer Account Bank pursuant to the terms of the Liquidity Facility Agreement (together, the **Issuer Accounts**), all such accounts will be in the name of the Issuer, but subject to the control of the Issuer Security Trustee once a Note Acceleration Notice has been served.

If the Issuer Account Bank ceases to maintain the Requisite Ratings then the Issuer will be required to arrange for the transfer of such accounts to a bank with the Requisite Ratings on terms acceptable to the Issuer Security Trustee.

Governing law

The Issuer Account Bank Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

8. NOTE TRUST DEED*General*

On or before the Closing Date, the Issuer, the Class A Note Trustee and the Class B Note Trustee (each being a **Note Trustee** and, together, the **Note Trustees**) will enter into a note trust deed (the **Note Trust Deed**) pursuant to which the Notes will be constituted. The Note Trust Deed will constitute the Notes and contain a covenant from the Issuer to each of the Class A Note Trustee and the Class B Note Trustee to pay all amounts due under the Notes. The Class A Note Trustee will hold the benefit of that covenant on trust for itself and the Class A Noteholders in accordance with their respective interests. The Class B Note Trustee will hold the benefit of that covenant on trust for itself and the Class B Noteholders in accordance with their respective interests.

Enforcement

Only a Class A Note Trustee may enforce the provisions of the Class A Notes or the relevant provisions of the Note Trust Deed and only the Class B Note Trustee may enforce the provisions of the Class B Notes or the relevant provisions of the Note Trust Deed and, subject to the terms of the Intercreditor Agreement, no Noteholder or Couponholder is entitled to, or to request that, the Issuer Security Trustee proceed directly against the Issuer unless the relevant Note Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

Waiver of a Class A Note Event of Default

The Class A Note Trustee may, without the consent or sanction of the Class A Noteholders, at any time (but only if in its opinion such waiver will not be materially prejudicial to the interests of the Class A Noteholders) determine, *inter alia*, that any event which would otherwise constitute a Class A Note Event of Default, a Class A Loan Event of Default or Class A Loan Potential Event of Default shall not be treated as such, provided that the Class A Note Trustee shall not exercise such powers in contravention of any express direction given by a Class A Extraordinary Resolution of the holders of the Class A Notes then outstanding or in contravention of a request in writing made by holders of not less than 25% of the aggregate principal amount of the Class A Notes then outstanding.

Waiver of a Class B Note Event of Default

The Class B Note Trustee may, without the consent or sanction of the Class B Noteholders, at any time (but only if in its opinion such waiver will not be materially prejudicial to the interests of the Class B Noteholders) determine, *inter alia*, that any event which would otherwise constitute a Class B Note Event of Default, a Class B Loan Event of Default or Class B Loan Default shall not be treated as such, provided that the Class B Note Trustee shall not exercise such powers in contravention of any express direction given by a Class B Extraordinary Resolution of the holders of the Class B Notes then outstanding or in contravention of a request in writing made by holders of not less than 30% of the aggregate principal amount of the Class B Notes then outstanding.

Modification

The Class A Note Trustee may, without the consent or sanction of the Class A Noteholders, at any time and from time to time, concur with the Issuer or any other person in making any modification (other than in respect of a Class A Basic Terms Modification) to the Class A Conditions or the Transaction Documents (subject to the terms of



the Intercreditor Agreement) provided that the Class A Note Trustee is of the opinion that such modification: (i) will not be materially prejudicial to the interests of the Class A Noteholders then outstanding; (ii) is made to correct a manifest error; or (iii) is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law. Any such modification shall be binding on the Class A Noteholders and shall be notified as soon as is practicable thereafter by the Issuer to the Class A Noteholders in accordance with the Class A Conditions.

The Class B Note Trustee may, without the consent or sanction of the Class B Noteholders, at any time and from time to time, concur with the Issuer or any other person in making any modification (other than in respect of a Class B Basic Terms Modification) to the Class B Conditions or the Transaction Documents (subject as provided in the Intercreditor Agreement) provided that the Class B Note Trustee is of the opinion that such modification: (i) will not be materially prejudicial to the interests of the Class B Noteholders then outstanding; (ii) is made to correct a manifest error; (iii) is of a formal, minor, administrative or technical nature or is to comply with mandatory provisions of law. Any such modification shall be binding on the Class B Noteholders and shall be notified as soon as is practicable thereafter by the Issuer to the Class B Noteholders in accordance with the Class B Conditions.

A variation of the Note Trust Deed is valid only if it is in writing, signed by or on behalf of each party thereto and complies with the provisions of the Intercreditor Agreement.

The Note Trust Deed provides that, in connection with the exercise by it of any of its rights, duties, trusts, powers, authorities or discretions under the Class A Conditions or Class B Conditions (as applicable) (including, without limitation, any modification, waiver, authorisation, determination or substitution) or any other Transaction Document each Note Trustee shall have regard to the general interests of the relevant Noteholders of each class or sub-class as a class or sub-class, without having regard to the effect of such action on individual Noteholders.

Action, proceedings and indemnification

The relevant Note Trustee shall not be bound to take any actions, proceedings, or steps in relation to the Note Trust Deed, the Notes or any other Transaction Document unless directed to do so by the relevant Instructing Group in accordance with the Intercreditor Agreement, and then only if it shall be indemnified and/or secured to its satisfaction against any liabilities relating to such actions.

Only the Class A Note Trustee may enforce the provisions of the Class A Notes or the relevant provisions of the Note Trust Deed and only the Class B Note Trustee may enforce the provisions of the Class B Notes or the relevant provisions of the Note Trust Deed and, in all cases, subject to the terms of the Intercreditor Agreement.

Voting

The Note Trust Deed contains provisions regulating the way in which voting in respect of matters to be approved by Noteholders is to be conducted, and also contains disenfranchisement provisions which result in Notes for the time being held by the Issuer, Obligors, affiliates thereof or any other person for the benefit of the Issuer or an Obligor not being counted in the quorum for a vote or being able to participate in any such vote.

ICA voting requests

Subject to the provisions of the Intercreditor Agreement, on receipt of a request from the Obligor Group Agent in respect of an ICA Proposal that gives rise to an Entrenched Right in respect of which the Issuer is an Affected Secured Creditor, the relevant Note Trustee shall serve notice to pass a resolution to the holders of each class of Notes then outstanding and affected by such Entrenched Right.

On receipt of a request from the Obligor Group Agent in respect of a General Matter or Discretion Matter or other ICA Proposal, the relevant Note Trustee shall promptly send a copy of such notice to the relevant Noteholders.

Issuer covenants

The covenants given by the Issuer in the Note Trust Deed (subject to detailed carve-outs, exceptions and qualifications) include the following:

- (a) comply with and perform and observe all provisions of the Note Trust Deed and the Transaction Documents which are expressed to be binding on it;
- (b) give each Note Trustee such information, opinions, certificates and other evidence as is needed to discharge the duties, trusts, powers, authorities and discretions vested in it by or pursuant to the Note Trust Deed, any other Transaction Document or by operation of law;



- (c) send the Class A Note Trustee all information provided to it pursuant to the Class A Issuer/Borrower Loan Agreement;
- (d) send the Class B Note Trustee all information provided to it pursuant to the Class B Issuer/Borrower Loan Agreement;
- (e) cause to be prepared in respect of each of its financial years, its financial statements in such form as will comply in all material respects with the requirements for the time being of the laws of Jersey and the United Kingdom in effect from time to time and in accordance with accounting principles consistently applied;
- (f) provide the Class A Note Trustee, on each Semi-Annual Investor Reporting Date, with a certificate signed by two of its directors stating that no Class A Note Event of Default has occurred (or, if such is not the case, specifying the particulars of any Class A Note Event of Default) and that it has complied with all of its obligations under the Transaction Documents to which it is party (or, if such is not the case, specifying the respect in which it has not complied);
- (g) provide the Class B Note Trustee, on each Semi-Annual Investor Reporting Date, with a certificate signed by two of its directors stating that no Class B Note Event of Default has occurred (or, if such is not the case, specifying the particulars of any Class B Note Event of Default) and that it has complied with all of its obligations under the Transaction Documents to which it is party (or, if such is not the case, specifying the respects in which it has not complied);
- (h) give notice in writing to the Class A Note Trustee forthwith upon becoming aware of any Class A Note Event of Default;
- (i) deliver certain investor reports and related information (including information supplied to the Issuer by the Obligor under the Issuer/Borrower Loan Agreements) on each Semi-Annual Investor Reporting Date; and
- (j) give notice in writing to the Class B Note Trustee forthwith upon becoming aware of any Class B Note Event of Default.

Governing law

The Note Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

9. AGENCY AGREEMENT

Pursuant to the Agency Agreement to be entered into between the Issuer, the Issuer Security Trustee, the Principal Paying Agent, the Class A Note Trustee and the Class B Note Trustee, provision will be made for, amongst other things, payment of principal and interest in respect of the Notes of each class.

The Issuer may revoke the appointment of the Principal Paying Agent upon not less than 30 days' prior written notice to the Principal Paying Agent and the Class A Note Trustee or Class B Note Trustee (as applicable). The appointment of the Principal Paying Agent will terminate immediately if the Principal Paying Agent becomes incapable of performing its obligations or upon the occurrence of certain insolvency-related events. In addition, the Principal Paying Agent may resign from its role under the Agency Agreement upon not less than 30 days' prior written notice to the Issuer and the Class A Note Trustee or Class B Note Trustee (as applicable). The termination of the appointment of the Principal Paying Agent (whether by the Issuer or by resignation) shall not be effective unless upon the expiry of the relevant notice there is a successor in place.

Governing law

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

10. ISSUER CORPORATE SERVICES AGREEMENT

Structured Finance Management Limited, which will be appointed on or prior to the Closing Date as corporate service provider to the Issuer (in such capacity, the **Issuer Corporate Services Provider**) pursuant to a corporate services agreement (the **Issuer Corporate Services Agreement**), is a limited liability company incorporated in England and Wales (acting through its office at 35 Great St Helen's, London EC3A 6AP) and will provide directors to the Issuer and certain administration services to the Issuer subject to and in accordance with the Issuer Corporate Services Agreement.



Governing law

The Issuer Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

11. ISSUER JERSEY CORPORATE SERVICES AGREEMENT

Structured Finance Management Offshore Limited, which will be appointed on or prior to the Closing Date as corporate service provider to the Issuer (in such capacity, the **Issuer Jersey Corporate Services Provider**) in Jersey pursuant to a corporate services agreement (the **Issuer Jersey Corporate Services Agreement**), is a limited liability company incorporated in Jersey (acting through its office at 47 Esplanade, St Helier, Jersey JE1 0BD) and will provide company administration services to the Issuer subject to and in accordance with the Issuer Jersey Corporate Services Agreement.

For details of the Liquidity Facility Agreement and Working Capital Facility Agreement see “Description of other indebtedness”.



TAXATION

The following is a general description of certain tax considerations in the United Kingdom and Jersey relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes in these or other jurisdictions. Prospective purchasers of Notes should consult their tax advisors as to the consequences under the tax laws of the country or countries in which they are resident for tax purposes and the tax laws of the United Kingdom and Jersey of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts in respect of the Notes. Upon request, the Issuer will provide to any Noteholder information as to elections that have been or may be made by the Issuer relevant to its treatment under the tax laws of such other jurisdictions. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of interest on the Notes. The comments below may not apply to certain classes of person (such as dealers and persons connected to the Issuer). The following is not exhaustive and does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue and Customs (**HMRC**) has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the **EU Savings Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income, which for this purpose includes payments on redemption of the Notes representing any premium payable on redemption) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.



Jersey Taxation

The following summary of the anticipated treatment of the Issuer and holders of Notes (other than residents of Jersey) is based on Jersey taxation law and practice, as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice. Prospective investors in the Notes should consult their professional advisors on the implications of acquiring, buying, selling or otherwise disposing of the Notes under the laws of any jurisdiction in which they may be liable to taxation.

Taxation of the Issuer

The Issuer is not regarded as resident for tax purposes in Jersey. Therefore, the Issuer will not be liable to Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and payments in respect of the Notes may be paid by the Issuer without withholding or deduction for or on account of Jersey income tax. The holders of Notes (other than residents of Jersey) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Notes.

Stamp duty

In Jersey, no stamp duty is levied on the issue or transfer of the Notes except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer the Notes on the death of a holder of such Notes. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situate in respect of a holder of Notes domiciled in Jersey, or situate in Jersey in respect of a holder of Notes domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

EU Savings Directive—Jersey

As part of an agreement reached in connection with the EU Savings Directive on the taxation of savings income in the form of interest payments, and in line with steps taken by other relevant third countries, Jersey has introduced a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in a Member State by a paying agent established in Jersey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in a Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the Member State in which the beneficial owner is resident.

The retention tax system in Jersey is implemented by means of bilateral agreements with each of the Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Department of the States of Jersey (being the predecessor to the Chief Minister's Department of the States of Jersey). Based on these provisions and what is understood to be the current practice of the Jersey tax authorities, the Issuer would not be obliged to levy retention tax in Jersey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey.

If you are in any doubt as to your tax position you should consult your professional tax advisor.



SUBSCRIPTION AND SALE

The Royal Bank of Scotland plc (the **Class A Global Coordinator and Arranger** and **Class B Global Coordinator and Joint Bookrunner**), The Royal Bank of Scotland plc, Barclays Bank PLC, HSBC Bank plc and Lloyds TSB Bank plc (as the **Joint Lead Managers**) and The Royal Bank of Scotland plc, Barclays Bank PLC, HSBC Bank plc and Lloyds TSB Bank plc (as the **Joint Bookrunners** and, together with the Joint Lead Managers, the **Managers**) have entered into a subscription agreement dated on or around 21 February 2012 between the Class A Global Coordinator and Arranger, the Class B Global Coordinator and Joint Bookrunner, the Managers, the Issuer and the Obligors (the **Subscription Agreement**). Under the Subscription Agreement, the Joint Lead Managers have agreed, subject to certain conditions, to subscribe and pay for the Class A1 Notes and Class A2 Notes, each at an issue price of 100% of the initial aggregate principal amount of the Class A Notes and the Joint Bookrunners have agreed, subject to certain conditions, to subscribe and pay for the Class B Notes at an issue price of 100% of the initial aggregate principal amount of the Class B Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Class A Global Coordinator and Arranger, the Class B Global Coordinator and Joint Bookrunner or the Managers in certain circumstances before payment to the Issuer. The Issuer has agreed to indemnify the Class A Global Coordinator and Arranger, the Managers and the Class B Global Coordinator and Joint Bookrunner against certain liabilities in connection with the offer and sale of the Notes and has agreed to reimburse the Class A Global Coordinator and Arranger, the Managers and the Class B Global Coordinator and Joint Bookrunner for certain of their expenses in connection with the issue of the Notes.

In addition, the Class A Global Coordinator and Arranger, the Managers, the Class B Global Coordinator and Joint Bookrunner and their respective affiliates may from time to time also enter into swap and other derivative transactions with the Issuer and/or the Obligors and their respective affiliates, including in relation to the Notes. Furthermore, the Class A Global Coordinator and Arranger, the Managers, the Class B Global Coordinator and Joint Bookrunner and their respective affiliates may in the future engage in investment banking, commercial banking, financial or other advisory transactions with the Issuer, the Obligors, and their respective affiliates.

United States

In connection with sales outside the United States, each Manager has agreed it will not offer, sell or deliver the Notes to, or for the account or benefit of, United States persons:

- (a) as part of its distribution at any time;
- (b) otherwise prior to 40 days after the closing of the offering (see "Transfer Restrictions"). Each Manager will send to any dealer to whom it sells notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, United States persons.

In addition, each Manager has represented and agreed with the Issuer that:

- (i) except to the extent permitted under United States Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the **D Rules**), (i) it has not offered or sold, and during the restricted period that it will not offer or sell, any Notes to a person who is within the United States or its possessions or to a U.S. person, and (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any Notes that are sold during the restricted period;
- (ii) it has, and throughout the restricted period it will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions, or to a U.S. person, except as permitted by the D Rules; and
- (iii) with respect to each affiliate which acquires Notes from it for the purpose of offering or selling such Notes during the restricted period, it has either (i) repeated and confirmed the representations and agreements contained in paragraphs (c) and (d) above on its own behalf or (ii) agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (c) and (d) above.

Terms used herein have the meanings given to them by the U.S. Securities Act and Regulation S under the U.S. Securities Act and by the United States Internal Revenue Code 1986, as amended, and regulations thereunder, including the D Rules.

The Notes will be new securities for which there is currently no market. As a result, the Issuer cannot assure the investors that the initial prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after completion of this offering. Accordingly, the Issuer cannot assure the investors as to the liquidity of, or trading market for, the Notes.



European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Manager has represented and agreed with the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of any relevant Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to legal entities which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of any relevant Notes referred to in (a) through (c) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any relevant Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the relevant Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Manager has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy (**Italy**), except: (a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and as defined in Article 34-ter, first paragraph, letter b) of Commissione Nazionale per le Società e la Borsa (**CONSOB**) Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971. Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in Italy under (a) or (b) above must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 (the **Banking Act**), the Financial Services Act of 1 September 1933, as amended, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and any other applicable law and regulations; (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

Spain

The offering has not been registered with the Comisión Nacional del Mercado de Valores and therefore the Notes may not be offered or sold or distributed in Spain except in circumstances which do not qualify as a public offer of securities



in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admision a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

France

This Offering Circular has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général de l'Autorité des Marchés Financiers* (the **AMF**) and therefore has not been approved by, registered or filed with the AMF. Consequently, the Notes are not being offered, directly or indirectly, to the public in France and this Offering Circular has not been and will not be released, issued or distributed or cause to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the Notes to the public in France.

The Notes may only be offered or sold in the Republic of France to qualified investors (*investisseurs qualifiés*) and/or to a limited group of investors (*cercle restreint d'investisseurs*) as defined in and in accordance with Articles L.411-2, D.411-1, D.411-2 and D.411-4 of the French Code monétaire et financier. Prospective investors are informed that (a) this Offering Circular has not been submitted for clearance to the AMF; (b) in compliance with L.411-2, D.411-1 and D.411-2 of the French Code monétaire et financier any investors subscribing for the Notes should be acting for their own account; and (c) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L.411-2, D.411-1, D.411-2 and D.411-4 of the French Code monétaire et financier.

Germany

The offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the **Securities Prospectus Act**, *Wertpapierprospektgesetz, WpPG*), as amended, and any other applicable German law. No application has been made under German law to publicly market the Notes in or out of the Federal Republic of Germany. The Notes are not registered or authorised for distribution under the Securities Prospectus Act and accordingly may not be, and are not being, offered or advertised publicly or by public promotion. Therefore, the Offering Circular is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to and this Offering Circular and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2, No. 6 of the Securities Prospectus Act or who are subject of another exemption in accordance with Section 3 para. 2 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Switzerland

The Notes are being offered in Switzerland on the basis of a private placement only. This Offering Circular does not constitute a prospectus within the meaning of Article 652A of the Swiss Federal Code of Obligations. Neither this Offering Circular nor any other offering or marketing material relating to the offering, the Issuer, us or the Notes have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Offering Circular will not be filed with, and the offer of Notes will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Notes has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (the **CISA**). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Notes.

The Netherlands

In the Netherlands, the Notes may only be offered to qualified investors (*gekwalificeerde beleggers*) within the meaning of section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). This Offering Circular has not been approved by, registered or filed with the Netherlands Authority for the Financial Markets.

Austria

This Offering Circular has not been and will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither this Offering Circular nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this Offering Circular nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.



Grand Duchy of Luxembourg

The terms and conditions relating to this Offering Circular have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for the purposes of public offering or sale in the Grand Duchy of Luxembourg (**Luxembourg**). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of 10 July 2005 on prospectuses for securities.

Hong Kong

Each Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than:
 - (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or
 - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance,
- and,
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

People’s Republic of China

Each Manager acknowledges and confirms that this Offering Circular does not constitute a recommendation to acquire, an invitation to apply for or buy, an offer to apply for or buy, a solicitation of interest in the application or purchase, of any securities, any interest in any securities investment fund or any other financial investment product (including without limitation commercial paper notes of the same nature as the Notes), in the People’s Republic of China (for the purpose of this paragraph excluding Taiwan, Hong Kong and Macau) (**PRC**). This Offering Circular and the Notes are solely for use and purchase by qualified domestic institutional investors duly licensed in accordance with applicable laws of the PRC and must not be circulated or disseminated in the PRC for any other purpose. Any person or entity resident in the PRC must satisfy himself/itself that all applicable PRC laws and regulations have been complied with, and all necessary government approvals and licences (including any investor qualification requirements) have been obtained, in connection with his/its investment in the Notes.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than; (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**); (2) to a relevant person pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or



- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:
 - (i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
 - (ii) where no consideration is or will be given for the transfer; or
 - (iii) where the transfer is by operation by law.

Japan

The Notes offered by this Offering Circular have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the **Financial Instruments and Exchange Law**). Accordingly, Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including Japanese corporations), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (including Japanese corporations) except with the prior approval of the Managers and pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and relevant regulations of Japan.

Korea

Neither this Offering Circular nor the Notes have been, or will be, registered under the Financial Investment Services and Capital Markets Act of Korea (the **FSCMA**) and none of the Notes may be offered or sold, directly or indirectly, in Korea or to any resident of Korea or to any persons for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and the regulations thereunder) and except pursuant to an exemption from the registration requirements of FSCMA available thereunder and/or in compliance with applicable laws and regulations of Korea.

General

Each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.



TRANSFER RESTRICTIONS

The investors are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes have not been registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Each purchaser of the Notes hereunder (other than each of the Managers) will be deemed to have represented and agreed with the initial purchasers as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. it understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act and any other applicable securities laws or pursuant to an exemption therefrom or in a transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (4) below;
2. it is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or acting on the Issuer's behalf and it is purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act;
3. it acknowledges that neither the Center Parcs Group nor any Manager, nor any person representing any of them, has made any representation to it with respect to the Center Parcs Group or the offer or sale of any Notes, other than the information contained in this Offering Circular, which Offering Circular has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning the Center Parcs Group and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Center Parcs Group, the Managers. It acknowledges that neither the Managers nor any person representing a Manager make any representation or warranty as to the accuracy or completeness of this Offering Circular;
4. it is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant any exemption from registration available under the U.S. Securities Act;
5. it agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the **Resale Restriction Termination Date**) that is 40 days after the later of the commencement or completion of the offering of the Notes only (i) to the Issuer or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) pursuant to offers and sales that occur outside the United States and in compliance with Regulation S or (iv) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to compliance with any applicable local laws and regulations, and further subject to the Issuer's and the Class A Note Trustee's or Class B Note Trustee's rights as applicable prior to any such offer, sale or transfer (I) pursuant to clauses (iii) and (iv) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the Notes is completed and delivered by the transferor to the Class A Note Trustee the Class B Note Trustee as applicable. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date;
6. each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE U.S. SECURITIES ACT), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR



PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

7. it agrees that it will give to each person to whom it transfers the Notes notice of any restrictions in the transfer of such Notes;
8. it acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the U.S. by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act;
9. it acknowledges that the Center Parcs Group, the Managers and others will rely upon the truth and accuracy of its acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account; and
10. it understands that no action has been taken in any jurisdiction (including the United States) by the Center Parcs Group or the Managers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Circular or any other material relating to the Center Parcs Group or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Subscription and Sale".



AVAILABLE INFORMATION

The Issuer is not subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Note Trust Deed governing the Notes and for as long as the Notes are outstanding, the Issuer will furnish certain periodic information to the Noteholders.

LEGAL MATTERS

Certain English law legal matters in connection with the offering of the Notes are being opined upon for Center Parcs by Allen & Overy LLP. Certain English law legal matters are being opined upon for the Class A Global Coordinator and Arranger, the Managers and the Class B Global Coordinator and Joint Bookrunner by Freshfields Bruckhaus Deringer LLP. Certain Jersey law legal matters are being opined upon for the Issuer and Center Parcs by Carey Olsen. Certain Cayman law legal matters are being opined upon for Center Parcs by Walkers. Certain Luxembourg law legal matters are being opined upon for Center Parcs by Allen & Overy Luxembourg.

INDEPENDENT AUDITORS

The financial statements of Propco for the years ended 31 December 2008 and 31 December 2009 and the 70 weeks ended 28 April 2011 and the financial statements of Opco for the 53 weeks ended 23 April 2009, 52 weeks ended 22 April 2010 and 53 weeks ended 28 April 2011 included in this Offering Circular have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports appearing herein.



LISTING AND GENERAL INFORMATION

Listing

- Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.

Clearing Information

- The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the ISIN for each class of Notes is as follows:

<u>Class</u>	<u>Common Code</u>	<u>ISIN</u>
A1	074935036	XS0749350368
A2	074935079	XS0749350798
B	074935109	XS0749351093

The Notes

- The issue of the Notes will be authorised by a resolution of the Board of Directors of the Issuer passed on 20 February 2012.
- It is expected that the admission of the Notes to the Official List of the Irish Stock Exchange and trading on its regulated market will be granted on 28 February 2012, subject only to the issue of the Temporary Global Notes. The listing of the Notes will be cancelled if any of the Temporary Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.
- So long as the Notes are admitted to the Irish Stock Exchange's Official List and trading on its regulated market, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Principal Paying Agent. The Issuer does not publish interim accounts.
- The Issuer or the Issuer Parent has not been involved in any governmental, legal or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position or profitability, nor is the Issuer aware that any such proceedings are pending or threatened. Neither Center Parcs (Holdings 1) Limited or any of the Obligors are involved in any governmental, legal or arbitration proceedings which may have, or have had, since 5 January 2012 a significant effect on the Obligor Group's financial position or profitability, nor is the Obligor Group aware that any such proceedings are pending or threatened.
- Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in its ordinary course of business other than the Subscription Agreement, being a contract entered into other than in its ordinary course of business.
- CBRE Limited have given and not withdrawn their written consent to the inclusion herein of their reports or references to their report, as applicable in the form and context in which they appear.
- Save as disclosed herein, since 20 July 2011 (being the date of incorporation of the Issuer), there has been: (a) no material adverse change in the financial position or prospects of the Issuer or the Issuer Parent and (b) no significant change in the trading or financial position of the Issuer or the Issuer Parent. Save as disclosed herein, since 28 April 2011 (being the date up to which the Consolidated Financial Statements are made) there has been (a) no material adverse change in the financial position or prospects of Opco and (b) no significant change in the trading or financial position of Opco. Save as disclosed herein, since 28 April 2011 (being the date up to which the Consolidated Financial Statements are made) there has been: (a) no material adverse change in the financial position or prospects of Propco; and (b) no significant change in the trading or financial position of Propco.
- Save as disclosed herein, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
- Copies of the following documents may be inspected in physical form (or following production of evidence of holding to the satisfaction of the Issuer by the relevant investor in electronic form) during



usual business hours on any weekday (excluding Saturdays and public holidays) at the registered offices of the Issuer from the date of this Offering Circular and for so long as the Notes are listed on the Irish Stock Exchange:

- (a) the Memorandum and Articles of Association of each of the Issuer and the Issuer Parent;
 - (b) the Memorandum and Articles of Association of Topco and each of the Obligors;
 - (c) copies of the following Transaction Documents:
 - (i) Note Trust Deed;
 - (ii) Issuer Deed of Charge;
 - (iii) Agency Agreement;
 - (iv) Liquidity Facility Agreement;
 - (v) Class A Issuer/Borrower Loan Agreement;
 - (vi) Class B Issuer/Borrower Loan Agreement;
 - (vii) Borrower Deed of Charge;
 - (viii) Security Interest Agreement;
 - (ix) any Longleat Legal Charge;
 - (x) Borrower Account Bank Agreement;
 - (xi) Cash Management Agreement;
 - (xii) Issuer Account Bank Agreement;
 - (xiii) Tax Deed of Covenant;
 - (xiv) Working Capital Facility Agreement;
 - (xv) Intercreditor Agreement;
 - (xvi) Issuer Corporate Services Agreement;
 - (xvii) Topco Payment Undertaking;
 - (xviii) Topco Share Security Agreement;
 - (xix) CP Cayman Security Agreement;
 - (xx) Master Definitions Schedule; and
 - (xxi) Issuer Jersey Corporate Services Agreement;
 - (d) the Valuation Reports; and
 - (e) the auditor's report and audited annual financial statements prepared in relation to the Opco Group for the 53 weeks ended 23 April 2009, 52 weeks ended 22 April 2010 and 53 weeks ended 28 April 2011 and in relation to the Propco Group for the years ended 31 December 2008 and 31 December 2009 and the 70 week period ended 28 April 2011.
12. No website referred to in this Offering Circular forms part of the document for the purposes of the listing of the Notes on the Irish Stock Exchange.
13. The total expenses to be paid in relation to admission of the Notes to the Irish Stock Exchange's Official List and trading on the regulated market of the Irish Stock Exchange are estimated to be approximately £5,000.
14. The Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.
15. The language of the Offering Circular is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Offering Circular.



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ANNEX 1

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CP Comet Holdings Limited

Annual report and financial statements

for the period ended 28 April 2011

Registered Number: 5781362



CP Comet Holdings Limited
Registered No. 5781362

DIRECTORS AND ADVISORS

DIRECTORS

MP Dalby
P Inglett
PH Stoll
A Valeri

SECRETARY

R Singh-Dehal

INDEPENDENT AUDITORS

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REGISTERED OFFICE

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Newark
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NG22 9DP



CP Comet Holdings Limited
DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 APRIL 2011

DIRECTORS' REPORT

The Directors present their annual report and audited consolidated financial statements for the 70-week period ended 28 April 2011 (2009: 53 weeks ended 31 December 2009).

During the period, the Company's accounting reference date was changed from 31 December to 22 April. Financial statements can be drawn up to seven days either side of the accounting reference date. The accounts of CP Comet Holdings Limited are typically drawn up to the Thursday nearest to the accounting reference date.

RESULTS AND DIVIDENDS

The consolidated loss for the period amounted to £20,134,000 (53 weeks ended 31 December 2009: profit of £4,657,000). The Directors do not recommend the payment of any dividends (53 weeks ended 31 December 2009: £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company during the period was that of a holding company.

The CP Comet Holdings Group owns investment properties in Nottinghamshire, Wiltshire, Suffolk and Cumbria that are leased to Center Parcs (Operating Company) Limited, a related party. The principal activities of the trading subsidiaries are those of investment property holding companies.

On 8 April 2010 the Group's long-term bank loans were renegotiated. As a result the maturity date of the loans was extended from October 2011 to October 2013. In addition, the margin on the Tranche A loan was increased by 1.76% and the margin on the Tranche B loan was increased by 1.26%. The Group also agreed not to pay any dividends until the loans are repaid. Costs of £9.4 million were incurred in respect of this renegotiation and have been charged to the profit and loss account during the period ended 28 April 2011. In addition, previously capitalised issue costs of £2.7 million have been written off to the profit and loss account in the period ended 28 April 2011.

The Directors have revalued the investment properties at the balance sheet date, resulting in an uplift of £97 million, which has been credited to the revaluation reserve.

DIRECTORS

The Directors who served during the period and up to the date of this report were as follows:

PH Stoll
MP Dalby
A Valeri
P Inglett (appointed 11 January 2010)

During the period the Group had in place Directors' and officers' insurance.

PRINCIPAL RISKS AND UNCERTAINTIES

The CP Comet Holdings Group's principal risk lies with the business of operating the Center Parcs villages. All four properties owned by the Group are leased to Center Parcs through its operating company, Center Parcs (Operating Company) Limited, making the Group dependant upon Center Parcs for its income stream.

KEY PERFORMANCE INDICATORS

The Group's business is simplistic in nature, comprising the rental of four individual properties, each contained in a separate company. To this end the Directors do not have a set of key performance indicators on which the business is monitored outside of the financial results.

FINANCIAL RISK MANAGEMENT

The financing of the Company is managed together with that of all other CP Comet Holdings Group companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the CP Comet Holdings Limited Group as set out below.



CP Comet Holdings Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE PERIOD ENDED 28 APRIL 2011

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.

The overall policy in respect of interest rates is to reduce the exposure to floating rates. The Group currently has interest rate swaps and caps in place, held by Comet Refico Limited.

Interest rate risk

The Group has in place floating rate debt as its primary funding source. In order to minimise exposure to interest rate fluctuations, the Group utilises interest rate swaps and caps to achieve a fixed interest rate.

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

CREDITOR PAYMENT POLICY AND PRACTICE

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. Due to the immaterial level of trade creditors at the period end and during the year no creditor days calculation is prepared.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company, and of the Group, and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

1. So far as the Director is aware there is no relevant audit information of which the Company's auditors are unaware;



CP Comet Holdings Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE PERIOD ENDED 28 APRIL 2011

2. The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors will be put to the Annual General Meeting.

By order of the board

P Inglett
Director
23 May 2011



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CP COMET HOLDINGS LIMITED

We have audited the Group and parent company financial statements (the "financial statements") of CP Comet Holdings Limited for the period ended 28 April 2011 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page F-5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 28 April 2011 and of the Group's loss and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Lyon BSc FCA (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
23 May 2011



CP Comet Holdings Limited
GROUP PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 28 APRIL 2011

GROUP PROFIT AND LOSS ACCOUNT
for the period ended 28 April 2011

	Notes	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
		£000	£000
TURNOVER	2	71,139	53,011
Administrative expenses		(1,317)	(1,238)
OPERATING PROFIT	3	69,822	51,773
Interest receivable and similar income	5	2,562	2,002
Interest payable and similar charges (includes exceptional costs of £12,063,000)	6	(97,091)	(51,812)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(24,707)	1,963
Tax on (loss)/profit on ordinary activities	7	4,573	2,694
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	16	(20,134)	4,657

All amounts relate to continuing activities.

There is no difference between the results above and the results prepared on a historical cost basis.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period ended 28 April 2011

	Notes	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
		£000	£000
(Loss)/profit for the period		(20,134)	4,657
Revaluation of investment properties	9	96,952	58,749
Total recognised gains and losses for the period		76,818	63,406



CP Comet Holdings Limited
Registered number: 5781362
GROUP BALANCE SHEET
AS AT 28 APRIL 2011

GROUP BALANCE SHEET
as at 28 April 2011

	Notes	28 April 2011 £000	31 December 2009 £000
FIXED ASSETS			
Intangible assets	8	12,317	13,386
Tangible assets	9	<u>937,983</u>	<u>841,031</u>
		950,300	854,417
CURRENT ASSETS			
Debtors	11	59,732	59,019
Cash at bank and in hand		<u>11,098</u>	<u>19,820</u>
		70,830	78,839
CREDITORS: amounts falling due within one year	12	<u>(55,070)</u>	<u>(60,417)</u>
NET CURRENT ASSETS		<u>15,760</u>	<u>18,422</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>966,060</u>	872,839
CREDITORS: amounts falling due after more than one year	13	<u>(862,951)</u>	(850,362)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7	<u>(5,921)</u>	<u>(2,107)</u>
NET ASSETS		<u><u>97,188</u></u>	<u><u>20,370</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Share premium account	16	9,999	9,999
Revaluation reserve	16	120,483	23,531
Profit and loss account	16	<u>(33,295)</u>	<u>(13,161)</u>
TOTAL SHAREHOLDERS' FUNDS	16	<u><u>97,188</u></u>	<u><u>20,370</u></u>

The financial statements on pages F-8 to F-22 were approved by the board of Directors on 23 May 2011 and were signed on its behalf by:

P Inglett
Director
23 May 2011



CP Comet Holdings Limited
Registered number: 5781362
COMPANY BALANCE SHEET
AS AT 28 APRIL 2011

COMPANY BALANCE SHEET
as at 28 April 2011

	<u>Notes</u>	<u>28 April 2011</u>	<u>31 December 2009</u>
		<u>£000</u>	<u>£000</u>
FIXED ASSETS			
Investments	10	<u>114,221</u>	114,221
CURRENT ASSETS			
Debtors	11	<u>3,971</u>	4,002
Cash at bank and in hand		<u>1</u>	1
		3,972	4,003
CREDITORS: amounts falling due within one year	12	<u>(24,564)</u>	(24,168)
NET CURRENT LIABILITIES		<u>(20,592)</u>	(20,165)
TOTAL ASSETS LESS CURRENT LIABILITIES		93,629	94,056
CREDITORS: amounts falling due after more than one year	13	<u>(114,848)</u>	(104,958)
NET LIABILITIES		<u>(21,219)</u>	(10,902)
CAPITAL AND RESERVES			
Called up share capital	15	<u>1</u>	1
Share premium account	16	<u>9,999</u>	9,999
Profit and loss account	16	<u>(31,219)</u>	(20,902)
TOTAL SHAREHOLDERS' DEFICIT	16	<u>(21,219)</u>	(10,902)

The financial statements on pages F-8 to F-22 were approved by the board of Directors on 23 May 2011 and were signed on its behalf by:

P Inglett
Director
23 May 2011



CP Comet Holdings Limited
GROUP CASH FLOW STATEMENT
FOR THE PERIOD ENDED 28 APRIL 2011

GROUP CASH FLOW STATEMENT
for the period ended 28 April 2011

	<u>Notes</u>	<u>70 weeks ended 28 April 2011</u>	<u>53 weeks ended 31 December 2009</u>
		<u>£000</u>	<u>£000</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(a)	67,588	45,830
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		2,949	1,917
Interest paid		(79,259)	(46,273)
Net cash outflow from returns on investments and servicing of finance		(76,310)	(44,356)
(DECREASE)/INCREASE IN CASH		(8,722)	1,474



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 APRIL 2011

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK Accounting Standards and the Companies Act 2006. However, compliance with SSAP19 "Accounting for Investment Properties" requires departure from the Companies Act 2006 relating to depreciation and an explanation of the departure is given below.

All accounting policies are consistent with the prior period.

The Directors have assessed the financial position of the Group at the end of the period. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a Going Concern basis.

Accounting reference date

During the period, the Company's accounting reference date was changed from 31 December to 22 April. Financial statements can be drawn up to seven days either side of the accounting reference date. The accounts of CP Comet Holdings Limited are typically drawn up to the Thursday nearest to the accounting reference date.

The financial statements have been drawn up for the 70 weeks ended 28 April 2011 (2009: 53 weeks ended 31 December 2009).

Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of CP Comet Holdings Limited and all of its subsidiary undertakings. The results of new subsidiary undertakings are included in the Group accounts from the date on which control transferred to the Group or, in the case of disposals, up to the effective date of the disposal. Transactions between Group companies are eliminated on consolidation.

The Company has taken advantage of the exemption permitted under section 408 of the Companies Act 2006 not to present its own profit and loss account. The result attributable to the members of the Company for the period amounts to a loss of £10,317,000 (53 weeks ended 31 December 2009: profit of £34,553,000).

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Goodwill is written off over a period of 20 years.

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the profit and loss account.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Investment properties

In accordance with SSAP19, investment properties are revalued at each balance sheet date and the aggregate surplus or temporary deficit is transferred to the revaluation reserve. External valuations are obtained in each fifth year. No depreciation is provided in respect of investment properties.

The Directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the period would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Fixed asset investments

Investments held as fixed assets are stated at cost and reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Dividends received from investments are accounted for in the profit and loss account when received.



CP Comet Holdings Limited
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Current and deferred taxation

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned;
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Related party transactions

The Group and Company have taken advantage of the exemption granted under FRS 8 not to disclose transactions between companies that are at least 90% owned by the Group. All such transactions are eliminated on consolidation.

Leases

Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease rental income is recorded as turnover and recognised based on the amount charged to related parties for the period.

Financial derivatives

The Group uses interest rate swaps and caps to hedge interest rate exposures. Interest charges in the profit and loss account reflect the impact of these instruments.

Financial derivatives are held at cost.

Issue costs of loans

The issue costs recognised in the profit and loss account in respect of capital instruments are allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Estimation techniques

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates are principally used when accounting for current and deferred taxation, and valuing the investment properties.

Exceptional items

Exceptional items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Group.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to related parties. Turnover relates to one continuing activity, the leasing of investment properties. All of the Group's business is performed in the United Kingdom.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE PERIOD ENDED 28 APRIL 2011

3. OPERATING PROFIT

This is stated after charging:

	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
	£000	£000
Fees payable to the Company's auditor:		
—for the audit of the parent company and consolidated accounts	15	15
—for the audit of subsidiary undertakings	15	15
Amortisation of goodwill	<u>1,069</u>	<u>817</u>

4. DIRECTORS' EMOLUMENTS AND STAFF COSTS

No payments were made to Directors for their services to the Company during the period (53 weeks ended 31 December 2009: £nil). Remuneration of £nil (53 weeks ended 31 December 2009: £nil) was received by the Directors for services provided to subsidiary undertakings of the Company.

The Directors were the only employees during the period. The monthly average number of employees during the period was 4 (53 weeks ended 31 December 2009: 4).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
	£000	£000
Bank interest receivable	24	16
Other interest receivable	<u>2,538</u>	<u>1,986</u>
	<u>2,562</u>	<u>2,002</u>

In 2007 the debt of the Group was securitised. The Group is entitled to 50% of the interest differential resulting from the securitisation. During the period £2,538,000 (53 weeks ended 31 December 2009: £1,986,000) such income was receivable.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
	£000	£000
Loan interest payable	75,138	43,539
Investor loan note interest payable	9,890	6,694
Amortisation of issue costs	—	1,579
	<u>85,028</u>	<u>51,812</u>
Exceptional costs		
Fees paid on renegotiation of long-term loans (note 14)	9,364	—
Write-off and amortisation of issue costs (note 14)	<u>2,699</u>	—
	<u>12,063</u>	—
Total interest payable and similar charges	<u>97,091</u>	<u>51,812</u>



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE PERIOD ENDED 28 APRIL 2011

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

(a) Tax on (loss)/profit on ordinary activities

The tax credit is made up as follows:

	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
	£000	£000
<i>Current tax:</i>		
UK Corporation tax	(8,191)	(4,152)
UK Corporation tax in respect of prior periods	(196)	856
	<u>(8,387)</u>	<u>(3,296)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	3,814	602
Tax credit on (loss)/profit on ordinary activities	<u>(4,573)</u>	<u>(2,694)</u>

(b) Factors affecting the tax credit

The tax assessed for the period is lower (53 weeks ended 31 December 2009: lower) than that resulting from applying the standard rate of corporation tax in the UK of 28% (53 weeks ended 31 December 2009: 28%). The difference is reconciled below:

	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
	£000	£000
(Loss)/profit on ordinary activities before taxation	(24,707)	1,963
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (53 weeks ended 31 December 2009: 28%)	(6,918)	550
Tax losses utilised	(1,242)	(1,576)
Capital allowances	(3,562)	(3,804)
Expenses not deductible for tax purposes	3,066	228
Permanent difference in respect of transfer pricing adjustment	465	450
Adjustment in respect of prior periods	(196)	856
Current tax credit for the period (note 7(a))	<u>(8,387)</u>	<u>(3,296)</u>

(c) Deferred tax—Group

	28 April 2011	31 December 2009
	£000	£000
Tax losses	—	1,232
Capital allowances	(5,921)	(3,339)
Deferred tax provision	<u>(5,921)</u>	<u>(2,107)</u>
	70 weeks ended 28 April 2011	53 weeks ended 31 December 2009
	£000	£000
At beginning of the period	(2,107)	(1,505)
Charged to the profit and loss account	(3,814)	(602)
At end of the period	<u>(5,921)</u>	<u>(2,107)</u>

A deferred tax asset has not been recognised in respect of tax losses carried forward within the Group where it is probable that the asset will not be recovered. The amount of the asset not recognised is £5,577,478 (31 December 2009: £5,998,319). The asset would be recognised if sufficient taxable profits arise in the future.



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NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
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(d) Deferred tax—Company

	<u>28 April 2011</u>	<u>31 December 2009</u>
	£000	£000
Short term timing differences	—	—
Deferred tax asset	—	—
	=	=
	<u>70 weeks ended 28 April 2011</u>	<u>53 weeks ended 31 December 2009</u>
	£000	£000
At beginning of the period	—	—
Charged to the profit and loss account	—	—
At end of the period	—	—
	=	=

A deferred tax asset has not been recognised in respect of timing differences where it is probable that the asset will not be recovered. The amount of the asset not recognised is £2,364,953 (31 December 2009: £2,545,905). The asset would be recognised if sufficient taxable profits arise in the future.

Change of corporation tax rate and factors that may affect future tax charges

The Finance Act 2010 reduced the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. The March 2011 UK Budget statement announced a further reduction to 26% which was enacted on 29 March 2011. These changes were substantively enacted at the balance sheet date and hence are reflected in these financial statements.

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2011 Budget statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes to be enacted by the Finance Act 2011 would be to reduce the deferred tax liability provided at the balance sheet date by £227,734. This £227,734 decrease in the deferred tax liability would increase profit by £227,734. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 26% to 25% with effect from 1 April 2012.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted each year. The overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax liability by an additional £455,468 (being £227,734 recognised in 2013 and £227,734 recognised in 2014).

8. INTANGIBLE FIXED ASSETS

Group

	<u>Goodwill</u>
	£000
Cost:	
At 1 January 2010 and 28 April 2011	<u>16,348</u>
Amortisation:	
At 1 January 2010	2,962
Amortisation in the period	<u>1,069</u>
At 28 April 2011	<u>4,031</u>
Net book amount:	
At 28 April 2011	<u>12,317</u>
At 31 December 2009	<u>13,386</u>



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Goodwill is being amortised on a straight line basis over the Directors' estimate of its useful economic life of 20 years.

9. TANGIBLE FIXED ASSETS

Group

	Investment properties
	£000
Valuation	
At 1 January 2010	841,031
Revaluation	96,952
At 28 April 2011	937,983
Net book value:	
At 28 April 2011	937,983
At 31 December 2009	841,031

The investment properties have been valued at 28 April 2011 by the Directors using a model and advice provided by external advisors. The approach taken is consistent with prior periods. The valuation at 28 April 2011 has resulted in an increase in value of £97.0 million, which has been recognised in the revaluation reserve.

The historical cost of the investment properties included at valuation is £817,500,000 (31 December 2009: £817,500,000). No provision has been made for the capital gains that could arise if these properties were to be disposed of at book value. Such tax would only become payable if the properties were sold.

10. INVESTMENTS

<u>Company</u>	Investments in subsidiary undertakings
	£000
<i>Cost</i>	
At 1 January 2010 and 28 April 2011	114,221
<i>Net book value</i>	
At 28 April 2011	114,221
At 31 December 2009	114,221

Investments represent 100% of the ordinary share capital of CP Comet Bidco Limited, a company registered in England and Wales. The principal activity of CP Comet Bidco Limited is that of an intermediate holding company. At 28 April 2011 the net assets of CP Comet Bidco Limited were £110.5 million (31 December 2009: £109.3 million) and its profit before tax for the period then ended was £1.2 million (53 weeks ended 31 December 2009: profit of £33.9 million).

The net book value represents the recoverable amount of the investment in the view of the Directors.

11. DEBTORS

<u>Group</u>	28 April 2011	31 December 2009
	£000	£000
Amounts due from related parties	59,328	59,019
Prepayments	404	—
	59,732	59,019



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
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<u>Company</u>	<u>28 April 2011</u>	<u>31 December 2009</u>
	<u>£000</u>	<u>£000</u>
Amounts due from Group companies	3,922	3,922
Amounts due from related parties	49	80
	<u>3,971</u>	<u>4,002</u>

The amounts due from related parties are in respect of companies within the Forest Holdco Limited group of companies.

Amounts due from related parties and Group companies are interest-free, unsecured and repayable on demand.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<u>Group</u>	<u>28 April 2011</u>	<u>31 December 2009</u>
	<u>£000</u>	<u>£000</u>
Trade creditors	177	177
Other taxation and social security	2,395	2,020
Amounts due to related parties	40,035	38,459
Accruals and deferred income	12,463	19,761
	<u>55,070</u>	<u>60,417</u>

The amounts due to related parties are in respect of companies within the Forest Holdco Limited group of companies. Amounts due to related parties are interest-free, unsecured and repayable on demand.

<u>Company</u>	<u>28 April 2011</u>	<u>31 December 2009</u>
	<u>£000</u>	<u>£000</u>
Trade creditors	177	177
Amounts owed to Group companies	24,338	23,824
Accruals and deferred income	49	167
	<u>24,564</u>	<u>24,168</u>

Amounts owed to Group companies represent an unsecured loan from CP Comet Bidco Limited of £21,756,000 (31 December 2009: £21,756,000) and the accumulated interest. Interest accrues on the loan at LIBOR plus 1.22%. This loan is repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<u>Group</u>	<u>28 April 2011</u>	<u>31 December 2009</u>
	<u>£000</u>	<u>£000</u>
Bank loans (note 14)	739,103	736,404
Amounts owed to related parties	114,848	104,958
Other creditors	9,000	9,000
	<u>862,951</u>	<u>850,362</u>

Included within amounts owed to related parties are loans of £50.0 million (31 December 2009: £50.0 million) and £33.7 million (31 December 2009: £33.7 million) due to UK Parcs Holdings Sarl (a company registered in Luxembourg) and CP Cayman Limited (a company registered in the Cayman Islands) respectively. The £50 million loan notes bear interest at a compound rate of 10% and accrued interest of £9.9 million during the period (53 weeks ended 31 December 2009: £6.7 million). The CP Cayman Limited loan is interest free. Both loans are unsecured.



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The other creditor of £9,000,000 (31 December 2009: £9,000,000) is in respect of rental deposits repayable to Center Parcs (Operating Company) Limited upon expiration of the lease terms. The deposits are interest free. £2.9 million of the deposits are due to be repaid in October 2017 with the balance in October 2020.

<u>Company</u>	<u>28 April 2011</u>	<u>31 December 2009</u>
	£000	£000
Amounts owed to Group companies	<u>114,848</u>	<u>104,958</u>

14. LOANS

<u>Group</u>	<u>28 April 2011</u>	<u>31 December 2009</u>
	£000	£000
Wholly repayable within five years:		
Senior A bank loan at LIBOR plus 2.98% (2009: 1.22%) per annum	530,676	530,676
Senior B bank loan at LIBOR plus 3.50% (2009: 2.24%) per annum	<u>208,427</u>	<u>208,427</u>
	<u>739,103</u>	<u>739,103</u>
Amounts repayable:		
In one to two years	—	739,103
In two to five years	<u>739,103</u>	—
Less: unamortised issue costs	—	<u>(2,699)</u>
	<u>739,103</u>	<u>736,404</u>

The loans are part of an overall £1,032 million facility made available to the Group together with the Forest Holdco Limited group of companies. This group operates the four Center Parcs villages on the properties held by the CP Comet Holdings Limited group. The total facility was drawn down across the two groups on 14 December 2006. The loans were originally repayable in October 2011 and were split into three Tranches as follows:

Senior A	£682 million facility bearing interest at LIBOR plus 0.8%
Senior B	£250 million facility bearing interest at LIBOR plus 2.5%
Senior C	£100 million facility bearing interest at LIBOR plus 3.75%

Subsequently, the Senior C loan was redesignated as Senior A and B loans and the margin on the Senior A and B loans adjusted to 1.22% and 2.24% respectively.

On 8 April 2010 the loans were renegotiated. As a result the maturity date of the loans was extended from October 2011 to October 2013. In addition, the margin on the Tranche A loan was increased by 1.76% and the margin on the Tranche B loan was increased by 1.26%.

The renegotiation of debt substantially changed the terms of the debt instrument and hence £2,699,000 of capitalised issue costs were amortised or written off to the profit and loss account during the period. In addition, costs of £9,364,000 in relation to the refinancing were also written off to the profit and loss account during the period.

Interest rate swaps and caps

At the balance sheet date the Group had in place interest rate swaps and caps. The notional values were £670,357,000 (31 December 2009: £683,579,000) and £40,974,226 (31 December 2009: £42,714,849) respectively. The interest rate swap fixes the interest rate at 4.925% until 2029 on an amortising notional balance. The interest rate cap limits the interest rate at 6% until October 2013 on an accreting balance.

At the balance sheet date the fair value of the interest rate swap was a liability of £87,069,000 (31 December 2009: liability of £68,814,534) and the fair value of the interest rate cap was a liability of £20,000 (31 December 2009: liability of £148,000).



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE PERIOD ENDED 28 APRIL 2011

15. SHARE CAPITAL

<u>Allotted, called up and fully paid</u>	<u>28 April 2011</u>	<u>28 April 2011</u>	<u>31 December 2009</u>	<u>31 December 2009</u>
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

16. RESERVES AND RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)

<u>Group</u>	<u>Share capital</u>	<u>Share premium account</u>	<u>Revaluation reserve</u>	<u>Profit and loss account</u>	<u>Total shareholders' funds/ (deficit)</u>
	£000	£000	£000	£000	£000
At 1 January 2009	1	9,999	—	(53,036)	(43,036)
Profit for the period	—	—	—	4,657	4,657
Revaluation of investment properties	—	—	23,531	35,218	58,749
At 31 December 2009	<u>1</u>	<u>9,999</u>	<u>23,531</u>	<u>(13,161)</u>	<u>20,370</u>
Loss for the period	—	—	—	(20,134)	(20,134)
Revaluation of investment properties	—	—	96,952	—	96,952
At 28 April 2011	<u>1</u>	<u>9,999</u>	<u>120,483</u>	<u>(33,295)</u>	<u>97,188</u>

<u>Company</u>	<u>Share capital</u>	<u>Share premium account</u>	<u>Profit and loss account</u>	<u>Total shareholders' deficit</u>
	£000	£000	£000	£000
At 1 January 2009	1	9,999	(55,455)	(45,455)
Profit for the period	—	—	34,553	34,553
At 31 December 2009	<u>1</u>	<u>9,999</u>	<u>(20,902)</u>	<u>(10,902)</u>
Loss for the period	—	—	(10,317)	(10,317)
At 28 April 2011	<u>1</u>	<u>9,999</u>	<u>(31,219)</u>	<u>(21,219)</u>

17. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<u>70 weeks ended 28 April 2011</u>	<u>53 weeks ended 31 December 2009</u>
	£000	£000
Operating profit	<u>69,822</u>	51,773
Movement in debtors	(284)	(6,421)
Movement in creditors	(3,019)	(339)
Amortisation of goodwill	<u>1,069</u>	817
Net cash inflow from operating activities	<u>67,588</u>	<u>45,830</u>

(b) Analysis of changes in net debt

	<u>At 1 January 2010</u>	<u>Cash flows</u>	<u>Non-cash movements</u>	<u>At 28 April 2011</u>
	£000	£000	£000	£000
Cash at bank and in hand	19,820	(8,722)	—	<u>11,098</u>
Long term bank loans	(736,404)	—	(2,699)	<u>(739,103)</u>
Loan notes	(71,270)	—	(9,890)	<u>(81,160)</u>
Shareholder loans	(33,688)	—	—	<u>(33,688)</u>
	<u>(821,542)</u>	<u>(8,722)</u>	<u>(12,589)</u>	<u>(842,853)</u>



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NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
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18. CAPITAL COMMITMENTS

Neither the Group nor the Company had capital commitments at 28 April 2011 (31 December 2009: £nil).

19. RELATED PARTIES

During the period the Company and Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding at 28 April 2011, are as follows:

<u>Related party</u>	<u>Expenses incurred or paid to related party</u>	<u>Income from related party</u>	<u>Amounts owed by related party</u>	<u>Amounts owed to related party</u>
	£000	£000	£000	£000
Group at 28 April 2011				
Center Parcs (Operating Company) Limited	—	71,139	55,320	9,403
Forest Refico Limited	—	—	1,174	39,632
Center Parcs (Jersey) 1 Limited	—	—	2,834	—
UK Parcs Holdings Sarl	9,890	—	—	81,160
CP Cayman Limited	—	—	—	33,688
	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,688</u>
Group at 31 December 2009				
Center Parcs (Operating Company) Limited	—	53,011	58,773	9,000
Forest Refico Limited	—	—	—	38,459
Center Parcs (Jersey) 1 Limited	—	—	246	—
UK Parcs Holdings Sarl	6,694	—	—	71,270
CP Cayman Limited	—	—	—	33,688
	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,688</u>
Company at 28 April 2011				
Center Parcs (Operating Company) Limited	—	—	49	—
UK Parcs Holdings Sarl	9,890	—	—	81,160
CP Cayman Limited	—	—	—	33,688
	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,688</u>
Company at 31 December 2009				
Center Parcs (Operating Company) Limited	—	—	80	—
UK Parcs Holdings Sarl	6,694	—	—	71,270
CP Cayman Limited	—	—	—	33,688
	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,688</u>

Center Parcs (Operating Company) Limited, Forest Refico Limited and Center Parcs (Jersey) 1 Limited have the same ultimate controlling party, being funds operated by The Blackstone Group. The four properties owned by the CP Comet Holdings Limited Group are all leased to Center Parcs (Operating Company) Limited and the Group derives all its trading income from these leases.

UK Parcs Holdings Sarl has the same parent company as the Group, CP Cayman Limited. As described in Note 13 the Group and Company had a loan with this company during the period.

CP Cayman Limited is the immediate parent company of the Group. During the period the Group and Company had a loan with this company as described in Note 13.

During the period the Group surrendered tax losses to Center Parcs (Operating Company) Limited and Center Parcs (Jersey) 1 Limited. At the balance sheet date consideration for these losses remained outstanding. In addition, £9,364,000 of fees relating to the renegotiation of the CP Comet Holdings Group's long-term loans were paid by Center Parcs (Operating Company) Limited and recharged to the Group, together with a number of smaller transactions.

Leases to related parties

The Group has four leases in place with Center Parcs (Operating Company) Limited. The leases on the Nottinghamshire, Suffolk and Cumbria properties expire on 13 November 2020 and the lease on the Wiltshire property expires on 13 November 2017. Total rental income during the period was £71,139,000 (53 weeks ended 31 December 2009: £53,011,000). The rental charge increases annually by the higher of 3% and RPI.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
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20. SUBSIDIARY UNDERTAKINGS

The share capital of the subsidiary undertakings is designated, with minor exceptions, as ordinary shares.

All shareholdings represent 100% of the equity and the voting rights. The shares of subsidiary undertakings marked * are held by subsidiary undertakings of the Company.

All subsidiaries have been included in the consolidated financial statements.

<u>Subsidiary undertaking</u>	<u>Activity</u>	<u>Country of Incorporation</u>
CP Comet Bidco Limited	Intermediate holding company	England and Wales
Comet Refico Limited*	Intermediate holding company	England and Wales
Sun CP Newportco Limited*	Intermediate holding company	England and Wales
Sun CP Newmidco Limited*	Intermediate holding company	England and Wales
Sun CP Topco Limited*	Non-trading	England and Wales
Sun CP Midco Limited*	Non-trading	England and Wales
Sun CP Asset Management Limited*	Non-trading	England and Wales
Sun CP Properties Limited*	Non-trading	England and Wales
Carp (Jersey) 2 Limited*	Non-trading	Jersey, Channel Islands
CP (Oasis Property) Limited*	Investment property company	England and Wales
CP (Sherwood Property) Limited*	Investment property company	England and Wales
Longleat Property Limited*	Investment property company	England and Wales
Elveden Property Limited*	Investment property company	England and Wales
Carp E*	Non-trading	England and Wales
Carp (H) Limited*	Non-trading	England and Wales
Carp (CP) Limited*	Non-trading	England and Wales
Carp (UK) 1 Limited*	Non-trading	England and Wales
Carp (UK) 2 Limited*	Non-trading	England and Wales
Carp (UK) 3 Limited*	Non-trading	England and Wales
Carp (O) Limited*	Non-trading	England and Wales
Carp (UK) 3A Limited*	Non-trading	England and Wales
Carp (L) Limited*	Non-trading	England and Wales
Carp (NW) Limited*	Non-trading	England and Wales
Carp (S) Limited*	Non-trading	England and Wales

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTIES

The immediate parent company is CP Cayman Limited, registered in the Cayman Islands. The Directors regard CP Cayman Holdings GP Limited, registered in the Cayman Islands, to be the ultimate holding company. The ultimate controlling parties are funds advised by The Blackstone Group. There is no group which consolidates the CP Comet Holdings Limited Group.



CP Comet Holdings Limited

Annual report and financial statements

for the year ended 31 December 2009

Registered Number: 5781362



CP Comet Holdings Limited
Registered No. 5781362

DIRECTORS AND ADVISORS

DIRECTORS

MP Dalby
P Inglett
PH Stoll
A Valeri

SECRETARY

R Singh-Dehal

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS

The Royal Bank of Scotland Plc
5th Floor
135 Bishopsgate
London
EC2M 3UR

SOLICITORS

Simpson Thatcher Bartlett
City Point
One Ropemaker Street
London
EC2Y 9HU

REGISTERED OFFICE

One Edison Rise
New Ollerton
Newark
Notts
NG22 9DP



CP Comet Holdings Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS' REPORT

The directors present their consolidated report and audited financial statements for the year ended 31 December 2009.

RESULTS AND DIVIDENDS

The consolidated profit for the year amounted to £4,657,000 (2008: loss of £38,162,000). The directors do not recommend the payment of any dividends (2008: £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the year was that of a holding company.

The principal activities of the trading subsidiaries are those of investment property holding companies.

During the year the Directors reviewed the carrying value of investments held. As a result, it was considered appropriate to reverse the provision made against investments in prior years. In the view of the directors there has been a change in economic conditions which has permitted the impairment provision to be reversed.

The group owns investment properties in Nottinghamshire, Wiltshire, Suffolk and Cumbria that are leased to Center Parcs (Operating Company) Limited.

FUTURE DEVELOPMENTS

The directors anticipate that the group will continue to operate in its current format for the foreseeable future.

DIRECTORS

The directors who served during the year and up to the date of this report were as follows:

PH Stoll	
MP Dalby	
MR France	(resigned 31 December 2009)
A Valeri	
P Inglett	(appointed 11 January 2010)

During the year the Group had in place directors' and officers' insurance.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risk lies with the business of Center Parcs. All four properties owned by the group are leased to Center Parcs through its operating company, Center Parcs (Operating Company) Limited, making the group dependant upon Center Parcs for its income stream.

KEY PERFORMANCE INDICATORS

The Group's business is simplistic in nature, comprising the rental of four individual properties, each contained in a separate company. To this end the directors do not have a set of key performance indicators on which the business is monitored outside of the financial results.

FINANCIAL RISK MANAGEMENT

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the CP Comet Holdings Limited Group as set out below.

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.



CP Comet Holdings Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

The overall policy in respect of interest rates is to reduce the exposure to floating rates. The Group currently has interest rate swaps and caps in place, held by Comet Refico Limited.

Interest rate risk

The Group has in place floating rate debt as its primary funding source. In order to minimise exposure to interest rate fluctuations, the Group utilises interest rate swaps and caps to achieve a fixed interest rate.

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

CREDITOR PAYMENT POLICY AND PRACTICE

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. Due to the level of trade creditors at the year end and during the year no creditor days calculation is disclosed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company, and of the group, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



CP Comet Holdings Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

1. So far as the director is aware there is no relevant audit information of which the company's auditors are unaware;
2. The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors will put to the Annual General Meeting.

POST BALANCE SHEET EVENT

On 8 April 2010 the group's long term bank loans were renegotiated. As a result the maturity date of the loans was extended from October 2011 to October 2013. In addition the margin on the Tranche A loan was increased by 1.76% and the margin on the Tranche B loan increased by 1.26%. The Group also agreed not to pay any dividends until the loans are repaid. Costs of £9.4 million were incurred in this renegotiation and have been charged to the profit and loss account during 2010. Additionally previously capitalised costs of £2.7 million have been written off to the profit and loss account in 2010.

By order of the board

P Inglett
Director
30 June 2010



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CP COMET HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of CP Comet Holdings Limited for the year ended 31 December 2009 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of cash flows, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page F-26 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2009 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Roy Tandy (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
30 June 2010



CP Comet Holdings Limited
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
		£000	£000
TURNOVER	2	53,011	49,948
Administrative expenses		<u>(1,238)</u>	<u>(1,094)</u>
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		51,773	48,854
Exceptional items	3	—	(959)
OPERATING PROFIT	3	51,773	47,895
Provision against investment properties	9	—	(35,218)
Interest receivable and similar income	5	2,002	2,663
Interest payable and similar charges	6	<u>(51,812)</u>	<u>(53,653)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,963	(38,313)
Tax credit on profit/(loss) on ordinary activities	7	<u>2,694</u>	<u>151</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16	<u>4,657</u>	<u>(38,162)</u>

All amounts relate to continuing activities.

There is no difference between the results above and the results prepared on a historical cost basis.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2009

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
		£000	£000
Profit/(loss) for the year		4,657	(38,162)
Revaluation of investment properties	9	<u>58,749</u>	<u>(102,185)</u>
Total recognised gains and losses for the year		<u>63,406</u>	<u>(140,347)</u>



CP Comet Holdings Limited
Registered number: 5781362
GROUP BALANCE SHEET
AS AT 31 DECEMBER 2009

GROUP BALANCE SHEET
as at 31 December 2009

	Notes	2009 £000	2008 £000
FIXED ASSETS			
Intangible assets	8	13,386	14,203
Tangible assets	9	<u>841,031</u>	<u>782,282</u>
		854,417	796,485
CURRENT ASSETS			
Debtors	11	59,019	49,303
Cash at bank and in hand		<u>19,820</u>	<u>18,346</u>
		78,839	67,649
CREDITORS: amounts falling due within one year	12	<u>(60,417)</u>	<u>(63,576)</u>
NET CURRENT ASSETS		<u>18,422</u>	<u>4,073</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		872,839	800,558
CREDITORS: amounts falling due after more than one year	13	<u>(850,362)</u>	<u>(842,089)</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7	<u>(2,107)</u>	<u>(1,505)</u>
NET ASSETS/(LIABILITIES)		<u><u>20,370</u></u>	<u><u>(43,036)</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Share premium account	16	9,999	9,999
Revaluation reserve	16	23,531	—
Profit and loss account	16	<u>(13,161)</u>	<u>(53,036)</u>
TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)	16	<u><u>20,370</u></u>	<u><u>(43,036)</u></u>

The financial statements on pages F-29 to F-42 were approved by the board of directors on 30 June 2010 and were signed on its behalf by:

P Inglett
Director
30 June 2010



CP Comet Holdings Limited
Registered number: 5781362
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2009

COMPANY BALANCE SHEET
as at 31 December 2009

	Notes	2009 £000	2008 £000
FIXED ASSETS			
Investments	10	<u>114,221</u>	<u>75,421</u>
CURRENT ASSETS			
Debtors	11	<u>4,002</u>	823
Cash at bank and in hand		<u>1</u>	<u>1</u>
		4,003	823
CREDITORS: amounts falling due within one year	12	<u>(24,168)</u>	<u>(23,435)</u>
NET CURRENT LIABILITIES		<u>(20,165)</u>	<u>(22,612)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		94,056	52,809
CREDITORS: amounts falling due after more than one year	13	<u>(104,958)</u>	<u>(98,264)</u>
NET LIABILITIES		<u>(10,902)</u>	<u>(45,455)</u>
CAPITAL AND RESERVES			
Called up share capital	15	<u>1</u>	<u>1</u>
Share premium account	16	<u>9,999</u>	9,999
Profit and loss account	16	<u>(20,902)</u>	<u>(55,455)</u>
TOTAL SHAREHOLDERS' DEFICIT	16	<u>(10,902)</u>	<u>(45,455)</u>

The financial statements on pages F-29 to F-42 were approved by the board of directors on 30 June 2010 and were signed on its behalf by:

P Inglett
Director
30 June 2010



CP Comet Holdings Limited
GROUP STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2009

GROUP STATEMENT OF CASH FLOW
for the year ended 31 December 2009

	<u>Notes</u>	<u>Year ended 31 December 2009</u>	<u>Year ended 31 December 2008</u>
		<u>£000</u>	<u>£000</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(a)	45,830	44,708
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>1,917</u>	2,272
Interest paid		<u>(46,273)</u>	(47,772)
Net cash outflow from returns on investments and servicing of finance		<u>(44,356)</u>	(45,500)
NET CASH FLOW BEFORE FINANCING		<u>1,474</u>	(792)
FINANCING			
Net repayment of loan from related party		—	(10,220)
		—	(10,220)
INCREASE/(DECREASE) IN CASH		<u><u>1,474</u></u>	<u>(11,012)</u>



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK Accounting Standards and the Companies Act 2006. However, compliance with SSAP19 "Accounting for Investment Properties" requires departure from the Companies Act 2006 relating to depreciation and an explanation of the departure is given below.

Accounting reference date

The Group's accounting reference date is 31 December. The accounts have been drawn up for the 53 weeks ended 31 December 2009 (2008: 52 weeks ended 25 December 2008).

Basis of consolidation

The group financial statements consolidate the financial statements of CP Comet Holdings Limited and all its subsidiary undertakings for the year to 31 December 2009. The company has taken advantage of the exemption permitted under section 408 of the Companies Act 2006 not to present its own profit and loss account. The result attributable to the members of the company for the year amounts to a profit of £34,553,000 (2008: loss of £45,683,000).

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Goodwill is written off over a period of 20 years.

Tangible Fixed assets

All fixed assets are initially recorded at cost.

Investment properties

In accordance with SSAP19, investment properties are revalued annually and the aggregate surplus or temporary deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Fixed asset investments

Investments held as fixed assets are stated at cost and reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Dividends received from investments are brought to account in the profit and loss account when received.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

Related party transactions

The Group and company has taken advantage of the exemption granted under FRS 8 to not disclose transactions between group companies, which are at least 90% owned, which are eliminated on consolidation.

Lease accounting

Operating lease rental income is recorded as turnover and recognised on a straight line basis over the term of the lease.

Derivative instruments—Interest rate swaps and caps

The group uses interest rate swaps and caps to hedge interest rate exposures.

Interest differentials are recognised by accruing the net interest payable. Interest rate swaps and caps are not revalued to fair value or shown on the balance sheet at the period end. If they are terminated early, the gain/ loss is spread over the remaining maturity of the original instrument.

Issue costs of loans

The issue costs recognised in the profit and loss account in respect of capital instruments are allocated to periods over the terms of the instrument at a constant rate on the carrying amount.

Estimation techniques

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual amounts could differ from those estimates. Estimates are principally used when accounting for current and deferred taxation, valuing the investment properties and the estimation of fair values.

Exceptional items

Exceptional items are material items that derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to related parties. Turnover relates to one continuing activity, the leasing of investment properties. All of the group's business is performed in the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:

	<u>Year ended 31 December 2009</u>	<u>Year ended 31 December 2008</u>
	<u>£000</u>	<u>£000</u>
Auditors' remuneration—audit services		
Company	10	10
Subsidiary undertakings	20	25
Amortisation of goodwill	817	817
Exceptional item—securitisation fees	—	959
	<u> </u>	<u> </u>

Exceptional items relate to charges made for the securitisation of the group's bank loans in 2007. These amounts were recharged during 2008 from Center Parcs (Operating Company) Limited, a related party.

4. DIRECTORS' EMOLUMENTS AND STAFF COSTS

No payments were made to directors for their services to the company during the year (2008: £nil). Remuneration of £nil (2008: £3,077) was received by the directors for services provided to subsidiary undertakings and charged in those companies.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

The directors were the only employees during the year. The monthly average number of employees during the year was 4 (2008: 4).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2009	Year ended 31 December 2008
	<u>£000</u>	<u>£000</u>
Bank interest receivable	16	505
Other interest receivable	1,986	2,158
	<u>2,002</u>	<u>2,663</u>

In 2007 the debt of the Group was securitised. The Group is entitled to 50% of the interest differential resulting from the securitisation. During the year £1,986,000 (2008: £2,158,000) such income was receivable.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2009	Year ended 31 December 2008
	<u>£000</u>	<u>£000</u>
Bank interest payable	43,539	46,132
Investor loan note interest payable	6,694	5,943
Amortisation of issue costs	1,579	1,578
	<u>51,812</u>	<u>53,653</u>

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Tax on profit/(loss) on ordinary activities

The tax credit is made up as follows:

	Year ended 31 December 2009	Year ended 31 December 2008
	<u>£000</u>	<u>£000</u>
<i>Current tax:</i>		
UK Corporation tax	(4,152)	(4,170)
UK Corporation tax in respect of prior periods	856	(4,482)
	<u>(3,296)</u>	<u>(8,652)</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	602	8,501
Tax credit on profit/(loss) on ordinary activities	<u>(2,694)</u>	<u>(151)</u>



CP Comet Holdings Limited
 NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2009

(b) Factors affecting the current tax credit

The tax assessed for the year is lower (2008: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 28%). The difference is reconciled below:

	Year ended 31 December 2009	Year ended 31 December 2008
	<u>£000</u>	<u>£000</u>
Profit/(loss) on ordinary activities before taxation	1,963	(38,313)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28%)	550	(10,728)
Tax losses utilised	(1,576)	(2,755)
Capital allowances	(3,804)	(2,609)
Expenses not deductible for tax purposes	228	12,022
Permanent difference in respect of transfer pricing adjustment	450	(100)
Adjustment in respect of prior years	856	(4,482)
Current tax credit for the year (note 7(a))	<u>(3,296)</u>	<u>(8,652)</u>

(c) Deferred tax—group liability

	2009	2008
	<u>£000</u>	<u>£000</u>
Tax losses	1,232	—
Capital allowances	(3,339)	(1,505)
Deferred tax provision	<u>(2,107)</u>	<u>(1,505)</u>

	Year ended 31 December 2009	Year ended 31 December 2008
	<u>£000</u>	<u>£000</u>
At beginning of year	(1,505)	6,996
Charged to the profit and loss account	(602)	(8,501)
At end of year	<u>(2,107)</u>	<u>(1,505)</u>

A deferred tax asset has not been recognised in respect of tax losses carried forward within the Group where it is probable that the asset will not be recovered. The amount of the asset not recognised is £5,998,319 (2008: £8,984,335). The asset would be recognised if sufficient taxable profits arise in the future.

(d) Deferred tax—company

	2009	2008
	<u>£000</u>	<u>£000</u>
Short term timing differences	—	—
Deferred tax asset	—	—

	Year ended 31 December 2009	Year ended 31 December 2008
	<u>£000</u>	<u>£000</u>
At beginning of year	—	222
Charged to the profit and loss account	—	(222)
At end of year	<u>—</u>	<u>—</u>

A deferred tax asset has not been recognised in respect of timing differences where it is probable that the asset will not be recovered. The amount of the asset not recognised is £2,545,905 (2008: £4,116,515). The asset would be recognised if sufficient taxable profits arise in the future.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

8. INTANGIBLE FIXED ASSETS

<u>Group</u>	<u>Goodwill</u> £000
Cost:	
At 1 January 2009 and 31 December 2009	<u>16,348</u>
Amortisation:	
At 1 January 2009	2,145
Amortisation in the year	817
At 31 December 2009	<u>2,962</u>
Net book amount:	
At 31 December 2009	<u>13,386</u>
At 31 December 2008	<u>14,203</u>

Goodwill is being amortised evenly over the directors' estimate of its useful economic life of 20 years.

9. TANGIBLE FIXED ASSETS

<u>Group</u>	<u>Investment properties</u> £000
Valuation	
At 1 January 2009	782,282
Revaluation	58,749
At 31 December 2009	<u>841,031</u>
Net book value:	
At 31 December 2009	<u>841,031</u>
At 31 December 2008	<u>782,282</u>

The investment properties have been valued by the directors on the basis of the current and potential future rental streams using appropriate property yields and contractual rental increases based on the current lease. The valuation at 31 December 2009 has resulted in an increase in value of £58.7 million. £23.5 million has been posted to the revaluation reserve with the balance of £35.2 million being included in the profit and loss reserve in the year.

The historical cost of the investment properties included at valuation is £817,500,000 (2008: £817,500,000). No provision has been made for the capital gains that could arise if these properties were to be disposed of at book value. Such tax would only become payable if the properties were sold.

10. INVESTMENTS

<u>Company</u>	<u>Investments in subsidiary undertakings</u> £000
<i>Cost</i>	
At 1 January 2009 and 31 December 2009	<u>114,221</u>
<i>Provision</i>	
At 1 January 2009	38,800
Reversal in the year	(38,800)
At 31 December 2009	—
<i>Net book value</i>	
At 31 December 2009	<u>114,221</u>
At 31 December 2008	<u>75,421</u>

Investments relate to 100% of the ordinary share capital of CP Comet Bidco Limited, registered in England and Wales. The principal activity of CP Comet Bidco Limited is that of an intermediate holding company. At 31 December 2009 the net assets of CP Comet Bidco Limited were £109.3 million (2008: £75.4 million) and its profit before tax for the year then ended was £33.9 million (2008: loss of £28.8 million).



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

The provision made in prior years against investments totaling £38,800,000 was reversed during the period and the net book value represents the recoverable amount of the investment in the view of the directors. In the view of the directors there has been a change in economic conditions which has permitted the impairment provision to be reversed.

11. DEBTORS

<u>Group</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Amounts due from related parties	59,019	49,303
	<u>59,019</u>	<u>49,303</u>

The amounts due from related parties are in respect of companies within the Forest Holdco Limited group of companies.

<u>Company</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Amounts due from subsidiary companies	3,922	363
Amounts due from related parties	80	459
	<u>4,002</u>	<u>822</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<u>Group</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Trade creditors	177	177
Other taxation and social security costs	2,020	1,976
Amounts due to related parties	38,459	38,459
Accruals and deferred income	19,761	22,964
	<u>60,417</u>	<u>63,576</u>

The amounts due to related parties are in respect of Forest Refico Limited a company within the Forest Holdco Limited group of companies.

<u>Company</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Trade creditors	177	177
Amounts owed to Group Companies	23,824	23,236
Accruals and deferred income	167	22
	<u>24,168</u>	<u>23,435</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<u>Group</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Bank loans (note 14)	736,404	734,825
Amounts owed to Group Companies	104,958	98,264
Other creditors	9,000	9,000
	<u>850,362</u>	<u>842,089</u>

Included within amounts owed to group companies are loans of £50.0 million (2008: £50.0 million) and £33.7 million (2008: £33.7 million) due to UK Parks Holdings Sarl (a company registered in Luxembourg) and CP Cayman Limited (a company registered in the Cayman Islands) respectively. The £50 million loan notes bear interest at a compound rate of 10% and have accrued interest of £6.7 million during the year (2008: £5.9 million). The CP Cayman Limited loan is interest free. Both loans are unsecured.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

The other creditor of £9,000,000 (2008: £9,000,000) is in respect of rental deposits repayable to Center Parcs (Operating Company) Limited upon expiration of the lease terms. The deposits are interest free. £2.9 million of the deposits are due to be repaid in October 2017 with the balance in October 2020.

<u>Company</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Amounts owed to Group Companies	<u>104,958</u>	<u>98,264</u>

14. LOANS

<u>Group</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Wholly repayable within five years:		
£530,675,872 senior A bank loan at LIBOR plus 1.22% per annum	530,676	530,676
£208,427,013 senior B bank loan at LIBOR plus 2.24% per annum	208,427	208,427
	<u>739,103</u>	<u>739,103</u>
Amounts repayable:		
In one to two years	739,103	—
In two to five years	—	739,103
Less: unamortised issue costs	<u>(2,699)</u>	<u>(4,278)</u>
	<u>736,404</u>	<u>734,825</u>

The loans are part of an overall £1,032 million facility made available to the group together with the Forest Holdco Limited group of companies. This group operates the four Center Parcs villages on the properties held by the CP Comet Holdings Limited group. The total facility was drawn down across the two groups on 14 December 2006. The loans are repayable in October 2011 and were split into three Tranches as follows:

Senior A	£682 million facility bearing interest at LIBOR plus 0.8%
Senior B	£250 million facility bearing interest at LIBOR plus 2.5%
Senior C	£100 million facility bearing interest at LIBOR plus 3.75%

During 2007 the Senior C loan was redesignated as Senior A and B loans and the margin on the Senior A and B loans adjusted to 1.22% and 2.24% respectively.

During the year financing fees of £1,579,000 (2008: £1,578,000) have been amortised.

The loans are secured by a fixed and floating charge over the assets of the two groups.

Interest rate swaps and caps

At the balance sheet date the group had in place interest rate swaps and caps. The notional values were £683,579,168 (2008: £690,424,853) and £42,714,849 (2008: £41,889,474) respectively. The interest rate swap fixes the interest rate at 4.925% until 2029 on an amortising notional balance. The interest rate cap fixes the interest rate at 5.5% until January 2010 and at 6% until January 2012 on an accreting balance.

At the balance sheet date the interest rate swap had a fair value of (£68,814,534) (2008: (£114,513,948)) and the interest rate cap a fair value of (£148,000) (2008: £243,353).

15. SHARE CAPITAL

<u>Authorised</u>	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
	<u>No.</u>	<u>£000</u>	<u>No.</u>	<u>£000</u>
Ordinary shares of £1 each	<u>10,001,000</u>	<u>10,001</u>	<u>10,001,000</u>	<u>10,001</u>
<i>Allotted, called up and fully paid</i>				
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
	<u>No.</u>	<u>£ 000</u>	<u>No.</u>	<u>£ 000</u>
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>



CP Comet Holdings Limited
 NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2009

16. RESERVES AND RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS/ (DEFICIT)

<u>Group</u>	<u>Share capital</u> £000	<u>Share premium account</u> £000	<u>Revaluation reserve</u> £000	<u>Profit and loss account</u> £000	<u>Total shareholders' funds/(deficit)</u> £000
At 1 January 2008	1	9,999	102,185	(14,874)	97,311
Loss for the year	—	—	—	(38,162)	(38,162)
Revaluation of investment properties	—	—	(102,185)	—	(102,185)
At 31 December 2008	1	9,999	—	(53,036)	(43,036)
Profit for the year	—	—	—	4,657	4,657
Revaluation of investment properties	—	—	23,531	35,218	58,749
At 31 December 2009	<u>1</u>	<u>9,999</u>	<u>23,531</u>	<u>(13,161)</u>	<u>20,370</u>

<u>Company</u>	<u>Share capital</u> £000	<u>Share premium account</u> £000	<u>Profit and loss account</u> £000	<u>Total shareholders' funds/(deficit)</u> £000
At 1 January 2008	1	9,999	(9,772)	228
Loss for the year	—	—	(45,683)	(45,683)
At 31 December 2008	1	9,999	(55,455)	(45,455)
Profit for the year	—	—	34,553	34,553
At 31 December 2009	<u>1</u>	<u>9,999</u>	<u>(20,902)</u>	<u>(10,902)</u>

17. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<u>Year ended 31 December 2009</u> £000	<u>Year ended 31 December 2008</u> £000
Operating profit	51,773	47,895
Movement in debtors	(6,421)	(2,136)
Movement in creditors	(339)	(1,868)
Amortisation of goodwill	817	817
Net cash inflow from operating activities	<u>45,830</u>	<u>44,708</u>

(b) Reconciliation of net cash flow to movement in net debt

	<u>Year ended 31 December 2009</u> £000	<u>Year ended 31 December 2008</u> £000
Increase/(Decrease) in cash in the year	1,474	(11,012)
Net cash outflow from decrease in loans	—	10,220
Change in net debt resulting from cash flows	1,474	(792)
Amortisation of issue costs	(1,579)	(1,578)
Interest accrued, not paid	(6,694)	(5,943)
MOVEMENT IN NET DEBT	<u>(6,799)</u>	<u>(8,313)</u>
NET DEBT AT 31 DECEMBER 2008	<u>(814,743)</u>	<u>(806,430)</u>
NET DEBT AT 31 DECEMBER 2009	<u>(821,542)</u>	<u>(814,743)</u>



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

(c) Analysis of changes in net debt

	At 1 January 2009	Cash flows	Non-cash movements	At 31 December 2009
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cash at bank and in hand	18,346	1,474	—	<u>19,820</u>
Long term bank loans	(734,825)	—	(1,579)	<u>(736,404)</u>
Loan notes	(64,577)	—	(6,694)	<u>(71,271)</u>
Shareholder loans	(33,687)	—	—	<u>(33,687)</u>
	<u>(814,743)</u>	<u>1,474</u>	<u>(8,273)</u>	<u>(821,542)</u>

18. CAPITAL COMMITMENTS

Neither the group nor the company had capital commitments at 31 December 2009 (2008: £nil).

19. RELATED PARTIES

During the year the group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding at 31 December 2009, are as follows:

<u>Related party</u>	<u>Expenses incurred or paid to related party</u>	<u>Income from related party</u>	<u>Amounts owed by related party</u>	<u>Amounts owed to related party</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Group-2009				
Center Parcs (Operating Company) Limited	—	53,011	58,773	9,000
Forest Refico Limited	—	—	—	38,459
Center Parcs (Jersey) 1 Limited	—	—	246	—
UK Parcs Holdings Sarl	6,694	—	—	54,958
CP Cayman Limited	—	—	—	<u>50,000</u>
Group-2008				
Center Parcs (Operating Company) Limited	959	49,948	49,057	9,000
Forest Refico Limited	—	—	—	38,459
Center Parcs (Jersey) 1 Limited	—	—	246	—
UK Parcs Holdings Sarl	5,943	—	—	48,264
CP Cayman Limited	—	—	—	<u>50,000</u>
Company-2009				
Center Parcs (Operating Company) Limited	—	—	80	—
UK Parcs Holdings Sarl	6,694	—	—	54,958
CP Cayman Limited	—	—	—	<u>50,000</u>
Company-2008				
Center Parcs (Operating Company) Limited	—	—	459	—
UK Parcs Holdings Sarl	5,943	—	—	48,264
CP Cayman Limited	—	—	—	<u>50,000</u>

Center Parcs (Operating Company) Limited, Forest Refico Limited and Center Parcs (Jersey) 1 Limited have the same ultimate controlling party—funds operated by The Blackstone Group. The four properties owned by the CP Comet Holdings Limited Group are all leased to Center Parcs (Operating Company) Limited and the Group derives all its income from these leases.

UK Parcs Holdings Sarl has the same parent company as the group, CP Cayman Limited. As described in Note 13 the group and company had a loan with this company during the year.

CP Cayman Limited is the immediate parent company of the group. During the year the group and company had a loan with this company as described in Note 13.

During the year the group surrendered tax losses to Center Parcs (Operating Company) Limited. At the balance sheet date consideration for these losses was still outstanding.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

20. SUBSIDIARY UNDERTAKINGS

The share capital of the subsidiary undertakings is designated, with minor exceptions, as ordinary shares.

All shareholdings represent 100% of the equity and the voting rights. The shares of subsidiary undertakings marked * are held by subsidiary undertakings of the Company.

<u>Subsidiary undertaking</u>	<u>Activity</u>	<u>Country of Incorporation</u>
CP Comet Bidco Limited	Intermediate holding company	England and Wales
Comet Refico Limited*	Intermediate holding company	England and Wales
Sun CP Newtopco Limited*	Intermediate holding company	England and Wales
Sun CP Newmidco Limited*	Intermediate holding company	England and Wales
Sun CP Topco Limited *	Non-trading	England and Wales
Sun CP Midco Limited *	Non-trading	England and Wales
Sun CP Asset Management Limited *	Non-trading	England and Wales
Sun CP Properties Limited *	Non-trading	England and Wales
Carp (Jersey) 2 Limited *	Non-trading	Jersey, Channel Islands
CP (Oasis Property) Limited *	Investment property company	England and Wales
CP (Sherwood Property) Limited *	Investment property company	England and Wales
Longleat Property Limited *	Investment property company	England and Wales
Elveden Property Limited *	Investment property company	England and Wales
Carp E *	Non-trading	England and Wales
Carp (H) Limited *	Non-trading	England and Wales
Carp (CP) Limited *	Non-trading	England and Wales
Carp (UK) 1 Limited *	Non-trading	England and Wales
Carp (UK) 2 Limited *	Non-trading	England and Wales
Carp (UK) 3 Limited *	Non-trading	England and Wales
Carp (O) Limited *	Non-trading	England and Wales
Carp (UK) 3A Limited *	Non-trading	England and Wales
Carp (L) Limited *	Non-trading	England and Wales
Carp (NW) Limited *	Non-trading	England and Wales
Carp (S) Limited *	Non-trading	England and Wales

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTIES

The immediate parent company is CP Cayman Limited, registered in the Cayman Islands. The Directors regard CP Cayman Holdings GP Limited, registered in the Cayman Islands, to be the ultimate holding company. The ultimate controlling parties are funds advised by The Blackstone Group. There is no group which consolidates the CP Comet Holdings Limited group.

22. POST BALANCE SHEET EVENT

On 8 April 2010 the group's long term bank loans were renegotiated. As a result the maturity date of the loans was extended from October 2011 to October 2013. In addition the margin on the Tranche A loan was increased by 1.76% and the margin on the Tranche B loan increased by 1.26%. The Group also agreed not to pay any dividends until the loans are repaid. Costs of £9.4 million were incurred in this renegotiation and have been charged to the profit and loss account during 2010. Additionally previously capitalised costs of £2.7 million have been written off to the profit and loss account in 2010.



CP Comet Holdings Limited

Annual report and financial statements

for the year ended 31 December 2008

Registered Number: 5781362



CP Comet Holdings Limited
Registered No. 5781362

DIRECTORS AND ADVISORS

DIRECTORS

MP Dalby
MR France
PH Stoll
A Valeri

SECRETARY

MR France

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS

The Royal Bank of Scotland Plc
5th Floor
135 Bishopsgate
London
EC2M 3UR

SOLICITORS

Simpson Thatcher Bartlett
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One Ropemaker Street
London
EC2Y 9HU

REGISTERED OFFICE

One Edison Rise
New Ollerton
Newark
Notts
NG22 9DP



CP Comet Holdings Limited
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTORS' REPORT

The directors present their consolidated report and audited financial statements for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The consolidated loss for the year amounted to £38,162,000 (2007: profit of £255,000). The directors do not recommend the payment of any dividends (2007: £nil).

PRIOR YEAR RESTATEMENT

Following a review of the method of property valuation used the Directors have determined that it is more appropriate to value the investment properties on the basis of existing and potential rental streams and not on a vacant possession open market valuation. The accounts have accordingly been restated. As a result the net assets of the group at 31 December 2007 have been reduced by £453.3 million and by £326.9 million at 31 December 2006. There is no impact on the profit and loss account of the group in either year.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the year was that of a holding company.

The principal activities of the trading subsidiaries are those of investment property holding companies.

The group owns investment properties in Nottinghamshire, Wiltshire, Suffolk and Cumbria that are leased to Center Parcs (Operating Company) Limited.

FUTURE DEVELOPMENTS

The directors anticipate that the group will continue to operate in its current format for the foreseeable future.

DIRECTORS

The directors who served during the year and up to the date of this report were as follows:

PH Stoll
MP Dalby
MR France
A Valeri

During the year the Group had in place directors' and officers' insurance.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risk lies with the business of Center Parcs. All four properties owned by the group are leased to Center Parcs through its operating company, Center Parcs (Operating Company) Limited, making the group dependant upon Center Parcs for its income stream.

KEY PERFORMANCE INDICATORS

The Group's business is simplistic in nature, comprising the rental of four individual properties, each contained in a separate company. To this end the directors do not have a set of key performance indicators on which the business is monitored outside of the financial results.

FINANCIAL RISK MANAGEMENT

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the CP Comet Holdings Limited Group as set out below.

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.



CP Comet Holdings Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

The overall policy in respect of interest rates is to reduce the exposure to floating rates. The Group currently has interest rate swaps and caps in place, held by Comet Refico Limited.

Interest rate risk

The Group has in place floating rate debt as its primary funding source. In order to minimise exposure to interest rate fluctuations, the Group utilises interest rate swaps and caps to achieve a fixed interest rate.

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

CREDITOR PAYMENT POLICY AND PRACTICE

It is the group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. Due to the level of creditors at the year end and during the year no creditor days calculation is disclosed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company, and of the group, and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business; in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

1. So far as the director is aware there is no relevant audit information of which the company's auditors are unaware;



CP Comet Holdings Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

2. The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

A resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors will put to the Annual General Meeting.

By order of the board

MR France
Director
17 June 2009



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CP COMET HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of CP Comet Holdings Limited for the year ended 31 December 2008 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of cash flows, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
18 June 2009



CP Comet Holdings Limited
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
		£000	£000
TURNOVER	2	49,948	47,739
Administrative expenses		<u>(1,094)</u>	<u>(1,004)</u>
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		48,854	46,735
Exceptional items	3	<u>(959)</u>	—
OPERATING PROFIT	3	47,895	46,735
Provision against investment properties	9	<u>(35,218)</u>	—
Interest receivable and similar income	5	<u>2,663</u>	2,148
Interest payable and similar charges	6	<u>(53,653)</u>	<u>(55,827)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(38,313)	(6,944)
Tax credit on loss on ordinary activities	7	<u>151</u>	<u>7,199</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u>(38,162)</u>	<u>255</u>

All amounts relate to continuing activities.

There is no difference between the results above and the results prepared on a historical cost basis.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2008

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
		£000	£000
(Loss)/profit for the year		(38,162)	255
Revaluation of investment properties	9	<u>(102,185)</u>	<u>(113,448)</u>
Total recognised gains and losses for the year		(140,347)	(113,193)
Prior year adjustment	1	<u>(453,315)</u>	
Total gains and losses recognised since last annual report		<u>(593,662)</u>	



CP Comet Holdings Limited
GROUP BALANCE SHEET
AS AT 31 DECEMBER 2008

GROUP BALANCE SHEET
as at 31 December 2008

	Notes	2008 £000	2007 £000 As restated
FIXED ASSETS			
Intangible assets	8	14,203	15,020
Tangible assets	9	782,282	919,685
		<u>796,485</u>	<u>934,705</u>
CURRENT ASSETS			
Debtors	11	49,303	28,295
Cash at bank and in hand		18,346	29,358
Deferred taxation	7	—	6,996
		<u>67,649</u>	<u>64,649</u>
CREDITORS: amounts falling due within one year	12	<u>(63,576)</u>	<u>(67,475)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>4,073</u>	<u>(2,826)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>800,558</u>	<u>931,879</u>
CREDITORS: amounts falling due after more than one year	13	<u>(842,089)</u>	<u>(834,568)</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	7	(1,505)	—
NET (LIABILITIES)/ASSETS		<u>(43,036)</u>	<u>97,311</u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Share premium account	16	9,999	9,999
Revaluation reserve	16	—	102,185
Profit and loss account	16	(53,036)	(14,874)
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	16	<u>(43,036)</u>	<u>97,311</u>

The financial statements on pages F-49 to F-62 were approved by the board of directors on 17 June 2009 and were signed on its behalf by:

MR France
Director



CP Comet Holdings Limited
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2008

COMPANY BALANCE SHEET
as at 31 December 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£000	£000
FIXED ASSETS			
Investments	10	<u>75,421</u>	<u>114,221</u>
CURRENT ASSETS			
Debtors	11	822	—
Cash at bank and in hand		1	95
Deferred taxation	7	—	<u>222</u>
		823	317
CREDITORS: amounts falling due within one year	12	<u>(23,435)</u>	<u>(21,956)</u>
NET CURRENT LIABILITIES		<u>(22,612)</u>	<u>(21,639)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		52,809	92,582
CREDITORS: amounts falling due after more than one year	13	<u>(98,264)</u>	<u>(92,354)</u>
NET (LIABILITIES)/ASSETS		<u>(45,455)</u>	<u>228</u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Share premium account	16	9,999	9,999
Profit and loss account	16	<u>(55,455)</u>	<u>(9,772)</u>
TOTAL SHAREHOLDERS' (DEFICIT)/FUNDS	16	<u>(45,455)</u>	<u>228</u>

The financial statements on pages F-49 to F-62 were approved by the board of directors on 17 June 2009 and were signed on its behalf by:

MR France
Director



CP Comet Holdings Limited
GROUP STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2008

GROUP STATEMENT OF CASH FLOW
for the year ended 31 December 2008

	Notes	Year ended 31 December 2008	Year ended 31 December 2007
		<u>£000</u>	<u>£000</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(a)	44,708	48,049
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>2,272</u>	2,148
Interest paid		<u>(47,772)</u>	<u>(38,488)</u>
		<u>(45,500)</u>	<u>(36,340)</u>
ACQUISITIONS AND DISPOSALS			
Payments to acquire subsidiary undertaking		—	<u>(88)</u>
		—	<u>(88)</u>
NET CASH FLOW BEFORE FINANCING		<u>(792)</u>	11,621
FINANCING			
Net repayment of loan from related party	17(c)	<u>(10,220)</u>	(29,157)
Repayment of shareholder loan	17(c)	—	<u>(34,533)</u>
		<u>(10,220)</u>	<u>(63,690)</u>
DECREASE IN CASH		<u>(11,012)</u>	<u>(52,069)</u>



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable UK Accounting Standards and the Companies Act 1985. However, compliance with SSAP19 "Accounting for Investment Properties" requires departure from the Companies Act 1985 relating to depreciation and an explanation of the departure is given below.

Prior year restatement

Following a review of the method of property valuation used the Directors have determined that it is more appropriate to value the investment properties on the basis of existing and potential rental streams and not on a vacant possession open market valuation. The accounts have accordingly been restated. As a result the net assets of the group at 31 December 2007 have been reduced by £453.3 million and by £326.9 million at 31 December 2006. There is no impact on the profit and loss account of the group in either year.

Accounting reference date

The Group's accounting reference date is 31 December. The accounts have been drawn up for the 52 weeks ended 25 December 2008 (2007: 52 weeks ended 27 December 2007).

Basis of consolidation

The group financial statements consolidate the financial statements of CP Comet Holdings Limited and all its subsidiary undertakings for the year to 31 December 2008. The company has taken advantage of the exemption permitted under section 230 of the Companies Act 1985 not to present its own profit and loss account. The result attributable to the members of the company for the year amounts to a loss of £45,683,000 (2007: £6,493,000).

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Goodwill is written off over a period of 20 years.

Fixed assets

All fixed assets are initially recorded at cost.

Investment properties

In accordance with SSAP19, investment properties are revalued annually and the aggregate surplus or temporary deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The directors consider that, because these properties are not held for consumption but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Fixed asset investments

Investments held as fixed assets are stated at cost and reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Dividends received from investments are brought to account in the profit and loss account when received.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Related party transactions

The Group has taken advantage of the exemption granted under FRS 8 to not disclose transactions between group companies, which are at least 90% owned, which are eliminated on consolidation.

Lease accounting

Operating lease rental income is recorded as turnover and recognised on a straight line basis over the term of the lease.

Derivative instruments—Interest rate swaps and caps

The group uses interest rate swaps and caps to hedge interest rate exposures.

The group considers its derivative instruments qualify for hedge accounting when the following criteria are met:

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing the net interest payable. Interest rate swaps and caps are not revalued to fair value or shown on the balance sheet at the period end. If they are terminated early, the gain/ loss is spread over the remaining maturity of the original instrument.

Issue costs of loans

The issue costs recognised in the profit and loss account in respect of capital instruments are allocated to periods over the terms of the instrument at a constant rate on the carrying amount.

Estimation techniques

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual amounts could differ from those estimates. Estimates are principally used when accounting for current and deferred taxation, valuing the investment properties and the estimation of fair values.

Exceptional items

Exceptional items are material items that derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to related parties. Turnover relates to one continuing activity, the leasing of investment properties. All of the group's business is performed in the United Kingdom.



CP Comet Holdings Limited
 NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2008

3. OPERATING PROFIT

This is stated after charging:

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
Auditors' remuneration—audit services		
Company	10	7
Subsidiary undertakings	25	25
Amortisation of goodwill	817	817
Exceptional item-securitisation fees	959	—
	<u> </u>	<u> </u>

Exceptional items relate to charges made for the securitisation of the group's bank loans in 2007. These amounts were recharged during 2008 from Center Parcs (Operating Company) Limited, a related party.

4. DIRECTORS' EMOLUMENTS

No payments were made to directors for their services to the company during the year (2007: £nil). Remuneration of £3,077 (2007: £7,384) was received by the directors for services provided to subsidiary undertakings and charged in those companies.

The directors were the only employees during the year. The monthly average number of employees during the year was 4 (2007: 4).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
Bank interest receivable	505	2,148
Other interest receivable	2,158	—
	<u>2,663</u>	<u>2,148</u>

In 2007 the debt of the Group was securitised. The Group is entitled to 50% of the interest differential resulting from the securitisation. During the year £2,158,000 (2007: £nil) such income was receivable.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
Bank interest payable	46,132	48,821
Investor loan note interest payable	5,943	5,406
Amortisation of issue costs	1,578	1,600
	<u>53,653</u>	<u>55,827</u>



CP Comet Holdings Limited
 NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2008

7. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Tax on loss on ordinary activities

The tax credit is made up as follows:

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
<i>Current tax:</i>		
UK Corporation tax	(4,170)	—
UK Corporation tax in respect of prior periods	(4,482)	—
	(8,652)	—
<i>Deferred tax:</i>		
Origination and reversal of timing differences	8,501	(7,199)
Tax credit on loss on ordinary activities	(151)	(7,199)
	(151)	(7,199)

(b) Factors affecting the current tax credit

The tax assessed for the year is higher (2007: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2007: 30%). The difference is reconciled below:

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
Loss on ordinary activities before taxation	(38,313)	(6,944)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007: 30%)	(10,728)	(2,083)
Tax losses (utilised)/carried forward	(2,755)	1,672
Capital allowances	(2,609)	(1,503)
Expenses not deductible for tax purposes	12,022	1,914
Permanent difference in respect of transfer pricing adjustment	(100)	—
UK Corporation tax in respect of prior periods	(4,482)	—
Current tax credit for the year (note 7(a))	(8,652)	—

(c) Deferred tax- group

	2008	2007
	£000	£000
Capital allowances	(1,505)	(35)
Short term timing differences	—	7,031
Deferred tax (provision)/asset	(1,505)	6,996

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
At beginning of year	6,996	(203)
(Charged)/credited to the profit and loss account	(8,501)	7,199
At end of year	(1,505)	6,996

A deferred tax asset has not been recognised in respect of tax losses carried forward within the Group where it is probable that the asset will not be recovered. The amount of the asset not recognised is £8,984,335 (2007: £11,934,874). The asset would be recognised if sufficient taxable profits arise in the future.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

(d) Deferred tax- company

	<u>2008</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Short term timing differences	—	222
Deferred tax asset	—	222
	<u>—</u>	<u>222</u>

	<u>Year ended</u> <u>31 December</u> <u>2008</u>	<u>Year ended</u> <u>31 December</u> <u>2007</u>
	<u>£000</u>	<u>£000</u>
At beginning of year	222	—
(Charged)/credited to the profit and loss account	(222)	222
At end of year	<u>—</u>	<u>222</u>

A deferred tax asset has not been recognised in respect of timing differences where it is probable that the asset will not be recovered. The amount of the asset not recognised is £4,116,515 (2007: £2,577,000). The asset would be recognised if sufficient taxable profits arise in the future.

8. INTANGIBLE FIXED ASSETS

<u>Group</u>	<u>Goodwill</u> <u>£000</u>
Cost:	
At 1 January 2008 and 31 December 2008	<u>16,348</u>
Amortisation:	
At 1 January 2008	1,328
Amortisation in the year	817
At 31 December 2008	<u>2,145</u>
Net book amount:	
At 31 December 2008	<u>14,203</u>
At 31 December 2007	<u>15,020</u>

Goodwill is being amortised evenly over the directors' estimate of its useful economic life of 20 years.

9. TANGIBLE FIXED ASSETS

<u>Group</u>	<u>Investment</u> <u>properties</u> <u>£000</u>
Valuation:	
At 1 January 2008-as previously reported	1,373,000
Prior year adjustment	<u>(453,315)</u>
At 1 January 2008-as restated	919,685
Revaluation	<u>(137,403)</u>
At 31 December 2008	<u>782,282</u>
Net book value:	
At 31 December 2008	<u>782,282</u>
At 31 December 2007-as restated	<u>919,685</u>

Following a review of the method of property valuation used the Directors have determined that it is more appropriate to value the investment properties on the basis of existing and potential rental streams and not on a vacant possession open market valuation. The accounts have accordingly been restated. As a result the net assets of the group at 31 December 2007 have been reduced by £453.3 million and by £326.9 million at 31 December 2006. There is no impact on the profit and loss account of the group in either year.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

The investment properties have been valued by the directors on the basis of the current and potential future rental streams using appropriate property yields and contractual rental increases based on the current lease. The valuation at 31 December 2008 has resulted in a reduction in value of £137.4 million. £102.2 million has been offset against the revaluation reserve with the balance of £35.2 million being written off to the profit and loss account in the year.

The historical cost of the investment properties included at valuation is £817,500,000 (2007: £817,500,000). No provision has been made for the capital gains that could arise if these properties were to be disposed of at book value. Such tax would only become payable if the properties were sold.

10. INVESTMENTS

<u>Company</u>	<u>Investments in subsidiary undertakings</u> £000
<i>Cost</i>	
At 1 January 2008 and 31 December 2008	<u>114,221</u>
<i>Provision</i>	
Created in year	<u>38,800</u>
At 31 December 2008	<u>38,800</u>
<i>Net book value</i>	
At 31 December 2008	<u>75,421</u>
At 31 December 2007	<u>114,221</u>

Investments relate to 100% of the ordinary share capital of CP Comet Bidco Limited, registered in England and Wales. The principal activity of CP Comet Bidco Limited is that of an intermediate holding company. At 31 December 2008 the net assets of CP Comet Bidco Limited were £75.4 million (2007: £104.2 million) and its loss before tax for the year then ended was £28.8 million (2007: profit of £2.9 million).

The provision made against investments totaling £38,800,000 represents the recoverable amount of the investment in the view of the directors.

11. DEBTORS

<u>Group</u>	<u>2008</u> £000	<u>2007</u> £000
Prepayments and accrued income	—	57
Amounts due from related parties	<u>49,303</u>	28,238
	<u>49,303</u>	<u>28,295</u>

The amounts due from related parties are in respect of companies within the Forest Holdco Limited group of companies.

<u>Company</u>	<u>2008</u> £000	<u>2007</u> £000
Amounts due from subsidiary companies	363	—
Amounts due from related parties	459	—
	<u>822</u>	<u>—</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<u>Group</u>	<u>2008</u> £000	<u>2007</u> £000
Trade creditors	177	177
Other taxation and social security costs	1,976	4,181
Amounts due to related parties	38,459	38,458
Accruals and deferred income	<u>22,964</u>	<u>24,659</u>
	<u>63,576</u>	<u>67,475</u>



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

The amounts due to related parties are in respect of Forest Refico Limited a company within the Forest Holdco Limited group of companies. These amounts arose as part of the refinancing of the group's funding on 14 December 2006 and payment of various charges during the period.

<u>Company</u>	<u>2008</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Trade creditors	177	177
Amounts owed to Group Companies	23,236	21,759
Accruals and deferred income	22	20
	<u>23,435</u>	<u>21,956</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<u>Group</u>	<u>2008</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Bank loans (note 14)	734,825	733,247
Amounts owed to Group Companies	98,264	92,321
Other creditors	9,000	9,000
	<u>842,089</u>	<u>834,568</u>

Included within amounts owed to group companies are loans of £50 million (2007: £50 million) and £33.7 million (2007: £33.7 million) due to UK Parcs Holdings Sarl (a company registered in Luxembourg) and CP Cayman Limited (a company registered in the Cayman Islands) respectively. The £50 million loan notes bear interest at a compound rate of 10% and have accrued interest of £5.9 million during the year (2007: £5.4 million). The CP Cayman Limited loan is interest free. During the year £nil (2007: £34.5 million) of the loan from CP Cayman Limited was repaid. Both loans are unsecured.

The other creditor of £9,000,000 (2007: £9,000,000) is in respect of rental deposits repayable to Center Parcs (Operating Company) Limited upon expiration of the lease terms. The deposits are interest free. £2.9 million of the deposits are due to be repaid in October 2017 with the balance in October 2020.

<u>Company</u>	<u>2008</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Amounts owed to Group Companies	98,264	92,354

14. LOANS

<u>Group</u>	<u>2008</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Wholly repayable within five years:		
£530,675,872 senior A bank loan at LIBOR plus 1.22% per annum	530,676	530,676
£208,427,013 senior B bank loan at LIBOR plus 2.24% per annum	208,427	208,427
	<u>739,103</u>	<u>739,103</u>
Amounts repayable:		
In two to five years	739,103	739,103
Less: unamortised issue costs	(4,278)	(5,856)
	<u>734,825</u>	<u>733,247</u>

The loans are part of an overall £1,032 million facility made available to the group together with the Forest Holdco Limited group of companies. This group operates the four Center Parcs villages on the properties held by the CP Comet Holdings Limited group. The total facility was drawn down across the two groups on 14 December 2006. The loans are repayable in October 2011 and were split into three Tranches as follows:

- Senior A £682 million facility bearing interest at LIBOR plus 0.8%
- Senior B £250 million facility bearing interest at LIBOR plus 2.5%
- Senior C £100 million facility bearing interest at LIBOR plus 3.75%

During 2007 the Senior C loan was redesignated as Senior A and B loans and the margin on the Senior A and B loans adjusted to 1.22% and 2.24% respectively.



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

During the year financing fees of £1,578,000 (2007: £1,600,000) have been amortised.

The loans are secured by a fixed and floating charge over the assets of the two groups.

Interest rate swaps and caps

At the balance sheet date the group had in place interest rate swaps and caps. The notional values were £690,424,853 (2007: £695,315,144) and £41,889,474 (2007: £41,300,836) respectively. The interest rate swap fixes the interest rate at 4.925% until 2029 on an amortising notional balance. The interest rate cap fixes the interest rate at 5.5% until January 2010 and at 6% until January 2012 on an accreting balance.

At the balance sheet date the interest rate swap had a fair value of (£114,513,948) (2007: (£5,162,044)) and the interest rate cap a fair value of (£243,353) (2007: £346,708).

15. SHARE CAPITAL

<u>Authorised</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>10,001,000</u>	<u>10,001</u>	<u>10,001,000</u>	<u>10,001</u>
<u>Allotted, called up and fully paid</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
	No.	£000	No.	£000
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

16. RESERVES AND RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' (DEFICIT)/ FUNDS

<u>Group</u>	<u>Share capital</u>	<u>Share premium account</u>	<u>Revaluation reserve</u>	<u>Profit and loss account</u>	<u>Total shareholders' funds/ (deficit)</u>
	£000	£000	£000	£000	£000
At 31 December 2006-as previously reported	1	9,999	542,500	(15,129)	537,371
Prior year adjustment	—	—	(326,867)	—	(326,867)
At 31 December 2006-as restated	1	9,999	215,633	(15,129)	210,504
Profit for the year	—	—	—	255	255
Revaluation of investment properties	—	—	(113,448)	—	(113,448)
At 31 December 2007	1	9,999	102,185	(14,874)	97,311
Loss for the year	—	—	—	(38,162)	(38,162)
Revaluation of investment properties	—	—	(102,185)	—	(102,185)
At 31 December 2008	<u>1</u>	<u>9,999</u>	<u>—</u>	<u>(53,036)</u>	<u>(43,036)</u>
<u>Company</u>	<u>Share capital</u>	<u>Share premium account</u>	<u>Profit and loss account</u>	<u>Total shareholders' funds/ (deficit)</u>	
	£000	£000	£000	£000	£000
At 1 January 2007	1	9,999	(3,279)	6,721	6,721
Loss for the year	—	—	(6,493)	(6,493)	(6,493)
At 31 December 2007	1	9,999	(9,772)	228	228
Loss for the year	—	—	(45,683)	(45,683)	(45,683)
At 31 December 2008	<u>1</u>	<u>9,999</u>	<u>(55,455)</u>	<u>(45,455)</u>	<u>(45,455)</u>



CP Comet Holdings Limited
 NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2008

17. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
Operating profit	47,895	46,735
Movement in debtors	(2,136)	358
Movement in creditors	(1,868)	139
Amortisation of goodwill	817	817
Net cash inflow from operating activities	44,708	48,049

(b) Reconciliation of net cash flow to movement in net debt

	Year ended 31 December 2008	Year ended 31 December 2007
	£000	£000
Decrease in cash in the year	(11,012)	(52,069)
Net cash outflow from decrease in loans	10,220	63,690
Issue costs of long term loans	—	255
Change in net debt resulting from cash flows	(792)	11,876
Amortisation of issue costs	(1,578)	(1,600)
Interest accrued, not paid	(5,943)	(5,406)
MOVEMENT IN NET DEBT	(8,313)	4,870
NET DEBT AT 31 DECEMBER 2007	(806,430)	(811,300)
NET DEBT AT 31 DECEMBER 2008	(814,743)	(806,430)

(c) Analysis of changes in net debt

	At 1 January 2008	Cash flows	Non-cash movements	At 31 December 2008
	£000	£000	£000	£000
Cash at bank and in hand	29,358	(11,012)	—	18,346
Long term bank loans	(733,247)	—	(1,578)	(734,825)
Loan notes	(58,634)	—	(5,943)	(64,577)
Shareholder loans	(33,687)	—	—	(33,687)
Other loans	(10,220)	10,220	—	—
	(806,430)	(792)	(7,521)	(814,743)

18. CAPITAL COMMITMENTS

Neither the group nor the company had capital commitments at 31 December 2008 (2007: £nil).

19. RELATED PARTIES

During the year the group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding at 31 December 2008, are as follows:

<u>Related party</u>	<u>Expenses incurred or paid to related party</u>	<u>Income from related party</u>	<u>Amounts owed by related party</u>	<u>Amounts owed to related party</u>
	£000	£000	£000	£000
Center Parcs (Operating Company)				
Limited	959	49,948	49,058	9,000
Forest Refico Limited	—	—	—	38,459
Center Parcs (Jersey) 1 Limited	—	—	245	—
	—	—	245	—



CP Comet Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

31 December 2007

<u>Related party</u>	<u>Expenses incurred or paid to related party</u>	<u>Income from related party</u>	<u>Amounts owed by related party</u>	<u>Amounts owed to related party</u>
	£000	£000	£000	£000
Center Parcs (Operating Company) Limited	—	47,739	28,238	9,000
Forest Refico Limited	—	—	—	38,458

Center Parcs (Operating Company) Limited and Forest Refico Limited have the same ultimate controlling party—funds operated by The Blackstone Group. The four properties owned by the CP Comet Holdings Limited Group are all leased to Center Parcs (Operating Company) Limited and the Group derives all its income from these leases.

During the year the company surrendered tax losses of £459,000 to Center Parcs (Operating Company) Limited. At the balance sheet date consideration for these losses was still outstanding.

The company had no related party transactions in 2007 that required disclosure.

20. SUBSIDIARY UNDERTAKINGS

The share capital of the subsidiary undertakings is designated, with minor exceptions, as ordinary shares.

All shareholdings represent 100% of the equity and the voting rights. The shares of subsidiary undertakings marked * are held by subsidiary undertakings of the Company.

<u>Subsidiary undertaking</u>	<u>Activity</u>	<u>Country of Incorporation</u>
CP Comet Bidco Limited	Intermediate holding company	England and Wales
Comet Refico Limited*	Intermediate holding company	England and Wales
Sun CP Newtopco Limited*	Intermediate holding company	England and Wales
Sun CP Newmidco Limited*	Intermediate holding company	England and Wales
Sun CP Topco Limited*	Intermediate holding company	England and Wales
Sun CP Midco Limited*	Intermediate holding company	England and Wales
Sun CP Asset Management Limited*	Non-trading	England and Wales
Sun CP Properties Limited*	Intermediate holding company	England and Wales
Carp (Jersey) 2 Limited*	Intermediate holding company	Jersey, Channel Islands
CP (Oasis Property) Limited*	Investment property company	England and Wales
CP (Sherwood Property) Limited*	Investment property company	England and Wales
Longleat Property Limited*	Investment property company	England and Wales
Elveden Property Limited*	Investment property company	England and Wales
Carp E*	Non-trading	England and Wales
Carp (H) Limited*	Non-trading	England and Wales
Carp (CP) Limited*	Non-trading	England and Wales
Carp (UK) 1 Limited*	Non-trading	England and Wales
Carp (UK) 2 Limited*	Non-trading	England and Wales
Carp (UK) 3 Limited*	Non-trading	England and Wales
Carp (O) Limited*	Non-trading	England and Wales
Carp (UK) 3A Limited*	Non-trading	England and Wales
Carp (L) Limited*	Non-trading	England and Wales
Carp (NW) Limited*	Non-trading	England and Wales
Carp (S) Limited*	Non-trading	England and Wales

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTIES

The immediate parent company is CP Cayman Limited, registered in the Cayman Islands. The Directors regard CP Cayman Holdings GP Limited, registered in the Cayman Islands, to be the ultimate holding company. The ultimate controlling parties are funds advised by The Blackstone Group.



Forest Holdco Limited

Annual report and financial statements

for the 53 weeks ended 28 April 2011

Registered number: 05724101



Forest Holdco Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 28 APRIL 2011

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Forest Holdco Limited

Directors and advisors

Directors

A M Robinson
M P Dalby
P Inglett
P H Stoll
A Valeri
J P Baratta
C R Pike

Secretary

R Singh-Dehal

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Bankers

The Royal Bank of Scotland Plc
5th Floor
135 Bishopsgate
London
EC2M 3UR

Solicitors

Simpson Thatcher Bartlett
City Point
One Ropemaker Street
London
EC2Y 9HU

Registered office

One Edison Rise
New Ollerton
Newark
Notts
NG22 9DP



Forest Holdco Limited
DIRECTORS' REPORT
FOR THE 53 WEEKS ENDED 28 APRIL 2011

Directors' report

The Directors present their consolidated report and audited financial statements for the 53 weeks ended 28 April 2011 (2010: 52 weeks ended 22 April 2010) which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The registered number of the Company is 05724101.

Principal activities

The principal activity of the Company during the period was that of a holding company.

The principal activity of the active subsidiaries is the operation of short break holiday villages in Nottinghamshire, Cumbria, Wiltshire and Suffolk. In addition, a fifth site is being developed in Bedfordshire.

Business review

The Center Parcs Business operates four holiday villages in the UK: Whinfell Forest in Cumbria; Sherwood Forest in Nottinghamshire; Elveden Forest in Suffolk; and Longleat Forest in Wiltshire. The villages are set in a forest environment, typically 400-acres in size, and provide high quality accommodation in fully equipped villas, apartments and lodges which are set amongst trees and streams. 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 natural, healthy environment are the essential elements.

Center Parcs primarily targets affluent families in the UK, who are open to considering good quality, value for money and convenient short break holidays within the UK. The unique Center Parcs proposition of an easily accessible UK 'escape' in a natural environment with a range of activities to appeal to all ages is very much in line with a number of current socio-economic trends—concern for the environment, fuel costs, security worries, child obesity etc. —and gives 'time-poor' parents an opportunity to spend valuable time with their friends and family.

The UK domestic holiday market is diverse and largely unregulated and Center Parcs considers its main competitors to be high end self-catering cottage accommodation and leisure hotels/resorts although there are several one-off small providers of lodges in rural retreats and Bluestone has entered the market. However, there are still no direct competitors offering the single-site holiday village/resort to the level of quality and sophistication of Center Parcs. However, what is clear is that Center Parcs will need to continue to deliver innovation and communicate high quality and standards, reliability and good value for money for the affluent family audience. Consumer expectations continue to rise.

Key performance indicators

In addition to the measures of revenue and operating margin, the Directors use the following key performance indicators to set targets and measure performance against those targets.

- Physical occupancy: the average number of villas occupied as a percentage of the total number available. Physical occupancy for the period was 96.3% (2010: 97.3%). The Group's refurbishment programme recommenced during the period, resulting in c. 1.5% of villas being off-line at any point during the year.
- ADR (Average Daily Rate): the average rent (excluding VAT) achieved based on total rental income divided by the total number of villa nights sold. ADR for the period was £136.49 (2010: £132.20).
- RevPAV (Rent per available villa night): the average rent (excluding VAT) achieved based on total rental income divided by the total available number of villa nights. RevPAV for the period was £131.43 (2010: £128.60).
- Forward bookings: Bookings at 28 April 2011 represented 38.2% (2010: 38.9%) of available capacity for the financial period to 26 April 2012.

Financial risk management

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the Forest Holdco Limited Group.

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 28 APRIL 2011

The overall policy in respect of interest rates is to reduce the exposure to floating rates. The Group currently has interest rate caps in place, held by Forest Refico Limited.

Interest rate risk

The Group has in place floating rate debt as its primary funding source. In order to minimise exposure to interest rate fluctuations, the Group utilises interest rate caps.

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium-term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

Going Concern

The Directors have assessed the financial position of the Group based upon the net current liabilities position at the end of the period. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a Going Concern basis, as they consider that the Group will continue as a going concern for a period of at least 12 months from the date of signing the accounts.

Results and dividends

The results of the Group for the period show a profit of £22.0 million (2010: profit of £20.3 million). The Directors have not proposed the payment of a dividend (2010: dividend declared and paid of 35 pence per ordinary share, totalling £7.0 million).

Directors

The Directors who served during the period and up to the date of this report were as follows:

A M Robinson
M P Dalby
P Inglett
P H Stoll
A Valeri
J P Baratta
C R Pike

During the period, the Group had in place Directors' and officers' insurance.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. The Group continues to monitor and refine its policies to ensure that all those with disabilities are fairly and appropriately supported pre and post appointment.

The Group has a practice of achieving common awareness of all employees in relation to financial and economic factors that affect the performance of the Group.

Political and charitable donations

The Group made no political donations during the period (2010: £nil) but made charitable donations of £87,956 (2010: £24,598), of which £75,896 related to Great Ormond Street Hospital.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 28 APRIL 2011

Policy and practice on payment of creditors

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with. At the balance sheet date trade creditors represented 64 days (2010: 75 days) of purchases.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In accordance with Section 418, in the case of each Director in office at the date the Directors' report is approved, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

A resolution proposing the reappointment of PricewaterhouseCoopers LLP will be put to the Annual General Meeting.

By order of the board

M P Dalby
Director
23 May 2011



Forest Holdco Limited

Independent auditors' report to the members of Forest Holdco Limited

We have audited the Group and parent company financial statements (the "financial statements") of Forest Holdco Limited for the period ended 28 April 2011 which comprise the Group and Company Income Statements, the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page F-68, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent company's affairs as at 28 April 2011 and of the Group's profit, the parent company's result and Group's and parent company's cash flows for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Lyon BSc FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

23 May 2011



Forest Holdco Limited
GROUP INCOME STATEMENT
FOR THE 53 WEEKS ENDED 28 APRIL 2011

**Group Income Statement
for the 53 weeks ended 28 April 2011**

	Note	53 weeks ended 28 April 2011 £'000	52 weeks ended 22 April 2010 £'000
Revenue	3	290,539	279,975
Cost of sales		(36,337)	(35,304)
Gross profit		254,202	244,671
Administrative expenses excluding exceptional items		(209,920)	(205,589)
Operating profit before exceptional items		44,282	39,082
Exceptional items	5	(566)	(320)
Operating profit	4	43,716	38,762
Movement in fair value of derivative financial instruments	6	(46)	1,160
Finance income	7	1,263	1,238
Finance expense	7	(16,064)	(16,447)
Profit before taxation		28,869	24,713
Taxation	8	(6,844)	(4,433)
Profit for the period attributable to equity shareholders	23	22,025	20,280

Total administrative expenses in the period, including exceptional items, were £210,486,000 (2010: £205,909,000).

All amounts relate to continuing activities.



Forest Holdco Limited
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE 53 WEEKS ENDED 28 APRIL 2011

**Group Statement of Comprehensive Income
for the 53 weeks ended 28 April 2011**

	<u>Note</u>	<u>53 weeks ended 28 April 2011</u>	<u>52 weeks ended 22 April 2010</u>
		<u>£'000</u>	<u>£'000</u>
Profit for the period		22,025	20,280
Other comprehensive income			
Actuarial gains on retirement benefits	27	1,327	92
Taxation on the above	21	<u>(354)</u>	<u>(26)</u>
Other comprehensive income for the period		<u>973</u>	<u>66</u>
Total comprehensive income for the period attributable to owners of the parent		<u><u>22,998</u></u>	<u><u>20,346</u></u>



Forest Holdco Limited
COMPANY INCOME STATEMENT
 FOR THE 53 WEEKS ENDED 28 APRIL 2011

Company Income statement
for the 53 weeks ended 28 April 2011

	<u>Note</u>	<u>53 weeks ended 28 April 2011</u>	<u>52 weeks ended 22 April 2010</u>
		£'000	£'000
Operating profit		—	—
Income from Group undertaking	12	—	7,000
Profit before taxation		—	7,000
Taxation	8	—	—
Profit for the period attributable to equity shareholders	23	—	7,000

All amounts relate to continuing activities.

The Company has no recognised income or expenses other than the profit for the period above and so no separate Statement of Comprehensive Income is presented.



Forest Holdco Limited
STATEMENT OF CHANGES IN EQUITY
FOR THE 53 WEEKS ENDED 28 APRIL 2011

**Statement of Changes in Equity
for the 53 weeks ended 28 April 2011**

<u>Group</u>	<u>Attributable to owners of the parent</u>		
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 23 April 2009	20,000	(39,825)	(19,825)
Comprehensive income			
Profit for the period	—	20,280	20,280
Other comprehensive income	—	66	66
Transactions with owners			
Dividend	—	(7,000)	(7,000)
At 22 April 2010	20,000	(26,479)	(6,479)
Comprehensive income			
Profit for the period	—	22,025	22,025
Other comprehensive income	—	973	973
At 28 April 2011	20,000	(3,481)	16,519
 <u>Company</u>			
At 23 April 2009	20,000	177	20,177
Comprehensive income			
Profit for the period	—	7,000	7,000
Transactions with owners			
Dividend	—	(7,000)	(7,000)
At 22 April 2010	20,000	177	20,177
Comprehensive income			
Profit for the period	—	—	—
At 28 April 2011	20,000	177	20,177



Forest Holdco Limited
GROUP BALANCE SHEET
AS AT 28 APRIL 2011

**Group Balance Sheet
as at 28 April 2011**

	<u>Note</u>	<u>2011</u> £'000	<u>2010</u> £'000
Assets			
Non-current assets			
Goodwill	9	141,148	141,148
Other intangible assets	10	126,213	125,644
Property, plant and equipment	11	204,294	183,444
Trade and other receivables	14	6,432	6,073
Retirement benefit asset	27	968	—
Derivative financial instruments	19	164	—
Deferred tax asset	21	791	1,080
		480,010	457,389
Current assets			
Inventories	13	3,720	3,670
Trade and other receivables	14	53,565	56,002
Derivative financial instruments	19	—	889
Cash and cash equivalents	15	40,645	39,715
Current tax asset		1,288	785
		99,218	101,061
Liabilities			
Current liabilities			
Financial borrowings	18	(267)	(267)
Trade and other payables	16	(203,525)	(192,865)
Derivative financial instruments	19	(515)	(1,194)
Deferred tax liability	21	—	(704)
Provisions	20	—	(142)
		(204,307)	(195,172)
Net current liabilities		(105,089)	(94,111)
Non current liabilities			
Financial borrowings	18	(295,163)	(295,430)
Trade and other payables	17	(26,387)	(36,288)
Retirement benefit obligations	27	—	(500)
Deferred tax liability	21	(36,852)	(37,539)
Net assets/(liabilities)		16,519	(6,479)
Equity			
Ordinary shares	22	20,000	20,000
Retained earnings	23	(3,481)	(26,479)
Total equity		16,519	(6,479)

The financial statements on pages F-70 to F-100 were approved by the board of Directors on 23 May 2011 and were signed on its behalf by:

M P Dalby
Director



Forest Holdco Limited
COMPANY BALANCE SHEET
AS AT 28 APRIL 2011

**Company Balance Sheet
as at 28 April 2011**

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		£'000	£'000
Assets			
Non-current assets			
Investments	12	<u>20,000</u>	20,000
		20,000	20,000
Current assets			
Trade and other receivables	14	<u>70</u>	70
Cash and cash equivalents	15	<u>107</u>	107
		177	177
Net assets		<u>20,177</u>	<u>20,177</u>
Equity			
Ordinary shares	22	<u>20,000</u>	20,000
Retained earnings	23	<u>177</u>	177
Total equity		<u>20,177</u>	<u>20,177</u>

The financial statements on pages F-70 to F-100 were approved by the board of Directors on 23 May 2011 and were signed on its behalf by:

M P Dalby
Director



Forest Holdco Limited
GROUP CASH FLOW STATEMENT
FOR THE 53 WEEKS ENDED 28 APRIL 2011

**Group Cash Flow Statement
for the 53 weeks ended 28 April 2011**

	Note	53 weeks ended 28 April 2011 £'000	52 weeks ended 22 April 2010 £'000
Cash flows from operating activities			
Cash generated from operations	24	60,478	79,503
Interest paid		(12,284)	(20,725)
Corporation tax paid		(503)	(1,006)
Net cash from operating activities		<u>47,691</u>	<u>57,772</u>
Cash flows from investing activities			
Interest received		904	865
Sale of property, plant and equipment		165	—
Purchase of intangible assets—software		(2,623)	(1,123)
Purchase of property, plant and equipment		(44,940)	(19,860)
Net cash used in investing activities		<u>(46,494)</u>	<u>(20,118)</u>
Cash flows from financing activities			
Arrangement costs of new bank facilities		—	(3,712)
Dividends paid		—	(24,500)
Loan repayment		—	(5,016)
Repayment of borrowings		(267)	(266)
Net cash used in financing activities		<u>(267)</u>	<u>(33,494)</u>
Net increase in cash and cash equivalents	24	930	4,160
Cash and cash equivalents at beginning of period		39,715	35,555
Cash and cash equivalents at end of period	15	<u>40,645</u>	<u>39,715</u>



Forest Holdco Limited
COMPANY CASH FLOW STATEMENT
 FOR THE 53 WEEKS ENDED 28 APRIL 2011

Company Cash Flow Statement
for the 53 weeks ended 28 April 2011

	<u>Note</u>	<u>53 weeks ended 28 April 2011</u>	<u>52 weeks ended 22 April 2010</u>
		<u>£'000</u>	<u>£'000</u>
Net cash from operating activities		—	—
Cash flows from investing activities			
Equity dividends received		—	24,500
Net cash from investing activities		—	24,500
Cash flows from financing activities			
Equity dividends paid		—	(24,500)
Repayment of loan due from Group undertaking		—	5,016
Repayment of loan due to Group undertaking		—	(5,016)
Net cash used in financing activities		—	(24,500)
Net increase in cash and cash equivalents	24	—	—
Cash and cash equivalents at beginning of period		107	107
Cash and cash equivalents at end of period	15	107	107



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 28 APRIL 2011

Notes to the financial statements

1 Accounting policies

General information

Forest Holdco Limited ('the Company') and its subsidiaries (together, 'the Group') operate short break holiday villages in Nottinghamshire, Cumbria, Wiltshire and Suffolk.

The Company is a limited company, which is incorporated and domiciled in the UK. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these financial statements are set out below. All accounting policies are consistent with the prior period.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments.

Going concern

The Directors have assessed the financial position of the Group based upon the net current liabilities position at the end of the period. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a Going Concern basis, as they consider that the Group will continue as a going concern for a period of at least 12 months from the date of signing the accounts.

The maturity date of the Group's existing loans is October 2013.

Key assumptions and significant judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates are principally used in the following areas:

Property, plant and equipment: Useful lives of assets and residual values (see accounting policy).

Rental deposits: Determination of the fair value of rental deposits (note 14).

Financial instruments: Valuation of financial instruments that are not traded in an active market (note 19).

Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of Forest Holdco Limited and all of its subsidiary undertakings. The results of new subsidiary undertakings are included in the Group accounts from the date on which control transferred to the Group or, in the case of disposals, up to the effective date of the disposal. Transactions between Group companies are eliminated on consolidation.

The Group has applied the purchase method in its accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the consideration paid and deferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised immediately in the income statement.



Forest Holdco Limited
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Costs incurred on the acquisition of subsidiary undertakings are treated as exceptional costs in the income statement.

Revenue recognition

Revenue relates to villa rental income on holidays commenced during the period and other income, primarily arising from on-village leisure, retail and food and beverage spend, and is shown after the deduction of value added tax. Non-rental income is recognised when the related product or service is provided.

Villa rental income is paid in advance of the holiday commencing and is treated as 'payments received on account' until the holiday commences and it is recognised in the income statement.

Revenue due from concessions is recognised on a receivable basis.

Goodwill

Goodwill arising on acquisitions is capitalised and represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets and liabilities acquired. Goodwill is not amortised but is instead tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the income statement. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Other intangible assets

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which is generally considered to be four years.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed four years.

Other purchased intangible assets

Other purchased intangible assets, including patents, know-how, trademarks, licences and distribution rights, are capitalised at cost and are amortised over their useful economic lives using the following rates:

Advance bookings	the period to which the bookings relate
Repeat business	over a four year period
Water boreholes	straight line basis over 13 years
Brand name	no amortisation is charged on the brand name as it considered to have an indefinite life

Financial instruments

The Group classifies its financial instruments into two categories: Financial assets at fair value through profit and loss, and loans and receivables. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.



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Financial assets

The cost of investments, including loans to associated companies, is their purchase cost together with any incremental costs of acquisition.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In deciding whether an impairment is required, the Directors consider the underlying value inherent in the investment. Provision is made against the cost of investments where, in the opinion of the Directors, there is an impairment in the value of the individual investment.

Investments in subsidiary undertakings

Investments are stated at cost, less any provision for permanent diminution in value. If there are indications of impairment, an assessment is made of the recoverable amount. An impairment loss is recognised in the income statement where the recoverable amount is lower than the carrying value.

Dividends receivable from investments in subsidiary undertakings are recognised in the income statement when approved by the shareholders of the company paying the dividend.

Property, plant and equipment

Management chose the cost basis under IAS 16 rather than apply the alternative (revaluation) treatment to all items of property, plant and equipment as its ongoing accounting policy. The cost of property, plant and equipment includes directly attributable costs. The Group elected to apply the optional exemption of IFRS 1 and therefore took fair value as deemed cost at the date of transition to IFRS.

Depreciation is provided on the cost of all property, plant and equipment (except assets in the course of construction), so as to write off the cost of property, plant and equipment, less residual value, on a straight line basis over the expected useful economic life of the assets concerned, using the following rates:

Leasehold improvements	2.5% or by equal instalments over the period of the lease held on the land and buildings, whichever is the shorter
Installations	6.67% or by equal instalments over the period of the lease held on the land and buildings, whichever is the shorter
Fixtures and fittings	14%
Computer equipment	25%
Motor vehicles	25%

Useful lives and residual values are reviewed at each balance sheet date and revised where expectations are significantly different from previous estimates. In such cases, the depreciation charge for current and future periods is adjusted accordingly.

Maintenance expenditure

It is the policy of the Group to maintain the leasehold land and buildings to a high standard, as expected by our guests. Where maintenance expenditure increases the benefits that property, plant and equipment is expected to generate, this expenditure is capitalised. All other maintenance costs are charged to the income statement as incurred.

Leases

Leases are classified as finance leases if the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at cost and depreciated over their useful lives. The capital element of future rentals is treated as a liability and the interest element is charged to the income statement over the period of the lease in proportion to the capital outstanding.

Rental payments on operating leases (net of any incentives received from the lessor and including minimum contractual rental increases) are charged to the income statement on a straight-line basis.



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Government grants

Government grants in respect of capital expenditure are categorised as accruals on receipt and are credited to the income statement over the useful life of the relevant property, plant and equipment. The government grant shown in the balance sheet at the period end represents grants received to date, less the amount so far credited to profit.

Cash and cash equivalents

For the purposes of the cash flow statement and the balance sheet, cash and cash equivalents comprise cash at bank, cash in hand and overnight deposits.

Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where required, assets are discounted using an AAA corporate bond rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Inventories

The basis of valuation of inventories is the lower of cost on a first in first out basis and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Inventory provisions are created where necessary to ensure that inventory is valued at the lower of cost and estimated net realisable value.

Trade receivables

Trade receivables are recognised initially at fair value. A provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

Long-term receivables

Where the effect is material, long-term receivables are discounted using an appropriate pre-tax discount rate.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Exceptional items

Exceptional items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Group.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.



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Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities.

Deferred tax is provided in full, using the liability method, on all differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between the carrying value of assets and liabilities and their tax base.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority and there is an intention to settle on a net basis.

Employee benefits

Pensions

—Defined contribution pension scheme

Group employees can choose to be a member of a defined contribution pension scheme. A defined contribution pension scheme is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are charged to the income statement as incurred.

—Defined benefit pension scheme

A funded senior management defined benefit pension scheme also exists. A defined benefit pension scheme is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The surplus or liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for high-quality corporate bonds, which have terms to maturity approximating the terms of the related pension liability.

Past-service costs are recognised immediately in income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Comprehensive Income.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday pay

The Group recognises an appropriate liability for the cost of holiday entitlements not taken at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting profit or loss, together with realised profits and losses arising during the period on the settlement of overseas assets and liabilities, are included in the trading results.



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Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

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

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

Issue costs of loans

The issue costs recognised in the income statement in respect of capital instruments are allocated over the terms of the instruments at a constant rate on the carrying amount.

Early termination costs

Costs associated with the early repayment of borrowings are written off to the income statement as incurred.

Derivative financial instruments

The Group does not trade in derivative financial instruments. Derivative financial instruments (interest rate caps) are used by the Group to manage its exposure to interest rates on long-term floating-rate borrowings. All derivative financial instruments are measured at the balance sheet date at their fair value.

The Group does not currently hedge account for any derivatives. As such, any gain or loss on remeasurement is taken to the income statement.

New standards and interpretations

During the period the Group adopted the revision to IFRS 3 'Business Combinations' which changes the accounting for business combinations, and the consequential amendments to IAS 27, 28 and 31. These changes include the expensing of all acquisition-related costs, and recording all payments to purchase a business at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. There is no impact on the Group's financial statements. Other standards and interpretations effective for the first time in the current period have had no impact on the Group's financial statements.

The adoption of IFRS 9 'Financial Instruments' is expected to change the disclosure given in respect of financial instruments but not the amounts reported in the financial statements. In addition, the International Accounting Standards Board and IFRIC have issued a number of further standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

2 Financial risk management

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has sought to reduce its cost of capital by refinancing and restructuring the Group's funding using the underlying asset value.

The overall policy in respect of interest rates is to reduce the exposure to floating rates.

The Group has in place interest rate caps to limit the exposure to fluctuations in interest rates. It is not the Group's policy to actively trade in derivative financial instruments.

Interest rate risk

The Group's primary debt is through a floating rate loan. In order to limit the Group's exposure to interest rate fluctuations, the Group has in place interest rate caps. The Group does not have a definite stance on the balance between fixed and floating rate debt. As at 28 April 2011, none of the Group's financial instruments incurred interest at a fixed rate.



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Liquidity risk

At 28 April 2011, the Group held in place sufficient cash levels to ensure the Group has available funds to meet its medium-term working capital and funding obligations.

Currency risk

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

All financial assets and liabilities are denominated in sterling.

Credit risk

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

3 Revenue

Revenue, which is stated net of value added tax, represents amounts invoiced or charged on the villages to customers. Revenue relates to one continuing activity, the provision of short break holidays. All of the Group's business is performed in the United Kingdom.

4 Operating profit

	<u>Group</u> 53 weeks ended 28 April 2011 £'000	<u>Group</u> 52 weeks ended 22 April 2010 £'000
The following items have been included in arriving at the operating profit:		
Staff costs (note 26)	70,111	66,509
Cost of inventories (recognised in cost of sales)	32,871	32,922
Depreciation of property, plant and equipment—owned assets (note 11)	26,328	24,735
Amortisation of intangible assets (note 10)	2,048	4,130
Operating lease rentals		
—plant and machinery	69	113
—other	55,672	55,037
Repairs and maintenance expenditure on property, plant and equipment	7,026	7,139
Services provided by the Group's auditors	178	240
Amortisation of Government grants	(14)	(14)

Exceptional items are set out in note 5.

During the period, the Group obtained the following services from the Group's auditors:

	<u>Group</u> 53 weeks ended 28 April 2011 £'000	<u>Group</u> 52 weeks ended 22 April 2010 £'000
Fees payable to the Company's auditor for the audit of parent company and consolidated accounts	5	5
Fees payable to the Company's auditor and its associates for other services:		
The audit of Company's subsidiaries pursuant to legislation	125	125
Further assurance services	2	2
Tax compliance services	46	33
Corporate finance services	—	75
	<u>178</u>	<u>240</u>

In addition to the above services, the Group's auditors act as auditor to the Center Parcs pension scheme. The appointment of auditors to the Group's pension scheme and fees paid in respect of those audits are agreed by the trustees of the scheme, who act independently from the management of the Group. The aggregate fees paid to the auditors for these services during the period were £4,750 (2010: £7,000).

The Directors monitor the level of non-audit work undertaken by the auditors and ensure it is work which they are best suited to perform and does not present a risk to their independence and objectivity.



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5 Exceptional items

	Group 53 weeks ended 28 April 2011 £'000	Group 52 weeks ended 22 April 2010 £'000
Redundancy costs	566	320

As a result of the centralisation of a number of the Group's support functions, redundancy costs of £566,000 were incurred during the period.

There are no exceptional items in the income statement of the Company (2010: £nil).

6 Movement in fair value of derivative financial instruments

	Group 53 weeks ended 28 April 2011 £'000	Group 52 weeks ended 22 April 2010 £'000
Movement in fair value of derivative financial instruments (assets)	(725)	513
Movement in fair value of derivative financial instruments (liabilities)	679	647
	(46)	1,160

7 Net finance costs

	Group 53 weeks ended 28 April 2011 £'000	Group 52 weeks ended 22 April 2010 £'000
Finance expense		
Interest payable on bank borrowings	12,284	7,180
Fees payable on loan facilities (note 18)	—	5,267
Interest on unsecured loan notes	3,780	4,000
Total finance expense	16,064	16,447
Finance income		
Bank interest receivable	(123)	(42)
Other interest receivable	(781)	(823)
Revaluation of rental deposits to fair value	(359)	(373)
Total finance income	(1,263)	(1,238)
Net finance costs	14,801	15,209

An element of the debt held by the Group was securitised. The Group is entitled to 50% of the interest differential resulting from this securitisation. During the period, £781,000 (2010: £762,000) such income was receivable.



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8 Taxation

(a) Taxation

The Group tax charge is made up as follows:

	<u>Group</u> 53 weeks ended 28 April 2011	<u>Group</u> 52 weeks ended 22 April 2010
	<u>£'000</u>	<u>£'000</u>
Current tax:		
—Current year	6,292	3,099
—Adjustment in respect of prior periods	2,008	(548)
	8,300	2,551
Deferred tax:		
Origination and reversal of temporary differences	(1,456)	1,882
Taxation (note 8(b))	6,844	4,433

The adjustment in respect of prior periods represents finalisation of group relief claims for prior years with other Group companies and related parties.

The Company had a £nil tax charge for the period (2010: £nil).

(b) Factors affecting the tax charge

The tax assessed for the period is lower (2010: lower) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2010: 28%). The difference is reconciled below:

	<u>Group</u> 53 weeks ended 28 April 2011	<u>Group</u> 52 weeks ended 22 April 2010
	<u>£'000</u>	<u>£'000</u>
Profit before taxation	28,869	24,713
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2010: 28%)	8,083	6,920
Adjustment in respect of prior periods—corporation tax	2,008	(548)
Adjustment in respect of prior periods—deferred tax	(4,066)	(1,665)
Deferred tax charge arising from abolition of hotel building allowances	2,751	181
Permanent differences and expenses not deductible for tax purposes	824	(455)
Impact of change in corporation tax rate	(2,756)	—
Tax charge for the period (note 8(a))	6,844	4,433

The tax on the Company's profit before tax is the same as (2010: lower than) that resulting from applying the standard rate of corporation tax in the UK of 28% (2010: 28%). The difference is reconciled below:

	<u>Company</u> 53 weeks ended 28 April 2011	<u>Company</u> 52 weeks ended 22 April 2010
	<u>£'000</u>	<u>£'000</u>
Profit before taxation	—	7,000
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2010: 28%)	—	1,960
Income not taxable	—	(1,960)
Permanent difference in respect of transfer pricing adjustments	1	2
Group relief not paid for	(1)	(2)
Tax charge for the period (note 8(a))	—	—



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Change of corporation tax rate and factors that may affect future tax charges

The Finance Act 2010 reduced the main rate of corporation tax from 28% to 27% with effect from 1 April 2011. The March 2011 UK Budget statement announced a further reduction to 26% which was enacted on 29 March 2011. These changes were substantively enacted at the balance sheet date and hence are reflected in these financial statements.

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2011 UK Budget statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes to be enacted by the Finance Act 2011 would be to reduce the deferred tax liability provided at the balance sheet date by £1,387,000. This £1,387,000 decrease in the deferred tax liability would increase profit by £1,387,000. This decrease in the deferred tax liability is due to the reduction in the corporation tax rate from 26% to 25% with effect from 1 April 2012.

The proposed reductions of the main rate of corporation tax by 1% per year to 23% by 1 April 2014 are expected to be enacted each year. The overall effect of the further changes from 25% to 23%, if these applied to the deferred tax balance at the balance sheet date, would be to further reduce the deferred tax liability by an additional £2,774,000 (being £1,387,000 recognised in 2013 and £1,387,000 recognised in 2014).

9 Goodwill

<u>Cost and net book amount</u>	<u>Group</u>	<u>Group</u>
	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
At beginning of the period	141,148	141,148
Additions	—	—
At end of the period	141,148	141,148

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs). Goodwill by business stream is presented below:

	<u>2011</u>	<u>2010</u>
	<u>£'000</u>	<u>£'000</u>
Accommodation	127,081	127,081
On-site	14,067	14,067
	141,148	141,148

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the one year period are extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	<u>2011</u>		<u>2010</u>	
	<u>On-site</u>	<u>Accommodation</u>	<u>On-site</u>	<u>Accommodation</u>
EBITDA margin	13%	43%	13%	43%
Growth rate-perpetual	2.5%	2.5%	2.5%	2.5%
Discount rate	5.5%	5.5%	5.5%	5.5%

Management determine budgeted EBITDA margins based on past performance and expectations of market development. The growth rates used reflect management's expectations of the future market. Discount rates used are pre-tax and reflect the specific risks to the Group. Based on the value-in-use calculations performed, the Directors have concluded that there is no impairment of goodwill.

The Company has no goodwill (2010: £nil).



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10 Other intangible assets

<u>Group</u>	<u>Software</u> £'000	<u>Advance bookings</u> £'000	<u>Brand name</u> £'000	<u>Repeat business</u> £'000	<u>Water boreholes</u> £'000	<u>Total</u> £'000
Cost						
At 23 April 2009	6,749	7,048	121,194	20,395	3,180	158,566
Additions	1,123	—	—	—	—	1,123
At 22 April 2010	7,872	7,048	121,194	20,395	3,180	159,689
Additions	2,623	—	—	—	—	2,623
Disposals	(3,627)	—	—	—	—	(3,627)
At 28 April 2011	<u>6,868</u>	<u>7,048</u>	<u>121,194</u>	<u>20,395</u>	<u>3,180</u>	<u>158,685</u>
Amortisation						
At 23 April 2009	4,018	7,048	—	18,123	726	29,915
Charged during the period	1,616	—	—	2,272	242	4,130
At 22 April 2010	5,634	7,048	—	20,395	968	34,045
Charged during the period	1,806	—	—	—	242	2,048
Amortisation on disposals	(3,621)	—	—	—	—	(3,621)
At 28 April 2011	<u>3,819</u>	<u>7,048</u>	<u>—</u>	<u>20,395</u>	<u>1,210</u>	<u>32,472</u>
Net book amount						
At 22 April 2010	2,238	—	121,194	—	2,212	125,644
At 28 April 2011	<u>3,049</u>	<u>—</u>	<u>121,194</u>	<u>—</u>	<u>1,970</u>	<u>126,213</u>

The brand name is considered to have an indefinite life due to the continued investment that is made in the guest facilities and the ongoing marketing campaigns of the business. An impairment review using the same assumptions as detailed in note 9 has been undertaken and no impairment was indicated (2010: £nil).

Amortisation has been charged through administrative expenses in the income statement.

The Company has no other intangible assets (2010: £nil).

11 Property, plant and equipment

	<u>Leasehold improvements</u> £'000	<u>Installations</u> £'000	<u>Fixtures & fittings</u> £'000	<u>Motor vehicles & hardware</u> £'000	<u>Assets in the course of construction</u> £'000	<u>Total</u> £'000
52 weeks ended 22 April 2010						
Opening net book value	42,207	100,396	38,151	5,456	5,758	191,968
Additions	2,956	8,147	2,236	1,193	1,679	16,211
Transfers	—	19	49	29	(97)	—
Depreciation charge	(4,141)	(9,950)	(7,998)	(2,646)	—	(24,735)
Closing net book value	<u>41,022</u>	<u>98,612</u>	<u>32,438</u>	<u>4,032</u>	<u>7,340</u>	<u>183,444</u>
As at 22 April 2010						
Cost	56,345	126,132	65,702	15,661	7,340	271,180
Accumulated depreciation	(15,323)	(27,520)	(33,264)	(11,629)	—	(87,736)
Net book value	<u>41,022</u>	<u>98,612</u>	<u>32,438</u>	<u>4,032</u>	<u>7,340</u>	<u>183,444</u>
53 weeks ended 28 April 2011						
Opening net book value	41,022	98,612	32,438	4,032	7,340	183,444
Additions	7,253	25,771	6,843	2,020	5,384	47,271
Transfers	246	978	54	11	(1,289)	—
Disposals	—	—	(14,315)	(1,977)	—	(16,292)
Depreciation on disposals	—	—	14,222	1,977	—	16,199
Depreciation charge	(4,584)	(11,514)	(7,654)	(2,576)	—	(26,328)
Closing net book value	<u>43,937</u>	<u>113,847</u>	<u>31,588</u>	<u>3,487</u>	<u>11,435</u>	<u>204,294</u>
As at 28 April 2011						
Cost	63,844	152,881	58,284	15,715	11,435	302,159
Accumulated depreciation	(19,907)	(39,034)	(26,696)	(12,228)	—	(97,865)
Net book value	<u>43,937</u>	<u>113,847</u>	<u>31,588</u>	<u>3,487</u>	<u>11,435</u>	<u>204,294</u>



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Depreciation has been charged through administrative expenses in the income statement.

The Company has no property, plant and equipment (2010: £nil).

12 Investments

<u>Company</u>	<u>Investments in subsidiary undertakings</u> £'000
Cost:	
As at 28 April 2011 and 22 April 2010	20,000

The investment relates to 100% of the ordinary shares of Forest Midco Limited, a company registered in England and Wales. The principal activity of Forest Midco Limited is that of an intermediate holding company.

During the period dividends receivable of £nil (2010: £7,000,000) were recognised from the subsidiary.

13 Inventories

	<u>Group</u> <u>2011</u> £'000	<u>Group</u> <u>2010</u> £'000
Consumables	1,362	1,284
Goods held for resale	2,358	2,386
	<u>3,720</u>	<u>3,670</u>

The Group consumed £32,871,000 of inventories during the period (2010: £32,922,000) which has been charged to cost of sales in the income statement.

The Company has no inventories (2010: £nil).

14 Trade and other receivables

	<u>Group</u> <u>2011</u> £'000	<u>Group</u> <u>2010</u> £'000
<i>Amounts falling due after one year:</i>		
Rental deposits	6,432	6,073
<i>Amounts falling due within one year:</i>		
Trade receivables	1,744	1,874
Amounts owed by related parties	40,535	43,064
Prepayments and accrued income	11,286	11,064
	<u>53,565</u>	<u>56,002</u>

£9.0 million of rental deposits were paid on the inception of the Sherwood, Longleat and Whinfell leases, which are repayable to the Group in the final year of the relevant leases. The fair value of the rental deposit above is based upon the AAA Corporate Bond rate of 3.81% (2010: 4.02%).

The fair value of trade and other receivables is equal to its book value and no impairment provisions have been made (2010: £nil). Concentrations of credit risk with respect to trade receivables are limited due to the vast majority of customers paying in advance. As such there are no amounts past due as all amounts are current (2010: £nil).

The amounts owed by related parties are interest-free, unsecured and repayable on demand.

	<u>Company</u> <u>2011</u> £'000	<u>Company</u> <u>2010</u> £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by related parties	70	70

The amounts owed by related parties are interest-free, unsecured and repayable on demand. All of the amounts above are denominated in £ sterling.



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15 Cash and cash equivalents

	<u>Group</u> 2011	<u>Group</u> 2010
	£'000	£'000
Cash at bank and in hand	40,645	39,715
	<u>Company</u> 2011	<u>Company</u> 2010
	£'000	£'000
Cash at bank and in hand	107	107

16 Trade and other payables—current

	<u>Group</u> 2011	<u>Group</u> 2010
	£'000	£'000
Trade payables	6,359	8,794
Other tax and social security	6,907	6,416
Other payables	699	898
Amounts owed to related parties	59,327	51,692
Accruals	81,483	78,545
Fair value of guarantees provided to other Group undertakings	205	205
Payments received on account	48,545	46,315
	<u>203,525</u>	<u>192,865</u>

The Company had no trade and other payables (2010: £nil).

17 Trade and other payables—non current

	<u>Group</u> 2011	<u>Group</u> 2010
	£'000	£'000
Other payables	740	876
Amounts owed to Group companies	25,647	35,412
	<u>26,387</u>	<u>36,288</u>

Included within amounts owed to Group companies is £20 million (2010: £20 million) of unsecured loan notes together with unpaid interest on those loan notes. The loan notes are due to Forest Luxco Sarl, a company based in Luxembourg, and incur compound interest at an annual rate of 16%. All amounts are denominated in £ sterling.

The Company had no non-current trade and other payables (2010: £nil).

18 Financial borrowings

<u>Group</u>	<u>2011</u>	<u>2010</u>
	£'000	£'000
Wholly repayable within five years:		
Senior A bank loan at LIBOR plus 2.98% per annum	219,324	219,324
Senior B bank loan at LIBOR plus 3.50% per annum	73,573	73,573
Bank mortgage at LIBOR plus 1.125% per annum	2,533	2,800
	<u>295,430</u>	<u>295,697</u>

All amounts are denominated in £ sterling.

The loans are part of an overall £1,032 million facility made available to the Group together with the CP Comet Holdings Limited group of companies. This group owns the four Center Parcs properties on which the villages operate. The total facility was drawn down across the two groups on 14 December 2006. The loans were originally repayable in October 2011 and were split into three Tranches as follows:

Senior A	£682 million facility bearing interest at LIBOR plus 0.8%
Senior B	£250 million facility bearing interest at LIBOR plus 2.5%
Senior C	£100 million facility bearing interest at LIBOR plus 3.75%



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Subsequently, the Senior C loan was redesignated as Senior A and B loans and the margin on the Senior A and B loans adjusted to 1.22% and 2.24% respectively.

On 8 April 2010 the loans were renegotiated. As a result the maturity date of the loans was extended from October 2011 to October 2013. In addition, the margin on the Tranche A loan was increased by 1.76% and the margin on the Tranche B loan was increased by 1.26%.

The renegotiation was treated as an extinguishment of the existing debt, and hence £1.6 million of capitalised issue costs were amortised or written off to the income statement during the prior period. In addition, costs of £3.7 million in relation to the refinancing were also written off to the income statement during the prior period.

A one percentage point movement in interest rates would affect the interest charge by approximately £2.9 million (2010: £2.9 million). Increases in the interest rate are protected above 6% until January 2012 by the interest rate cap.

All of the Group's borrowings are exposed to interest rate changes linked to movements in the quarterly LIBOR rate.

Mortgage

The Group has a mortgage secured over its head office which incurs interest at LIBOR plus 1.125% and matures in 2020. Annual repayments on this mortgage total £267,000. A one percentage point movement in interest rates would affect this interest charge by approximately £25,000 (2010: £28,000).

19 Financial instruments

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

<u>At 28 April 2011</u>	<u>Loans and receivables</u>	<u>Assets at fair value through profit or loss</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Assets as per the balance sheet			
Derivative financial instruments	—	164	164
Trade receivables	1,744	—	1,744
Other receivables	46,967	—	46,967
Cash and cash equivalents	40,645	—	40,645
	<u>89,356</u>	<u>164</u>	<u>89,520</u>
<u>At 22 April 2010</u>	<u>Loans and receivables</u>	<u>Assets at fair value through profit or loss</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Assets as per the balance sheet			
Derivative financial instruments	—	889	889
Trade receivables	1,874	—	1,874
Other receivables	49,137	—	49,137
Cash and cash equivalents	39,715	—	39,715
	<u>90,726</u>	<u>889</u>	<u>91,615</u>
<u>At 28 April 2011</u>	<u>Liabilities at fair value through profit or loss</u>	<u>Other financial liabilities</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Liabilities as per the balance sheet			
Derivative financial instruments	515	—	515
Borrowings	—	295,430	295,430
Trade payables	—	6,359	6,359
	<u>515</u>	<u>301,789</u>	<u>302,304</u>



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<u>At 22 April 2010</u>	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	£'000	£'000	£'000
Liabilities as per the balance sheet			
Derivative financial instruments	1,194	—	1,194
Borrowings	—	295,697	295,697
Trade payables	—	8,794	8,794
	<u>1,194</u>	<u>304,491</u>	<u>305,685</u>

Financial instruments at fair value through profit or loss were designated as such on initial recognition.

The fair value of financial instruments that are not traded in an active market, such as over-the-counter derivatives, is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The Group obtains such valuations from counterparties who use a variety of assumptions based on market conditions existing at each balance sheet date.

The only financial instruments held by the Company are other receivables of £70,000 (2010: £70,000) and cash and cash equivalents of £107,000 (2010: £107,000). These financial instruments are categorised as loans and receivables.

Fair value hierarchy

IFRS 7 requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All of the Group's fair value measurements have been categorised as Level 2 in both the current and prior periods. There were no transfers between levels during the current or prior periods.

Fair value of financial assets and financial liabilities

Given the recent renegotiation of the Group's financial borrowings (note 18), the fair value of financial borrowings is not considered to be materially different to its book value.

The fair value of other financial assets and liabilities of the Group and Company are approximately equal to their book value.

Interest rate cap

At the balance sheet date, the Company had in place an interest rate cap. The notional value was £292,897,115 (2010: £292,897,115). The interest rate cap limits the LIBOR interest rate to 6% until October 2013 on an accreting balance to match the loan profile.

The fair value of the interest rate cap at 28 April 2011 was an asset of £164,000 (2010: asset of £889,000).

Consideration for the interest rate cap is payable on a quarterly basis at £172,604 until January 2012. The fair value of these deferred payments at 28 April 2011 was a liability of £515,000 (2010: liability of £1,194,000).



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Maturity of financial liabilities

The maturity profile of the carrying value of the non-current financial liabilities was:

<u>Group as at 28 April 2011</u>	<u>Bank loans</u> £'000	<u>Mortgage</u> £'000	<u>Other payables</u> £'000	<u>Inter-company balances</u> £'000	<u>2011 Total</u> £'000
In more than one year but not more than two years . . .	—	267	136	—	403
In more than two years but not more than five years . .	292,897	801	408	—	294,106
In more than five years	—	1,198	196	25,647	27,041
	<u>292,897</u>	<u>2,266</u>	<u>740</u>	<u>25,647</u>	<u>321,550</u>

<u>Group as at 22 April 2010</u>	<u>Bank loans</u> £'000	<u>Mortgage</u> £'000	<u>Other payables</u> £'000	<u>Inter-company balances</u> £'000	<u>2010 Total</u> £'000
In more than one year but not more than two years . . .	—	267	136	—	403
In more than two years but not more than five years . .	292,897	801	408	—	294,106
In more than five years	—	1,465	332	35,412	37,209
	<u>292,897</u>	<u>2,533</u>	<u>876</u>	<u>35,412</u>	<u>331,718</u>

The Company had no non-current financial liabilities (2010: £nil).

20 Provisions

<u>Group</u>	<u>53 weeks ended</u> <u>28 April 2011</u> £'000	<u>52 weeks ended</u> <u>22 April 2010</u> £'000
<i>Claims provision—Current</i>		
At beginning of the period	142	213
Utilised in the period	(99)	(71)
Released to the income statement	(43)	—
At end of the period	<u>—</u>	<u>142</u>

The claims provision is based on management's estimate of potential liabilities arising from employee and public liability claims received prior to the period end. The estimate is based upon advice received from the Group's claims handler and covers the element of claims to which the Group is exposed.

21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 26% (2010: 28%).

<u>Group</u>	<u>2011</u> £'000	<u>2010</u> £'000
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	791	1,080
	<u>791</u>	<u>1,080</u>
Deferred tax liabilities		
Deferred tax liability to be utilised within 12 months	—	(704)
Deferred tax liability to be utilised after more than 12 months	(36,852)	(37,539)
	<u>(36,852)</u>	<u>(38,243)</u>



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The movement on the deferred tax account is shown below:

<u>Group</u>	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	£'000	£'000
At the beginning of the period	(37,163)	(35,255)
Credited/(charged) to the income statement	1,456	(1,882)
Deferred tax charged to the statement of comprehensive income	(354)	(26)
At the end of the period	<u>(36,061)</u>	<u>(37,163)</u>

<u>Group</u>	<u>Accelerated tax depreciation</u>	<u>Short-term timing differences</u>	<u>Pension</u>	<u>Intangibles</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000
As at 23 April 2009	(2,149)	1,969	184	(35,259)	(35,255)
(Charged)/credited to the Income Statement	(1,540)	(1,029)	(18)	705	(1,882)
Deferred tax charged to the Statement of Comprehensive Income	—	—	(26)	—	(26)
As at 22 April 2010	(3,689)	940	140	(34,554)	(37,163)
(Charged)/credited to the Income Statement	(888)	(149)	(38)	2,531	1,456
Deferred tax charged to the Statement of Comprehensive Income	—	—	(354)	—	(354)
As at 28 April 2011	<u>(4,577)</u>	<u>791</u>	<u>(252)</u>	<u>(32,023)</u>	<u>(36,061)</u>

The Company has no deferred tax (2010: £nil).

22 Share capital

	<u>2011</u>	<u>2010</u>
	£'000	£'000
Allotted and fully paid		
20,000,000 Ordinary shares of £1 each	20,000	20,000

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

Certain Directors and members of management purchased shares in the group companies CP Cayman Limited and CP Cayman Topco Limited in November 2006 and continue to hold these shares. The shares have variable rights to entitlement which increase over a five year period.

23 Retained earnings

<u>Group</u>	<u>£'000</u>
At 23 April 2009	(39,825)
Profit for the period	20,280
Net movement on pension scheme	66
Dividend	(7,000)
At 22 April 2010	<u>(26,479)</u>
	<u>£'000</u>
At 22 April 2010	(26,479)
Profit for the period	22,025
Net movement on pension scheme	973
At 28 April 2011	<u>(3,481)</u>



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<u>Company</u>	<u>£'000</u>
At 23 April 2009	177
Profit for the period	7,000
Dividend	(7,000)
At 22 April 2010	<u>177</u>
Profit for the period	—
At 28 April 2011	<u><u>177</u></u>

During the prior period a dividend of £7,000,000 (35p per share) was declared and paid.

24 Notes to the cash flow statement

(a) Reconciliation of net profit to cash generated from operations

	<u>Group</u> 53 weeks ended 28 April 2011	<u>Group</u> 52 weeks ended 22 April 2010
	£'000	£'000
Net profit	22,025	20,280
Adjustments for:		
Depreciation	26,328	24,735
Taxation	6,844	4,433
Amortisation	2,048	4,130
Profit on disposal of property, plant and equipment	(66)	—
Movement in fair value of derivative financial instruments	46	(1,160)
Finance income	(1,263)	(1,238)
Finance expense	16,064	16,447
Movement in inventories	(50)	(65)
Movement in receivables	2,648	(7,089)
Movement in payables	(13,863)	19,166
Difference between the pension charge and the contributions	(141)	(65)
Movement in provisions	(142)	(71)
Cash generated from operations	<u>60,478</u>	<u>79,503</u>
	<u>Company</u> 53 weeks ended 28 April 2011	<u>Company</u> 52 weeks ended 22 April 2010
	£'000	£'000
Net profit	—	7,000
Income from Group undertaking	—	(7,000)
Cash generated from operations	<u>—</u>	<u>—</u>

(b) Analysis of changes in net debt

<u>Group</u>	<u>At</u> 22 April 2010	<u>Cash flows</u>	<u>Non-cash</u> <u>movements</u>	<u>At</u> 28 April 2011
	£'000	£'000	£'000	£'000
Cash and cash equivalents	39,715	930	—	40,645
Bank mortgage	(2,800)	267	—	(2,533)
Long term loans	(328,309)	—	9,765	(318,544)
	<u>(291,394)</u>	<u>1,197</u>	<u>9,765</u>	<u>(280,432)</u>



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The above net debt excludes issue costs associated with long term loans, includes loans from related parties but excludes those from Group companies. The Directors consider this to be the most appropriate basis of net debt.

<u>Company</u>	At 22 April 2010	Cash flows	At 28 April 2011
	£'000	£'000	£'000
Cash and cash equivalents	107	—	107

25 Capital commitments

At the balance sheet date, the Group had capital expenditure contracted for but not provided of £1.3 million (2010: £3.0 million).

The Company had no capital commitments at the balance sheet date (2010: £nil).

26 Employees and Directors

<u>Group</u>	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	£'000	£'000
Staff costs for the Group during the period:		
Wages and salaries	64,064	60,350
Social security costs	4,066	4,006
Pension costs	1,981	2,153
	<u>70,111</u>	<u>66,509</u>

Redundancy costs of £566,000 (2010: £320,000), which have been treated as exceptional costs per note 5, are included above.

The average number of people (including executive Directors) employed by the Group during the period was:

<u>Group</u>	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	Number	Number
By activity		
Leisure, food and retail	2,384	2,410
Administration	587	609
Housekeeping, technical and estate services	2,358	2,284
	<u>5,329</u>	<u>5,303</u>

Key management compensation

	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	£'000	£'000
Aggregate emoluments (including money purchase pension contributions)	2,574	2,470

Aggregate emoluments include £nil (2010: £140,000) of compensation for loss of office.

Key management compensation encompasses the Directors and certain senior managers of the Group.

<u>Directors</u>	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	£'000	£'000
Aggregate emoluments (including money purchase pension contributions)	1,550	1,476



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One Director has retirement benefits accruing under the Group's money purchase pension scheme, in respect of which the Group made contributions of £27,000 in the period. In addition, retirement benefits are accruing to two Directors under the Group's defined benefit pension scheme.

Aggregate emoluments include £nil (2010: £140,000) of compensation for loss of office.

The Company had no employees during the period (2010: none) and had no staff costs (2010: £nil).

	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	£'000	£'000
Included in the above are amounts in respect of the highest paid Director:		
Aggregate emoluments	673	651
Accrued pension at end of period	<u>232</u>	<u>232</u>

27 Pension commitments

Defined contribution pension scheme

The Group participates in the Center Parcs pension scheme, which is a defined contribution pension scheme with a contributory and a non-contributory membership level.

Pension costs for the defined contribution scheme were as follows:

	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	£'000	£'000
Defined contribution scheme	1,880	1,943

An accrual of £218,000 (2010: £216,000) existed in respect of pension costs at 28 April 2011.

Defined benefit pension scheme

The Group operates a funded defined benefit pension scheme for certain employees. Contributions are determined by an independent qualified actuary using assumptions on the rate of return on investments and rates of increases in salaries and benefits.

The contributions made by the Group during the period amounted to £242,000 (2010: £275,000), equivalent to approximately 35.6% (2010: 35.6%) of relevant salaries during the period.

The last actuarial valuation of the scheme was performed on 1 August 2008. This was updated to 28 April 2011 by a qualified independent actuary.

The principal assumptions used were:

	2011	2010
Discount rate	5.25%	5.5%
Rate of increase in pensions in payment	3.0%	3.5%
Inflation	3.0%	3.5%
Rate of increase in salaries	3.0%	3.5%
Expected return on plan assets	6.76%	7.75%
Life expectancy from age 60, for a male:		
• Currently age 60	27.73 years	27.70 years
• Currently age 50	28.77 years	28.77 years

The expected return on plan assets is based on advice from Hymans Robertson LLP, the Group's appointed actuaries.



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The amounts recognised in the balance sheet are as follows:

	<u>2011</u>	<u>2010</u>
	£'000	£'000
Present value of funded obligations	(8,239)	(8,708)
Fair value of plan assets	<u>9,207</u>	<u>8,208</u>
Net pension surplus/(liability)	<u>968</u>	<u>(500)</u>

The major categories of plan assets as a percentage of total plan assets are as follows:

	<u>2011</u>	<u>2010</u>
	%	%
Equities	83	100
Index linked bonds	15	—
Cash	<u>2</u>	<u>—</u>

The amounts recognised in the income statement are as follows:

	<u>53 weeks ended</u> <u>28 April 2011</u>	<u>52 weeks ended</u> <u>22 April 2010</u>
	£'000	£'000
Current service cost	267	266
Interest cost	479	404
Expected return on plan assets	(645)	(460)
Total included within staff costs	<u>101</u>	<u>210</u>

Staff costs are included within administrative expenses in the income statement.

Changes in the present value of the defined benefit obligation are as follows:

	<u>53 weeks ended</u> <u>28 April 2011</u>	<u>52 weeks ended</u> <u>22 April 2010</u>
	£'000	£'000
Opening defined benefit obligation	8,708	6,091
Current service cost	267	266
Interest cost	479	404
Actuarial (gains)/losses	(1,215)	1,947
Closing defined benefit obligation	<u>8,239</u>	<u>8,708</u>

Changes in the fair value of plan assets are as follows:

	<u>53 weeks ended</u> <u>28 April 2011</u>	<u>52 weeks ended</u> <u>22 April 2010</u>
	£'000	£'000
Opening fair value of plan assets	8,208	5,434
Expected return on plan assets	645	460
Actuarial gains	112	2,039
Contributions by employer	242	275
Closing fair value of plan assets	<u>9,207</u>	<u>8,208</u>



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Cumulative actuarial gains and losses recognised in the statement of comprehensive income:

	53 weeks ended 28 April 2011	52 weeks ended 22 April 2010
	£'000	£'000
Opening balance	(409)	(501)
Total gain	<u>1,327</u>	<u>92</u>
Closing balance	<u>918</u>	<u>(409)</u>

The actual return on plan assets was £757,000 (2010: £2,499,000).

History of experience gains and losses

	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Experience adjustments arising on plan assets	<u>112</u>	<u>2,039</u>	<u>(2,207)</u>	<u>(869)</u>	<u>94</u>
Experience adjustments arising on scheme liabilities	<u>(1,215)</u>	<u>1,947</u>	<u>(1,036)</u>	<u>(505)</u>	<u>(1,014)</u>
Present value of scheme liabilities	<u>(8,239)</u>	<u>(8,708)</u>	<u>(6,091)</u>	<u>(6,373)</u>	<u>(6,190)</u>
Fair value of plan assets	<u>9,207</u>	<u>8,208</u>	<u>5,434</u>	<u>6,830</u>	<u>5,094</u>
Surplus/(deficit)	<u>968</u>	<u>(500)</u>	<u>(657)</u>	<u>457</u>	<u>(1,096)</u>

The contribution expected to be paid during the financial period ended 26 April 2012 amounts to £261,000.

28 Operating lease commitments

<u>Group</u>	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
	£'000	£'000	£'000	£'000
Commitments under non-cancellable operating leases due:				
Within one year	<u>56,055</u>	<u>—</u>	<u>53,642</u>	<u>69</u>
Later than one year and less than five years	<u>241,550</u>	<u>—</u>	<u>231,149</u>	<u>—</u>
After five years	<u>245,475</u>	<u>—</u>	<u>304,136</u>	<u>—</u>
	<u>543,080</u>	<u>—</u>	<u>588,927</u>	<u>69</u>

The leases held on the Sherwood Forest, Elveden Forest and Oasis Whinfell Forest land and buildings expire in November 2020 and the lease held on the Longleat Forest land and buildings expires in November 2017.

The Company has no operating lease commitments (2010: £nil).

29 Related parties

During the period the Company and Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding are as follows:

<u>Group</u>	<u>At 23 April 2009</u>	<u>Movement in 52 weeks</u>	<u>At 22 April 2010</u>	<u>Movement in 53 weeks</u>	<u>At 28 April 2011</u>
	£'000	£'000	£'000	£'000	£'000
CP (Sherwood Property) Limited	17	1	18	—	18
Elveden Property Limited	17	1	18	—	18
Longleat Property Limited	15	—	15	—	15
CP (Oasis Property) Limited	(1,173)	1,190	17	—	17
Comet Refico Limited	36,326	6,486	42,812	(11,324)	31,488
Sun CP Newmidco Limited	(54,438)	(8,506)	(62,944)	12,627	(50,317)
CP Comet Holdings Limited	(352)	(1,669)	(2,021)	1,972	(49)
Comet Luxco Sarl	—	21	21	—	21
Forest Luxco Sarl	(31,412)	9,755	(21,657)	(3,780)	(25,437)
Forest Cayco Limited	(22,516)	22,516	—	—	—
Sun CP Newportco Limited	(482)	—	(482)	—	(482)
Tragus Group Limited	127	36	163	106	269
Company					
Forest Midco Limited	22,516	(22,516)	—	—	—
Forest Luxco Sarl	70	—	70	—	70
Forest Cayco Limited	(22,516)	22,516	—	—	—



Forest Holdco Limited
 NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
 FOR THE 53 WEEKS ENDED 28 APRIL 2011

CP (Sherwood Property) Limited, Longleat Property Limited, Elveden Property Limited and CP (Oasis Property) Limited own the four sites occupied by the Center Parcs' villages. The property companies are under the control of the Blackstone group and hence related to the Group through common ownership.

Comet Refico Limited is part of the same group as the four property companies. The amounts due from Comet Refico Limited are in respect of costs paid on its behalf during refinancing exercises and a securitisation of the funding of the Forest Holdco Limited group and the Comet Holdco Limited group, net of amounts owed for the surrender of tax losses to the Group.

CP Comet Holdings Limited and Sun CP Newportco Limited surrendered tax losses to the Group in the prior period and the Group surrendered tax losses to CP Comet Holdings Limited during the current period. The balances outstanding represent compensation owed for these losses. Both companies are part of the same group as the property companies above.

Sun CP Newmidco Limited, another member of the property company group, made a loan to the Group during a prior period. It also previously surrendered tax losses to the Group. Tax losses were surrendered to Sun CP Newmidco Limited during the period and an element of the balance due was repaid.

Forest Luxco Sarl is a fellow group company not included in the consolidated accounts. The amounts related to this company are in respect of loan notes issued by Forest Luxco Sarl to Forest Midco Limited.

The balance with Forest Cayco Limited represented a loan made by that company as part of the original acquisition of the Center Parcs business and a dividend payable to that company. The balance was settled during the prior period.

Certain food and beverage offerings on the parcs are operated under concession by Tragus Group Limited. Tragus Group Limited has the same ultimate controlling party as Forest Holdco Limited being funds operated by the Blackstone Group. During the period under review the Company received concession income of £4,111,000 (2010: £4,098,000).

Management charges of £600,000 (2010: £600,000) were payable to the Blackstone Group during the period.

30 Subsidiary undertakings

The share capital of the subsidiary undertakings is designated, with minor exceptions, as ordinary shares.

All shareholdings represent 100% of the equity and the voting rights. The shares of subsidiary undertakings marked * are held by subsidiary undertakings of the Company.

All subsidiaries have been included in the consolidated financial statements.

<u>Subsidiary Undertaking</u>	<u>Activity</u>	<u>Country of Incorporation</u>
Forest Midco Limited	Intermediate Holding Company	England and Wales
Forest Bidco Limited*	Intermediate Holding Company	England and Wales
Forest Refico Limited*	Intermediate Holding Company	England and Wales
Center Parcs (UK) Group Limited*	Intermediate Holding Company	England and Wales
Center Parcs (Jersey) 1 Limited*	Intermediate Holding Company	Jersey
Center Parcs (Operating Company) Limited*	Trading	England and Wales
Center Parcs Limited*	Intermediate Holding Company	England and Wales
Center Parcs (Block 1) Limited*	Dormant	England and Wales
Center Parcs (Block 2) Limited*	Dormant	England and Wales
Center Parcs Spa Division Holdings Limited*	Dormant	England and Wales
Centrepark Limited*	Dormant	England and Wales
Center Parcs (Nominees) Limited*	Dormant	England and Wales
Center Parcs Card Services Limited*	Dormant	England and Wales
Center Parcs Energy Services Limited*	Non-trading	England and Wales

31 Ultimate parent company and controlling parties

The immediate parent company of the Group is Forest Cayco Limited, a company registered in the Cayman Islands. The ultimate parent company is Forest Cayco Holdings L.P. Limited, a company registered in the Cayman Islands. The ultimate controlling parties are funds advised by The Blackstone Group. No company consolidates the results of the Forest Holdco Limited Group.



Forest Holdco Limited

Annual report and financial statements

for the 52 weeks ended 22 April 2010

Registered number: 05724101



Forest Holdco Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 22 APRIL 2010

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Forest Holdco Limited

Directors and advisors

Directors

A M Robinson
M P Dalby
P Inglett
P H Stoll
A Valeri
J P Baratta
C R Pike

Secretary

R Singh - Dehal

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Forest Holdco Limited
DIRECTORS' REPORT
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Directors' report

The Directors present their consolidated report and audited financial statements for the 52 weeks ended 22 April 2010 (2009: 53 weeks ended 23 April 2009) which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Principal activity and review of the business

The principal activity of the Company during the period was that of a holding company.

The principal activity of the active subsidiaries is the operation of short break holiday villages in Nottinghamshire, Cumbria, Wiltshire and Suffolk.

The results of the Group for the period show a profit of £20.3 million (2009: loss of £5.7 million). The shareholders approved a dividend of £7.0 million during the period (2009: £17.5 million).

Going Concern

The Directors have assessed the financial position of the group based upon the net liabilities and net current liabilities position at the end of the period. In assessing the going concern of the business they have considered the projected future trading and cash flows of the business. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a Going Concern basis, as they consider that the Group will continue as a going concern for a period of at least 12 months from the date of signing the accounts.

Business review

Introduction

The Center Parcs Business operates four holiday villages in the UK:

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

The villages are set in a forest environment—typically 400-acres in size and provide high quality accommodation in fully equipped villas, apartments and lodges, which are set amongst trees and streams. 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 natural, healthy environment are the essential elements.

In the period under review, the Business achieved an average physical occupancy of 97.3% (2009: 95.5%) across all four villages.

Market overview

Center Parcs primarily targets affluent families in the UK, who are open to considering good quality, value for money and convenient short break holidays within the UK.

The UK Domestic holiday market is diverse and largely unregulated and Center Parcs considers its main competitors to be high end self-catering cottage accommodation and leisure hotels/resorts although there are several one-off small providers of lodges in rural retreats and Bluestone has entered the market. However, there are still no direct competitors offering the single-site holiday village/resort to the level of quality and sophistication of Center Parcs. However, what is clear is that Center Parcs will need to continue to deliver innovation and communicate high quality and standards, reliability and good value for money for the affluent family audience. Consumer expectations continue to rise.

The unique Center Parcs proposition of an easily accessible UK 'escape' in a natural environment with a range of activities to appeal to all ages is very much in line with a number of current socio-economic trends—concern for the environment, fuel costs, security worries, child obesity etc.—and gives 'time-poor' parents an opportunity to spend valuable time with their friends and family.

Investment in the website and online booking functionality also sits well with the target audience and allows flexibility and accessibility for the researching consumer.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Objectives and strategies

The Business's objectives are to remain the leading short break operator in the UK and to deliver profit growth, increasing shareholder value.

The strategy to maintain these objectives has been to:

- generate a growth in profit before tax and exceptional items (as defined within the summary of significant accounting policies)
- continue to fund refurbishment of central facilities and accommodation and the construction of new and upgraded accommodation
- move forward with the build of the fifth site proposed at Woburn
- introduce new leisure activities and facilities to maintain Center Parcs' pre-eminence in the short break leisure market.

Progress against strategic objectives

During the period, the Business continued to make good progress on our strategic objectives.

Existing villages

During the period under review the business has completed a number of initiatives to improve the guest experience:

- The programme of investing in our core facilities continued with the reopening of the Leisure Bowl at Sherwood Forest following a complete refurbishment, at a cost of £1.0 million.
- The project to completely replace the roof of the Subtropical Swimming Paradise at Sherwood Forest was completed during the period. The facility remained entirely operational at all times with no impact on our guests.
- During the period we introduced a new customer service programme, 'Making Memorable Moments', with all staff trained to a new standard, with assessment from both internal and external sources. By the end of April 2010, 5,200 staff had been trained and we have already seen positive results in terms of guest satisfaction and intention to return scores. To assess the impact of the training we also introduced a 'Mystery Guest' programme with 16 visits per village per annum taking place, providing a vast amount of invaluable information.
- Planning permission for new accommodation at Longleat Forest and Whinfall Forest was achieved. This consists of five new style Exclusive Lodges at Longleat Forest and three new style Executive Lodges at Whinfall Forest.

Fifth Site

Detailed design work continued for our fifth UK Forest Holiday Village at Woburn in Bedfordshire. During the period we completed the purchase of an area of farmland adjacent to the A507 in order to build the roundabout at Millbrook which was a condition of our outline planning permission. In addition we continued work on the Reserved Matters that related to the planning consent. These were concluded and submitted to Central Bedfordshire Council in August 2010.

Key performance indicators

In addition to the measures of revenue and operating margin, the Directors use the following key performance indicators to set targets and measure performance against those targets.

Physical occupancy

Physical occupancy is the average number of villas occupied as a percentage of the total number available. Physical occupancy for the period was 97.3% (2009: 95.5%). The increased occupancy over the prior period is a result of having no villas off-line for refurbishment during the year and therefore available for use.

ADR (Average Daily rate)

ADR is the average rent (including VAT) achieved based on total gross rental income divided by the total number of villa nights sold.

ADR for the period was £152.36 (2009: £152.78).



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Although a marginal decrease over the prior year the ADR achieved is considered to represent a solid performance given the market and economic conditions experienced.

RevPAV

RevPAV (rent-per available villa night) is the average rent (including VAT) achieved based on total gross rental income divided by the total available number of villa nights.

RevPAV for the period was £148.20 (2009: £145.83).

Forward bookings

Bookings at April 2010 represented 38.9% (2009: 36.7%) of available capacity. This gives the business good forward visibility of future occupancy levels.

On-site spend per sleeper

On-site spend per sleeper is the average non-accommodation spend per person per day (including VAT).

As the business has outsourced elements of the food and beverage and retail offerings the proportion of total on-site spend received by the business has fallen. However, the business continues to measure spend per sleeper based on total spend including at outsourced units. This indicator for the period was £27.77 (2009: £27.94).

Prompted brand awareness

Prompted brand awareness reached 100% (2009: 98%).

Trading since April 2010 and outlook

Revenue for the first 20 weeks increased by 1.3%. Occupancy during the same period remained above 97% as in the prior year.

Forward bookings are in line with expectations.

Future strategic development

Clearly the short term economic environment remains uncertain; however we will continue to invest in the business in the current financial year. We will continue the accommodation restyling programme with a further 380 villas being converted to the new style during the period ending 28 April 2011. In addition we will complete the construction of five new style Exclusive Lodges at both Longleat Forest and Elveden Forest and three new style Executive Lodges at Whinell Forest. Our most exciting new accommodation will open at Sherwood Forest in late 2010. Three luxurious two-storey Treehouses will feature four bedrooms, all with en-suite bathrooms and private balconies, an open plan kitchen, dining and living area, a separate games and entertainment den, sauna and private hot tub.

Detailed design work will continue for our fifth Village at Woburn in Bedfordshire and we expect the planning conditions and reserved matters that we submitted to Central Bedfordshire Council to be approved by the end of 2010. Following this we will begin the tendering process for the construction of a roundabout at Millbrook, which was a condition of our outline planning consent. We expect construction of the roundabout to commence in 2011.

During the period we announced that we had received the support of the requisite majority of our lenders to amend certain provisions of our existing debt facilities, including an extension of maturity date of the facilities from October 2011 to October 2013. The amendments to our existing debt facilities provide us with a robust medium-term financing structure and will allow us to accelerate the implementation of our successful investment initiatives.

Despite the uncertainty surrounding economic growth in the wake of the proposed government spending cuts, we believe Center Parcs is well positioned to achieve its objectives and, with forward bookings looking very positive, produce another strong set of results this year.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Financial reporting

The financial performance of the Forest Holdco Limited Group can be summarised as:

	52 weeks ended 22 April 2010	53 weeks ended 23 April 2009
	£m	£m
Revenue	280.0	276.9
Operating profit	39.9	36.9
Operating profit before 'exceptional items' ¹	40.2	37.3
EBITDAR before 'exceptional items' ²	124.1	121.4
Profit before tax	24.7	16.7
Profit/ (loss) after tax	20.3	(5.7)

- 1 'Exceptional items' is defined within the 'Summary of significant accounting policies'.
- 2 EBITDAR is defined as earnings before interest, tax, depreciation, amortisation and property rental costs, and can be calculated as Operating profit before "exceptional items" adjusting for depreciation, amortisation and property rental costs as disclosed in note 4.

Income statement

Revenue for the business was 1.1% up on the prior year.

The **EBITDAR (before exceptionals) margin** has improved from 43.8% last period to 44.3% this period.

Net finance costs of £15.2 million (2009: £20.2 million) were incurred during the period.

Exceptional items

Further redundancies took place during the period as restructuring under the new ownership continued. The total incurred in the period was £0.3 million (2009: £0.4 million).

Cash flow

During the period the Group generated £4.2 million (2009: £6.8 million) of cash. Operating activities generated £58.6 million (2009: £57.1 million) of cash. The ongoing capital program saw £21.0 million (2009: £54.5 million) invested in the business (including software assets).

The above capital investment represents a commitment to ensure that the accommodation and on-parc experience of the guest is maintained to the high standard expected.

Business relationships

The business operates arms length arrangements with its suppliers and contractors. It continues to lease the four village properties from related parties.

Political and charitable donations

The Group made no political donations during the period (2009: £nil) but made charitable donations of £24,598 (2009: £21,662), which includes the value of free holidays provided.

Policy and practice on payment of creditors

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. At the balance sheet date trade creditors represented 75 days (2009: 75 days) of purchases.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Directors

The Directors who served during the period and up to the date of this report were as follows:

A M Robinson
M P Dalby
P Inglett (appointed 11 January 2010)
M R France (resigned 31 December 2009)
P H Stoll A Valeri
J P Baratta
C R Pike

During the period, the Group had in place Directors' and officers' insurance.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. The Group continues to monitor and refine its policies to ensure that all those with disabilities are fairly and appropriately supported pre and post appointment.

The Group has a practice of achieving common awareness of all employees in relation to financial and economic factors that affect the performance of the Group.

Financial risk management

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the Forest Holdco Limited Group.

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.

The overall policy in respect of interest rates is to reduce the exposure to floating rates. The Group currently has interest rate caps in place, held by Forest Refico Limited.

Interest rate risk

The Group has in place floating rate debt as its primary funding source. In order to minimise exposure to interest rate fluctuations, the Group utilises interest rate caps.

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium-term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In accordance with Section 418, in the case of each Director in office at the date the Directors' report is approved, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution proposing the reappointment of PricewaterhouseCoopers LLP will put to the Annual General Meeting.

By order of the board

M P Dalby
Director
19 October 2010



Forest Holdco Limited

Independent auditors' report to the members of Forest Holdco Limited

We have audited the group and parent company financial statements (the "financial statements") of Forest Holdco Limited for the 52 week period ended 22 April 2010 which comprise the Group and Company Income Statements, the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages F-108 to F-109, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 22 April 2010 and of the group's profit, the parent company's profit and group's and parent company's cash flows for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Lyon BSc FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

19 October 2010



Forest Holdco Limited
GROUP INCOME STATEMENT
FOR THE 52 WEEKS ENDED 22 APRIL 2010

**Group Income Statement
for the 52 weeks ended 22 April 2010**

	Note	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Revenue	3	279,975	276,868
Cost of sales		(35,304)	(35,080)
Gross profit		244,671	241,788
Administrative expenses excluding exceptional items		(205,589)	(202,945)
Other income/(expense)	6	1,160	(1,497)
Operating profit before exceptional items		40,242	37,346
Exceptional items	5	(320)	(419)
Operating profit	4	39,922	36,927
Interest income	7	1,238	3,490
Interest expense	7	(16,447)	(23,736)
Profit on ordinary activities before taxation		24,713	16,681
Tax on profit on ordinary activities	8	(4,433)	(22,392)
Profit/(loss) for the financial period	23	20,280	(5,711)

All amounts relate to continuing activities.



Forest Holdco Limited
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 22 APRIL 2010

**Group Statement of Comprehensive Income
for the 52 weeks ended 22 April 2010**

	<u>Note</u>	<u>52 weeks ended 22 April 2010</u>	<u>53 weeks ended 23 April 2009</u>
		<u>£'000</u>	<u>£'000</u>
Profit/(loss) for the period		<u>20,280</u>	<u>(5,711)</u>
Other comprehensive income			
Actuarial gains/(losses) on retirement benefits	27	92	(1,171)
Tax on the above	21	(26)	328
Other comprehensive income/(expense) for the period		<u>66</u>	<u>(843)</u>
Total comprehensive income/(expense) for the period attributable to owners of the parent		<u>20,346</u>	<u>(6,554)</u>



Forest Holdco Limited
COMPANY INCOME STATEMENT
 FOR THE 52 WEEKS ENDED 22 APRIL 2010

**Company Income statement
 for the 52 weeks ended 22 April 2010**

	Note	52 weeks ended 22 April 2010	53 weeks ended 23 April 2009
		£'000	£'000
Operating profit	4	—	—
Income from group undertaking	12	7,000	17,500
Finance income	7	—	5
Profit on ordinary activities before taxation		7,000	17,505
Tax on profit on ordinary activities	8	—	—
Profit for the financial period	23	7,000	17,505

All amounts relate to continuing activities.

The Company has no recognised income or expenses other than the profit for the period above and so no separate Statement of Comprehensive Income is presented.



Forest Holdco Limited
STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Statement of Changes in Equity
For the 52 weeks ended 22 April 2010

<u>Group</u>	<u>Attributable to owners of the parent</u>		
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 17 April 2008	20,000	(15,771)	4,229
Comprehensive income			
Loss for the period	—	(5,711)	(5,711)
Other comprehensive expense	—	(843)	(843)
Transactions with owners			
Dividend	—	(17,500)	(17,500)
At 23 April 2009	20,000	(39,825)	(19,825)
Comprehensive income			
Profit for the period	—	20,280	20,280
Other comprehensive income	—	66	66
Transactions with owners			
Dividend	—	(7,000)	(7,000)
At 22 April 2010	20,000	(26,479)	(6,479)
 <u>Company</u>			
At 17 April 2008	20,000	172	20,172
Comprehensive income			
Profit for the period	—	17,505	17,505
Transactions with owners			
Dividend	—	(17,500)	(17,500)
At 23 April 2009	20,000	177	20,177
Comprehensive income			
Profit for the period	—	7,000	7,000
Transactions with owners			
Dividend	—	(7,000)	(7,000)
At 22 April 2010	20,000	177	20,177



Forest Holdco Limited
GROUP BALANCE SHEET
AS AT 22 APRIL 2010

**Group Balance Sheet
as at 22 April 2010**

	Note	2010 £'000	2009 £'000
Assets			
Non-current assets			
Goodwill	9	141,148	141,148
Other intangible assets	10	125,644	128,651
Property, plant and equipment	11	183,444	191,968
Trade and other receivables	14	6,073	5,700
Deferred tax assets	21	1,080	1,986
		457,389	469,453
Current assets			
Inventories	13	3,670	3,605
Trade and other receivables	14	56,002	48,913
Derivative financial instruments	19	889	376
Cash and cash equivalents	15	39,715	35,555
Current tax asset		785	—
Deferred tax assets	21	—	167
		101,061	88,616
Liabilities			
Current liabilities			
Financial borrowings	18	(267)	(267)
Trade and other payables	16	(192,865)	(205,927)
Derivative financial instruments	19	(1,194)	(1,841)
Deferred tax liability	21	(704)	(731)
Provisions	20	(142)	(213)
		(195,172)	(208,979)
Net current liabilities		(94,111)	(120,363)
Non current liabilities			
Financial borrowings	18	(295,430)	(294,141)
Trade and other payables	17	(36,288)	(37,440)
Retirement benefit obligations	27	(500)	(657)
Deferred tax liability	21	(37,539)	(36,677)
Net liabilities		(6,479)	(19,825)
Equity			
Ordinary shares	22	20,000	20,000
Retained earnings	23	(26,479)	(39,825)
Total equity		(6,479)	(19,825)

The financial statements on pages F-111 to F-141 were approved by the board of Directors on 19 October 2010 and were signed on its behalf by:

M P Dalby
Director



Forest Holdco Limited
COMPANY BALANCE SHEET
AS AT 22 APRIL 2010

**Company Balance Sheet
as at 22 April 2010**

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		£'000	£'000
Assets			
Non-current assets			
Investments	12	<u>20,000</u>	20,000
		<u>20,000</u>	20,000
Current assets			
Trade and other receivables	14	<u>70</u>	22,586
Cash and cash equivalents	15	<u>107</u>	107
		<u>177</u>	22,693
Liabilities			
Current Liabilities			
Trade and other payables	16	<u>—</u>	(17,500)
		<u>—</u>	(17,500)
Net current assets		<u>177</u>	5,193
Non current liabilities			
Trade and other payables	17	<u>—</u>	(5,016)
Net assets		<u>20,177</u>	20,177
Equity			
Ordinary shares	22	<u>20,000</u>	20,000
Retained earnings	23	<u>177</u>	177
Total equity		<u>20,177</u>	20,177

The financial statements on pages F-111 to F-141 were approved by the board of Directors on 19 October 2010 and were signed on its behalf by:

M P Dalby
Director



Forest Holdco Limited
GROUP CASH FLOW STATEMENT
FOR THE 52 WEEKS ENDED 22 APRIL 2010

**Group Cash Flow Statement
for the 52 weeks ended 22 April 2010**

	Note	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Cash flows from operating activities			
Cash generated from operations	24	79,503	79,102
Interest received		865	1,833
Interest paid		(20,725)	(23,800)
Corporation tax paid		(1,006)	—
Net cash from operating activities		<u>58,637</u>	<u>57,135</u>
Cash flows from investing activities			
Disposal of property, plant and equipment		—	13
Purchase of intangible assets-software		(1,123)	(1,852)
Purchase of property, plant and equipment		(19,860)	(52,667)
Net cash used in investing activities		<u>(20,983)</u>	<u>(54,506)</u>
Cash flows from financing activities			
Arrangement costs of new bank facilities		(3,712)	—
Dividends paid		(24,500)	—
Loan from related party		—	4,428
Loan repayment		(5,016)	—
Repayment of borrowings		(266)	(267)
Net cash (used in)/from financing activities		<u>(33,494)</u>	<u>4,161</u>
Net increase in cash and cash equivalents	24	4,160	6,790
Cash and cash equivalents at beginning of period		35,555	28,765
Cash and cash equivalents at end of period	15	<u>39,715</u>	<u>35,555</u>



Forest Holdco Limited
COMPANY CASH FLOW STATEMENT
 FOR THE 52 WEEKS ENDED 22 APRIL 2010

Company Cash Flow Statement
for the 52 weeks ended 22 April 2010

	Note	52 weeks ended 22 April 2010 £'000	53 weeks ended 23 April 2009 £'000
Cash flows from operating activities			
Cash generated from operations	24	—	—
Interest received		—	5
Net cash from operating activities		<u>—</u>	<u>5</u>
Cash flows from investing activities			
Equity dividends received		24,500	—
Net cash from investing activities		<u>24,500</u>	<u>—</u>
Cash flows from financing activities			
Equity dividends paid		(24,500)	—
Repayment of loan due from Group undertaking		5,016	—
Repayment of loan due to Group undertaking		(5,016)	—
Net cash used in financing activities		<u>(24,500)</u>	<u>—</u>
Net increase in cash and cash equivalents	24	—	5
Cash and cash equivalents at beginning of period		107	102
Cash and cash equivalents at end of period	15	<u>107</u>	<u>107</u>



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Notes to the financial statements

1 Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these financial statements are set out below. The adoption of the revised IAS 1 ‘Presentation of Financial Statements’ prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the Statement of Changes in Equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a Statement of Comprehensive Income. As a result the Group presents in the Statement of Changes in Equity all owner changes in equity, whereas all non-owner changes in equity are presented in the Statement of Comprehensive Income, where applicable. Comparative information has been re-presented so that it is also in conformity with the revised standard. All other accounting policies are consistent with the prior period.

Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. Actual amounts could differ from those estimates. Estimates are principally used when accounting for current and deferred tax, the discounting of rental deposits, the estimation of fair values and the useful economic lives of property, plant and equipment.

General information

The Company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Accounting reference date

The Company prepares accounts drawn up to the Thursday nearest to 22 April each year.

Consolidation

Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by the group. Control exists where the group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Revenue recognition

Revenue relates to villa rental income on holidays commenced during the period and other income, primarily arising from on-village leisure, retail and food and beverage spend, and is shown after the deduction of value added tax. Non-rental income is recognised when provision of the related product or service is undertaken.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Villa rental income is paid ahead of the holiday commencing and is held as ‘payments received on account’ until the holiday commences.

Revenue due from concessions is recognised on a receivable basis.

Intangible fixed assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which is generally considered to be four years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding four years).

Other purchased intangibles

Other purchased intangibles, including purchased patents, know-how, trademarks, licences and distribution rights, are capitalised at cost and are amortised over their useful economic lives using the following rates:

Advance bookings	the period to which the bookings relate
Repeat business	over a four year period
Water boreholes	straight line basis over 13 years
Brand name	no amortisation is charged on the brand name as it considered to have an indefinite life

Investments

The Group classifies its investments into two categories: Financial assets at fair value through profit and loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Financial assets

The cost of investments, including loans to associated companies, is their purchase cost together with any incremental costs of acquisition.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In deciding whether an impairment is required, the Directors consider the underlying value inherent in the investment. Provision is made against the cost of investments where, in the opinion of the Directors, there is an impairment in the value of the individual investment.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Investments in subsidiary undertakings

Investments are stated at cost, less any provision for permanent diminution in value. If there are indications of impairment, an assessment is made of the recoverable amount. An impairment loss is recognised in the income statement where the recoverable amount is lower than the carrying value.

Dividends receivable from investments in subsidiary undertakings are recognised in the income statement when approved by the shareholders of the company paying the dividend.

Property, plant and equipment

Management chose the benchmark (cost) measurement basis under IAS 16 rather than apply the alternative (revaluation) treatment to all items of property, plant and equipment as its ongoing accounting policy. The cost of property, plant and equipment includes directly attributable costs. The Group has elected to apply the optional exemption of IFRS 1 and therefore has taken fair value as deemed cost at the date of transition to IFRS.

Depreciation is provided on the cost of all property, plant and equipment (except assets in the course of construction), so as to write off the cost of property, plant and equipment, less their residual value, on a straight line basis over the expected useful economic life of the assets concerned, using the following rates:

Short leasehold buildings	2.5% or by equal instalments over the period of the lease held on the land and buildings, whichever is the shorter
Installations	6.67% or by equal instalments over the period of the lease held on the land and buildings, whichever is the shorter
Fixtures and fittings	14%
Computer equipment	25%
Motor vehicles	25%

Useful lives and residual values are reviewed at least at each period end and revised where expectations are significantly different from previous estimates, and the depreciation charge for current and future periods adjusted accordingly.

Maintenance expenditure

It is the policy of the Group to maintain the leasehold land and buildings to a high standard, as expected by our guests. Where maintenance expenditure increases the benefits that property, plant and equipment is expected to generate, this expenditure is capitalised. All other maintenance costs are charged to the income statement as incurred.

Leases

Assets held under finance leases are capitalised at cost and depreciated over their useful lives. The capital element of future rentals is treated as a liability and the interest element is charged to the income statement over the period of the lease in proportion to the capital outstanding.

Rental payments on operating leases (net of any incentives received from the lessor) are charged to the income statement in the period to which they relate.

Government grants

Government grants in respect of capital expenditure are categorised as accruals on receipt and are credited to the income statement over the useful life of the relevant property, plant and equipment. The government grant shown in the balance sheet at the period end represents grants received to date, less the amount so far credited to profit.

Cash and cash equivalents

For the purposes of the cash flow statement and the balance sheet, cash and cash equivalents comprise cash at bank, cash in hand and overnight deposits.

Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where required assets are discounted using an AAA corporate bond rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Inventories

The basis of valuation of inventories is the lower of cost on a first in first out basis and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Inventory provisions are created where necessary to ensure that inventory is valued at the lower of cost and estimated net realisable value.

Trade receivables

Trade receivables are recognised initially at fair value. A provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

Long-term receivables

Where the effect is material, long-term receivables are discounted using the Directors' assessment of the most appropriate pre-tax discount rate.

Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Exceptional items

Exceptional items are material items that derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Current and deferred tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and is measured at the amount expected to be paid to or recovered from the tax authorities.

Deferred tax is provided in full, using the liability method, on all differences that have originated but not reversed by the balance sheet date which give rise to an obligation to pay more or less tax in the future. Differences are defined as the differences between the carrying value of assets and liabilities and their tax base.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

Deferred tax is calculated using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, on the basis of the tax laws enacted or substantively enacted at the balance sheet date.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Employee benefits

Pensions

Defined contribution pension scheme

Group employees can choose to be a member of a defined contribution pension scheme. A defined contribution pension scheme is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are charged to the income statement as incurred.

Defined benefit pension scheme

A funded senior management defined benefit pension scheme also exists. A defined benefit pension scheme is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for high-quality corporate bonds, which have terms to maturity approximating the terms of the related pension liability.

Past-service costs are recognised immediately in income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Comprehensive Income. The related deferred tax is included within the deferred tax asset or liability.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday pay

The Group recognises an appropriate liability for the cost of holiday entitlements not taken at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting profit or loss, together with realised profits and losses arising during the period on the settlement of overseas assets and liabilities, are included in the trading results.

Borrowings

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

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

Issue costs of loans

The issue costs recognised in the income statement in respect of capital instruments are allocated over the terms of the instruments at a constant rate on the carrying amount.

Early termination costs

Costs associated with the early repayment of borrowings are written off to the income statement as incurred.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

Derivative financial instruments

The Group does not trade in derivative financial instruments. Derivative financial instruments (interest rate caps) are used by the Group to manage its exposure to interest rates on long-term floating-rate borrowings. All derivative financial instruments are measured at the balance sheet date at their fair value.

Where derivative financial instruments are not designated as or not determined to be effective hedges, any gain or loss on remeasurement is taken to the Income Statement. Where derivative financial instruments are designated as and are effective as cash hedges, any gain or loss on remeasurement is held in equity and recycled through the Income Statement when the designated item is transacted.

Gains or losses on derivative financial instruments no longer designated as effective hedges are taken directly to the Income Statement. The Group does not currently Hedge Account for any derivatives.

New standards and interpretations not applied

During the financial period, the International Accounting Standards Board (“IASB”) and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group’s financial statements in the period of initial application.

2 Financial risk management

The group finances its operations through a mixture of shareholders’ funds, bank and other borrowings and loan notes as required. The Group has sought to reduce its cost of capital by refinancing and restructuring the Group’s funding using the underlying asset value.

The overall policy in respect of interest rates is to reduce the exposure to floating rates.

The Group has in place interest rate caps to limit the exposure to fluctuations in interest rates. It is not the Group’s policy to actively trade in derivative financial instruments.

Interest rate risk

The Group’s primary debt is through a floating rate loan. In order to limit the Group’s exposure to interest rate fluctuations, the Group has in place interest rate caps. The Group does not have a definite stance on the balance between fixed and floating rate debt. As at 22 April 2010, none of the Group’s financial instruments incurred interest at a fixed rate.

Liquidity risk

At 22 April 2010, the Group held in place sufficient cash levels to ensure the Group has available funds to meet its medium-term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

3 Revenue

Revenue, which is stated net of value added tax, represents amounts invoiced or charged on the villages to customers. Revenue relates to one continuing activity, the provision of short break holidays. All of the Group’s business is performed in the United Kingdom.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

4 Operating profit

	<u>Group</u> 52 weeks ended 22 April 2010 £'000	<u>Group</u> 53 weeks ended 23 April 2009 £'000
The following items have been included in arriving at the operating profit		
Staff costs (note 26)	66,509	64,844
Cost of inventories (recognised in cost of sales)	32,922	32,613
Depreciation of property, plant and equipment—owned assets (note 11)	24,735	21,804
Loss on disposal of property, plant and equipment	—	3
Amortisation of intangible assets (note 10)	4,130	6,934
Operating lease rentals		
—plant and machinery	113	113
—other	55,037	55,330
Repairs and maintenance expenditure on property, plant and equipment	7,139	7,190
Services provided by the Group's auditors	240	545
Amortisation of government grants	(14)	(14)

During the period, the Group obtained the following services from the Group's auditors at costs as detailed below:

	<u>Group</u> 52 weeks ended 22 April 2010 £'000	<u>Group</u> 53 weeks ended 23 April 2009 £'000
Fees payable to the company's auditor for the audit of parent company and consolidated accounts	5	5
Fees payable to the company's auditor and its associates for other services:		
The audit of company's subsidiaries pursuant to legislation	125	125
Further assurance services	2	4
Tax compliance services	33	26
Tax advisory services	—	385
Corporate finance services	75	—
	<u>240</u>	<u>545</u>

In addition to the above services, the Group's auditors previously acted as auditor to the Center Parcs Pension Scheme. The appointment of auditors to the Group's pension scheme and fees paid in respect of those audits are agreed by the trustees of each scheme, who act independently from the management of the Group. The aggregate fees paid to the auditors during the period in respect of these services was £nil (2009: £27,000).

The Directors monitor the level of non-audit work undertaken by the auditors and ensure it is work which they are best suited to perform and does not present a risk to their independence and objectivity.

5 Exceptional items

	<u>Group</u> 52 weeks ended 22 April 2010 £'000	<u>Group</u> 53 weeks ended 23 April 2009 £'000
Redundancy costs	320	419

Further details are included in the Directors' report on page F-107.

There are no exceptional items in the income statement of the Company (2009: £nil).



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

6 Other income/(expense)

	<u>Group</u> 52 weeks ended 22 April 2010 £'000	<u>Group</u> 53 weeks ended 23 April 2009 £'000
Movement on fair value of derivative financial instruments (assets)	513	(1,998)
Movement on fair value of derivative financial instruments (liabilities)	647	501
	<u>1,160</u>	<u>(1,497)</u>

7 Net finance costs

	<u>Group</u> 52 weeks ended 22 April 2010 £'000	<u>Group</u> 53 weeks ended 23 April 2009 £'000
Finance expense		
Interest payable on bank borrowings	7,180	18,484
Fees payable on loan facilities (note 18)	5,267	626
Interest on unsecured loan notes	4,000	4,626
Total finance expense	<u>16,447</u>	<u>23,736</u>
Finance income		
Bank interest receivable	(42)	(848)
Other interest receivable	(823)	(985)
Revaluation of rental deposits to fair value	(373)	(1,657)
Total finance income	<u>(1,238)</u>	<u>(3,490)</u>
Net finance costs	<u>15,209</u>	<u>20,246</u>

An element of the debt held by the Group was securitised. The Group is entitled to 50% of the interest differential resulting from this securitisation. During the period, £762,000 (2009: £985,000) such income was receivable.

	<u>Company</u> 52 weeks ended 22 April 2010 £'000	<u>Company</u> 53 weeks ended 23 April 2009 £'000
Finance income		
Bank interest receivable	—	5

8 Tax on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

The Group tax charge is made up as follows:

	<u>Group</u> 52 weeks ended 22 April 2010 £'000	<u>Group</u> 53 weeks ended 23 April 2009 £'000
Current tax:		
UK corporation tax charge		
—Current year	3,099	5,214
—Adjustment in respect of prior periods	(548)	967
	<u>2,551</u>	<u>6,181</u>
Deferred tax:		
Origination and reversal of timing differences	1,882	16,211
Tax on profit on ordinary activities (note 8(b))	<u>4,433</u>	<u>22,392</u>



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

The adjustment in respect of prior periods represents finalisation of group relief claims for prior years with other Group companies and related parties.

The Company had a £nil tax charge for the period (2009: £nil).

(b) Factors affecting the tax charge

The tax assessed for the period is lower (2009: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2009: 28%). The difference is reconciled below:

	<u>Group</u> 52 weeks ended 22 April 2010	<u>Group</u> 53 weeks ended 23 April 2009
	£'000	£'000
Profit on ordinary activities before taxation	24,713	16,681
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	6,920	4,670
Effects of:		
Adjustment in respect of prior periods-corporation tax	(548)	967
Adjustment in respect of prior periods-deferred tax	(1,665)	(1,493)
Deferred tax charge arising from abolition of hotel building allowances	181	17,082
Permanent differences and expenses not deductible for tax purposes	(455)	1,166
Tax charge for the period (note 8(a))	<u>4,433</u>	<u>22,392</u>

The tax on the Company's profit before tax is lower (2009: lower) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2009: 28%). The difference is reconciled below:

	<u>Company</u> 52 weeks ended 22 April 2010	<u>Company</u> 53 weeks ended 23 April 2009
	£'000	£'000
Profit on ordinary activities before taxation	7,000	17,505
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	1,960	4,901
Effects of:		
Income not taxable	(1,960)	(4,901)
Permanent difference in respect of transfer pricing adjustments	2	114
Group relief not paid for	(2)	(114)
Tax charge for the period (note 8(a))	<u>—</u>	<u>—</u>

Factors that may affect future tax charges

On 22 June 2010 it was announced that the Finance Bill 2010 will include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per year to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. If they had been enacted at the balance sheet date, the effect of the reduction in the main rate of corporation tax from 28% to 27% would be to reduce the deferred tax liability at 22 April 2010 by approximately £1.3 million.

The Government also announced a reduction in the rate of relief for capital expenditure for chargeable periods ending on or after 1 April 2012. The main plant and machinery writing down rates will reduce from 20% to 18% per annum and longer life/special rate plant and machinery writing down rates will reduce from 10% to 8% per annum.



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9 Goodwill

	<u>Group</u>	<u>Group</u>
	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>
Cost		
At beginning of period	141,148	141,148
Additions	—	—
At end of period	141,148	141,148
Net book amount at period end	141,148	141,148

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) within each business segment. A segment level summary of the goodwill allocation is presented below:

	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>
Accommodation	127,081	127,081
On-site	14,067	14,067
	141,148	141,148

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the one year period are extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	<u>2010</u>		<u>2009</u>	
	<u>On-site</u>	<u>Accommodation</u>	<u>On-site</u>	<u>Accommodation</u>
EBITDA margin	13.3%	42.9%	12.7%	42.6%
Growth rate-perpetual	2.5%	2.5%	2.5%	2.5%
Discount rate	5.5%	5.5%	5.3%	5.3%

These assumptions have been used for the analysis of each CGU within each business segment. Management determined budgeted EBITDA margin based on past performance and its expectations for the market development. The growth rates used reflect management's expectations of the future market. Discount rates used are pre-tax and reflect the specific risks to the Group.

Based on the value-in-use calculations performed, the Directors have concluded that there is no impairment of intangible assets.

The Company has no goodwill (2009: £nil).



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10 Other Intangible fixed assets

<u>Group</u>	<u>Software</u> £'000	<u>Advance bookings</u> £'000	<u>Brand name</u> £'000	<u>Repeat business</u> £'000	<u>Water boreholes</u> £'000	<u>Total</u> £'000
Cost						
At 17 April 2008	4,897	7,048	121,194	20,395	3,180	156,714
Additions	1,852	—	—	—	—	1,852
At 23 April 2009	6,749	7,048	121,194	20,395	3,180	158,566
Additions	1,123	—	—	—	—	1,123
At 22 April 2010	<u>7,872</u>	<u>7,048</u>	<u>121,194</u>	<u>20,395</u>	<u>3,180</u>	<u>159,689</u>
Amortisation						
At 17 April 2008	1,967	7,048	—	13,482	484	22,981
Charged during the period	2,051	—	—	4,641	242	6,934
At 23 April 2009	4,018	7,048	—	18,123	726	29,915
Charged during the period	1,616	—	—	2,272	242	4,130
At 22 April 2010	<u>5,634</u>	<u>7,048</u>	<u>—</u>	<u>20,395</u>	<u>968</u>	<u>34,045</u>
Net book amount						
At 23 April 2009	2,731	—	121,194	2,272	2,454	128,651
At 22 April 2010	<u>2,238</u>	<u>—</u>	<u>121,194</u>	<u>—</u>	<u>2,212</u>	<u>125,644</u>

The brand name is considered to have an indefinite life due to the continued investment that is made in the guest facilities and the ongoing marketing campaigns of the business. An impairment review using the same assumptions as detailed in note 9 has been undertaken and no impairment was indicated (2009: £nil).

The amortisation has all been charged through Administrative expenses in the income statement.

The Company has no intangible assets (2009: £nil).

11. Property, plant and equipment

	<u>Short leasehold buildings</u> £'000	<u>Installations</u> £'000	<u>Fixtures & fittings</u> £'000	<u>Motor vehicles & hardware</u> £'000	<u>Assets in the course of construction</u> £'000	<u>Total</u> £'000
53 weeks ended 23 April 2009						
Opening net book value	40,392	80,497	30,385	5,962	3,879	161,115
Additions	5,811	27,149	15,046	2,040	2,627	52,673
Transfers	143	526	79	—	(748)	—
Disposals	—	—	—	(19)	—	(19)
Depreciation on disposals	—	—	—	3	—	3
Depreciation charge	(4,139)	(7,776)	(7,359)	(2,530)	—	(21,804)
Closing net book value	<u>42,207</u>	<u>100,396</u>	<u>38,151</u>	<u>5,456</u>	<u>5,758</u>	<u>191,968</u>
As at 23 April 2009						
Cost	53,389	117,966	63,417	14,439	5,758	254,969
Accumulated depreciation	(11,182)	(17,570)	(25,266)	(8,983)	—	(63,001)
Net book value	<u>42,207</u>	<u>100,396</u>	<u>38,151</u>	<u>5,456</u>	<u>5,758</u>	<u>191,968</u>
52 weeks ended 22 April 2010						
Opening net book value	42,207	100,396	38,151	5,456	5,758	191,968
Additions	2,956	8,147	2,236	1,193	1,679	16,211
Transfers	—	19	49	29	(97)	—
Depreciation charge	(4,141)	(9,950)	(7,998)	(2,646)	—	(24,735)
Closing net book value	<u>41,022</u>	<u>98,612</u>	<u>32,438</u>	<u>4,032</u>	<u>7,340</u>	<u>183,444</u>
As at 22 April 2010						
Cost	56,345	126,132	65,702	15,661	7,340	271,180
Accumulated depreciation	(15,323)	(27,520)	(33,264)	(11,629)	—	(87,736)
Net book value	<u>41,022</u>	<u>98,612</u>	<u>32,438</u>	<u>4,032</u>	<u>7,340</u>	<u>183,444</u>



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The depreciation has all been charged through Administrative expenses in the income statement.

The Company has no property, plant and equipment (2009: £nil).

12 Investments

Company

	<u>Investments in subsidiary undertakings</u> £'000
Cost:	
As at 22 April 2010 and 23 April 2009	<u><u>20,000</u></u>

The investment relates to 100% of the ordinary shares of Forest Midco Limited, registered in England and Wales. The principal activity of Forest Midco Limited is that of an intermediate holding company.

During the period dividends receivable of £7,000,000 (2009: £17,500,000) were recognised from the subsidiary.

13 Inventories

	<u>Group</u> <u>2010</u> £'000	<u>Group</u> <u>2009</u> £'000
Consumables	1,284	1,219
Goods held for resale	2,386	2,386
	<u><u>3,670</u></u>	<u><u>3,605</u></u>

The group consumed £32,922,000 of inventories during the period (2009: £32,613,000).

The Company has no inventories (2009: £nil).

14 Trade and other receivables

	<u>Group</u> <u>2010</u> £'000	<u>Group</u> <u>2009</u> £'000
<i>Amounts falling due after one year:</i>		
Rental deposits	6,073	5,700
<i>Amounts falling due within one year:</i>		
Trade receivables	1,874	2,847
Amounts owed by Group undertakings	—	100
Other receivables	—	164
Amounts owed by related parties	43,064	35,827
Prepayments and accrued income	11,064	9,975
	<u><u>56,002</u></u>	<u><u>48,913</u></u>

£9.0 million of rental deposits were paid on the inception of the Sherwood, Longleat and Whinfell leases, which are repayable to the Group in the final year of the relevant leases. The fair value of the rental deposit above is based upon the AAA Corporate Bond rate of 4.02% (2009: 4.52%).

The fair value of trade and other receivables is equal to its book value and no impairment provisions have been made (2009: £nil). Concentrations of credit risk with respect to trade receivables are limited due to the vast majority of customers paying in advance. As such there are no amounts past due as all amounts are current.

The amounts owed by Group undertakings and related parties are interest-free, unsecured and repayable on demand.

	<u>Company</u> <u>2010</u> £'000	<u>Company</u> <u>2009</u> £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by Group undertakings	<u><u>70</u></u>	<u><u>22,586</u></u>



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The amounts owed by Group undertakings are interest-free, unsecured and repayable on demand.

All of the amounts above are denominated in £ sterling.

15 Cash and cash equivalents

	<u>Group</u> <u>2010</u> £'000	<u>Group</u> <u>2009</u> £'000
Cash at bank and in hand	<u>39,715</u>	<u>35,555</u>
	<u>Company</u> <u>2010</u> £'000	<u>Company</u> <u>2009</u> £'000
Cash at bank and in hand	<u>107</u>	<u>107</u>

16 Trade and other payables—current

	<u>Group</u> <u>2010</u> £'000	<u>Group</u> <u>2009</u> £'000
Trade payables	<u>8,794</u>	7,183
Other tax and social security	<u>6,416</u>	6,168
Other payables	<u>898</u>	4,256
Amounts owed to related parties	<u>51,692</u>	73,370
Accruals and deferred income	<u>78,545</u>	71,703
Fair value of guarantees provided to other Group undertakings	<u>205</u>	205
Payments received on account	<u>46,315</u>	43,042
	<u>192,865</u>	<u>205,927</u>

The Company had current trade and other payables of £nil at the balance sheet date (2009: £17.5 million). This was all due to a Group company.

17 Trade and other payables—non current

	<u>Group</u> <u>2010</u> £'000	<u>Group</u> <u>2009</u> £'000
Other payables	<u>876</u>	1,012
Amounts owed to Group companies	<u>35,412</u>	36,428
	<u>36,288</u>	<u>37,440</u>

Included within amounts owed to Group companies is £20 million (2009: £20 million) of unsecured loan notes together with interest of £15,412,000 (2009: £11,412,000) on these loan notes. The loan notes are due to Forest Luxco Sarl, a company based in Luxembourg, and incur compound interest at an annual rate of 16%. In addition, a loan of £5,016,000 was included from Forest Cayco Limited, a company registered in the Cayman Islands. This loan was interest-free, had no security and was repaid during the period. All amounts are denominated in £ sterling.

	<u>Company</u> <u>2010</u> £'000	<u>Company</u> <u>2009</u> £'000
Amounts owed to a fellow Group company	<u>—</u>	<u>5,016</u>

The above amount relates to the loan from Forest Cayco Limited described above.



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18 Financial borrowings

<u>Group</u> <u>All amounts are denominated in £ sterling</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Wholly repayable within five years:		
Senior A bank loan at LIBOR plus 2.98% (2009: 1.22%) per annum	219,324	219,324
Senior B bank loan at LIBOR plus 3.50% (2009: 2.24%) per annum	73,573	73,573
Bank mortgage at LIBOR plus 1.125% per annum	2,800	3,066
	<u>295,697</u>	<u>295,963</u>
Amounts repayable:		
In less than one year	267	267
In one to two years	267	267
In two to five years	295,163	295,429
	<u>295,697</u>	<u>295,963</u>
Less: unamortised issue costs	<u>—</u>	<u>(1,555)</u>
	<u>295,697</u>	<u>294,408</u>

The loans are part of an overall £1,032 million facility made available to the group together with the CP Comet Holdings Limited group of companies. This group owns the four Center Parcs properties on which the villages operate. The total facility was drawn down across the two groups on 14 December 2006. The loans were originally repayable in October 2011 and were split into three Tranches as follows:

Senior A	£682 million facility bearing interest at LIBOR plus 0.8%
Senior B	£250 million facility bearing interest at LIBOR plus 2.5%
Senior C	£100 million facility bearing interest at LIBOR plus 3.75%

Subsequently, the Senior C loan was redesignated as Senior A and B loans and the margin on the Senior A and B loans adjusted to 1.22% and 2.24% respectively.

On 8 April 2010 the loans were renegotiated. As a result the maturity date of the loans was extended from October 2011 to October 2013. In addition, the margin on the Tranche A loan was increased by 1.76% and the margin on the Tranche B loan was increased by 1.26%.

The renegotiation was treated as an extinguishment of the existing debt, and hence £1.6 million of capitalised issue costs were amortised or written off to the income statement during the period. In addition, costs of £3.7 million in relation to the refinancing were also written off to the income statement.

A one percentage point movement in interest rates would affect this interest charge by approximately £2.9 million. Increases in the interest rate are protected above 6% until January 2012 by the interest rate cap.

Mortgage

The Group has a mortgage taken out to fund the build of the head office. During the period, £267,000 (2009: £267,000) of this facility was repaid with interest of £67,000 (2009: £210,000) being incurred. The mortgage is secured over the Group's head office. The mortgage incurs interest at LIBOR plus 1.125%. A one percentage point movement in interest rates would affect this interest charge by approximately £28,000.

19 Financial instruments

Interest rate caps

At the balance sheet date, the Company had in place an interest rate cap. The notional value was £292,897,115 (2009: £292,897,115). The interest rate cap limited the LIBOR interest rate at 5.5% until January 2010 and then 6% until January 2012 on an accreting balance to match the loan profile. A quarterly premium of £172,604 is payable in respect of this interest rate cap until January 2012.

The fair value of the interest rate cap at 22 April 2010 was £889,000 (2009: £376,000).

Consideration for the interest rate cap is paid on a quarterly basis at £173,000. The fair value of these deferred payments at 22 April 2010 was £1,194,000 (2009: £1,841,000).



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In accordance with IAS 39, 'Financial Instruments: Recognition and Measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they meet certain requirements set out in the standard. No such embedded derivatives were identified.

Fair value of financial assets and financial liabilities

Group

Fair values have been established as follows:

Loans	Discounted cash flow at a LIBOR rate adjusted for an appropriate risk premium
Bank loans and overdrafts	At book value as interest is payable on a LIBOR plus basis
Other financial assets	Discounted cash flow using a AAA corporate bond rate
Other financial liabilities	Discounted cash flow at a LIBOR rate adjusted for an appropriate risk premium

The fair value of financial assets and liabilities of the Group and Company are approximately equal to their book value.

Maturity of financial liabilities

The maturity profile of the carrying value of the non-current financial liabilities was:

<u>Group</u> As at 22 April 2010	<u>Bank loans</u>	<u>Mortgage</u>	<u>Other payables</u>	<u>Inter-company balances</u>	<u>2010 Total</u>
	£'000	£'000	£'000	£'000	£'000
In more than one year but not more than two years	—	267	136	—	403
In more than two years but not more than five years	292,897	801	408	—	294,106
In more than five years	—	1,465	332	35,412	37,209
	<u>292,897</u>	<u>2,533</u>	<u>876</u>	<u>35,412</u>	<u>331,718</u>

<u>Group</u> As at 23 April 2009	<u>Bank loans</u>	<u>Mortgage</u>	<u>Other payables</u>	<u>Inter-company balances</u>	<u>2009 Total</u>
	£'000	£'000	£'000	£'000	£'000
In more than one year but not more than two years	—	267	136	—	403
In more than two years but not more than five years	292,897	801	408	—	294,106
In more than five years	—	1,731	468	36,428	38,627
	<u>292,897</u>	<u>2,799</u>	<u>1,012</u>	<u>36,428</u>	<u>333,136</u>

<u>Company</u>	<u>Inter-company balances</u>	<u>2010 Total</u>	<u>Inter-company balances</u>	<u>2009 Total</u>
	£'000	£'000	£'000	£'000
In more than one year but not more than two years	—	—	—	—
In more than two years but not more than five years	—	—	—	—
In more than five years	—	—	5,016	5,016
	<u>—</u>	<u>—</u>	<u>5,016</u>	<u>5,016</u>

20 Provisions

	<u>Group</u> <u>2010</u>	<u>Group</u> <u>2009</u>
	£'000	£'000
Claims provision—Current		
At beginning of period	213	454
Utilised in the period	(71)	(241)
At end of period	<u>142</u>	<u>213</u>

The claims provision is based on management's estimate of potential liabilities arising from employee and public liability claims received prior to the period end. The estimate is based upon advice received from the Group's claims handler and covers the element of claims to which the Group is exposed.



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21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2009: 28%).

Deferred income tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

<u>Group</u>	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	1,080	1,986
Deferred tax assets to be recovered within 12 months	—	167
	<u>1,080</u>	<u>2,153</u>
Deferred tax liabilities		
Deferred tax liability to be utilised within 12 months	(704)	(731)
Deferred tax liability to be utilised after more than 12 months	(37,539)	(36,677)
	<u>(38,243)</u>	<u>(37,408)</u>

The movement on the deferred tax account is shown below:

<u>Group</u>	<u>52 weeks ended 22 April 2010</u>	<u>53 weeks ended 23 April 2009</u>
	<u>£'000</u>	<u>£'000</u>
At the beginning of the period	(35,255)	(19,372)
Charged to the Income Statement	(1,882)	(16,211)
Deferred tax (charged)/credited to the Statement of Comprehensive Income	(26)	328
At the end of the period	<u>(37,163)</u>	<u>(35,255)</u>

<u>Group</u>	<u>Accelerated tax depreciation</u>	<u>Short-term timing differences</u>	<u>Losses</u>	<u>Pension</u>	<u>Intangibles</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
As at 17 April 2008	11,865	3,329	2,187	(128)	(36,625)	(19,372)
(Charged)/credited to the Income Statement	(14,014)	(1,360)	(2,187)	(16)	1,366	(16,211)
Deferred tax credited to the Statement of Comprehensive Income	—	—	—	328	—	328
As at 23 April 2009	<u>(2,149)</u>	<u>1,969</u>	<u>—</u>	<u>184</u>	<u>(35,259)</u>	<u>(35,255)</u>
(Charged)/credited to the Income Statement	(1,540)	(1,029)	—	(18)	705	(1,882)
Deferred tax credited to the Statement of Comprehensive Income	—	—	—	(26)	—	(26)
As at 22 April 2010	<u>(3,689)</u>	<u>940</u>	<u>—</u>	<u>140</u>	<u>(34,554)</u>	<u>(37,163)</u>

The Company has no deferred tax (2009: £nil).

22 Share capital

	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>
Authorised		
20,000,000 Ordinary shares of £1 each	20,000	20,000
Allotted and fully paid		
20,000,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>



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Management of capital

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

Certain Directors and members of management purchased shares in the group companies CP Cayman Limited and CP Cayman Topco Limited in November 2006 and continue to hold these shares. The shares have variable rights to entitlement which increase over a five year period.

23 Retained earnings

<u>Group</u>	<u>£'000</u>
At 17 April 2008	(15,771)
Loss for the period	(5,711)
Net movement on pension scheme	(843)
Dividend	<u>(17,500)</u>
At 23 April 2009	<u>(39,825)</u>
	<u>£'000</u>
At 23 April 2009	(39,825)
Profit for the period	20,280
Net movement on pension scheme	66
Dividend	<u>(7,000)</u>
At 22 April 2010	<u>(26,479)</u>
	<u>£'000</u>
<u>Company</u>	
At 17 April 2008	172
Profit for the period	17,505
Dividend	<u>(17,500)</u>
At 23 April 2009	177
Profit for the period	7,000
Dividend	<u>(7,000)</u>
At 22 April 2010	<u>177</u>

During the period a dividend of £7,000,000 (35p per share) was declared and paid. During the prior period the shareholders approved a dividend of £17,500,000 (87.5p per share). This was subsequently paid shortly after the period end.



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24 Notes to the cash flow statement

(a) Reconciliation of net profit/(loss) to cash generated from operations

	<u>52 weeks ended</u> <u>22 April 2010</u>	<u>53 weeks ended</u> <u>23 April 2009</u>
	<u>£'000</u>	<u>£'000</u>
	<u>Group</u>	<u>Group</u>
Net profit/(loss)	20,280	(5,711)
Adjustments for:		
Depreciation	24,735	21,804
Tax	4,433	22,392
Amortisation	4,130	6,934
Loss on disposal of property, plant and equipment	—	3
Other (income)/expense	(1,160)	1,497
Finance income	(1,238)	(3,490)
Finance expense	16,447	23,736
Movement in inventories	(65)	(84)
Movement in receivables	(7,089)	4,111
Movement in payables	19,166	8,208
Difference between the pension charge and the contributions	(65)	(57)
Movement in provisions	(71)	(241)
Cash generated from operations	<u>79,503</u>	<u>79,102</u>

	<u>52 weeks ended</u> <u>22 April 2010</u>	<u>53 weeks ended</u> <u>23 April 2009</u>
	<u>£'000</u>	<u>£'000</u>
	<u>Company</u>	<u>Company</u>
Net profit	7,000	17,505
Interest income	—	(5)
Income from Group undertaking	(7,000)	(17,500)
Cash generated from operations	<u>—</u>	<u>—</u>

(b) Reconciliation of net cash flow to movement in net debt

	<u>52 weeks ended</u> <u>22 April 2010</u>	<u>53 weeks ended</u> <u>23 April 2009</u>
	<u>£'000</u>	<u>£'000</u>
<u>Group</u>		
Increase in cash in the period	4,160	6,790
Net cash outflow/(inflow) from movement in loans	5,016	(4,428)
Repayment of debt	266	267
Change in net debt resulting from cash flows	9,442	2,629
Non-cash movements	(4,000)	—
Net Debt at beginning of period	(296,836)	(299,465)
Net Debt at end of period	<u>(291,394)</u>	<u>(296,836)</u>

(c) Analysis of changes in net debt

	<u>At</u> <u>23 April 2009</u>	<u>Cash flows</u>	<u>Non-cash</u> <u>movements</u>	<u>At</u> <u>22 April 2010</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Group</u>				
Cash and cash equivalents	35,555	4,160	—	39,715
Bank mortgage	(3,066)	266	—	(2,800)
Long term loans	(329,325)	5,016	(4,000)	(328,309)
	<u>(296,836)</u>	<u>9,442</u>	<u>(4,000)</u>	<u>(291,394)</u>

The above net debt excludes issue costs associated with long term loans, includes loans from related parties but excludes those from group companies. The Directors consider this to be the most appropriate basis of net debt.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

<u>Company</u>	<u>At</u> <u>23 April 2009</u>	<u>Cash flows</u>	<u>At</u> <u>22 April 2010</u>
	£'000	£'000	£'000
Cash and cash equivalents	107	—	107

25 Capital commitments

At the balance sheet date, the Group had capital expenditure contracted for but not provided of £2,961,000 (2009: £3,075,000).

The Company had no capital commitments at the balance sheet date (2009: £nil).

26 Employees and Directors

<u>Group</u>	<u>52 weeks</u> <u>ended</u> <u>22 April 2010</u>	<u>53 weeks</u> <u>ended</u> <u>23 April 2009</u>
	£'000	£'000
Staff costs for the Group during the period:		
Wages and salaries	60,350	58,783
Social security costs	4,006	3,922
Other pension costs	2,153	2,139
	<u>66,509</u>	<u>64,844</u>

The average number of people (including executive Directors) employed by the group during the period was:

<u>Group</u>	<u>52 weeks</u> <u>ended</u> <u>22 April 2010</u>	<u>53 weeks</u> <u>ended</u> <u>23 April 2009</u>
	Number	Number
By activity		
Leisure, food and retail	2,410	2,510
Administration	609	645
Housekeeping, technical and estate services	2,284	2,286
	<u>5,303</u>	<u>5,441</u>

Key management compensation

<u>Group</u>	<u>52 weeks</u> <u>ended</u> <u>22 April 2010</u>	<u>53 weeks</u> <u>ended</u> <u>23 April 2009</u>
	£'000	£'000
Salaries and short-term employee benefits	2,417	1,885

Salaries and short-term employee benefits include £140,000 (2009: £nil) of compensation for loss of office.

The key management figures given also include Directors.

Directors

<u>Group</u>	<u>52 weeks</u> <u>ended</u> <u>22 April 2010</u>	<u>53 weeks</u> <u>ended</u> <u>23 April 2009</u>
	£'000	£'000
Aggregate emoluments	1,476	1,051

Two Directors (2009: one) have retirement benefits accruing under the Group's money purchase pension scheme, in respect of which the Group made contributions of £34,006 (2009: £25,421) in the period. In addition, retirement benefits are accruing to two Directors (2009: two) under the Group's defined benefit pension scheme.

Aggregate emoluments include £140,000 (2009: £nil) of compensation for loss of office.

The Company had no employees during the period (2009: none) and had no staff costs (2009: £nil).



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

	52 weeks ended 22 April 2010	53 weeks ended 23 April 2009
	£'000	£'000
Included in the above are amounts in respect of the highest paid Director:		
Aggregate emoluments	651	540
Accrued pension at end of period	232	217

27 Pension commitments

Defined contribution pension scheme

The Group participates in the Center Parcs pension scheme, which is a defined contribution pension scheme with a contributory and a non-contributory membership level.

Pension costs for the defined contribution scheme were as follows:

	52 weeks ended 22 April 2010	53 weeks ended 23 April 2009
	£'000	£'000
Defined contribution scheme	1,943	1,909

An accrual of £216,000 (2009: £217,000) existed in respect of pension costs at 22 April 2010.

Defined benefit pension scheme

The Group operates a funded defined benefit pension scheme for certain of its employees. Contributions are determined by an independent qualified actuary using assumptions on the rate of return on investments and rates of increases in salaries and benefits.

The contributions made by the Group during the period amounted to £275,000 (2009: £287,000), equivalent to approximately 35.6% (2009: 35.6%) of relevant salaries during the period.

The last actuarial valuation of the scheme was performed on 1 August 2008. This was updated to 22 April 2010 by a qualified independent actuary.

The principal assumptions used were:

	2010	2009	2008
Discount rate	5.5% pa	6.5% pa	6.6% pa
Rate of increase in pensions in payment	3.5% pa	3.5% pa	3.6% pa
Inflation	3.5% pa	3.5% pa	3.6% pa
Rate of increase in salaries	3.5% pa	3.5% pa	6.2% pa
Expected return on plan assets	7.75% pa	8.25% pa	7.5% pa
Life expectancy at 60 of current male pensioners	27.7 years	26.9 years	26.8 years
Life expectancy at 60 of future male pensioners	28.8 years	27.5 years	27.5 years

The expected return on plan assets is based on advice from AON consulting Limited, the Group's appointed actuaries.

The amounts recognised in the balance sheet are as follows:

	2010	2009	2008
	£'000	£'000	£'000
Present value of funded obligations	(8,708)	(6,091)	(6,373)
Fair value of plan assets	8,208	5,434	6,830
Net pension (liability)/asset	(500)	(657)	457

The major categories of plan assets as a percentage of total plan assets are as follows:

	2010	2009	2008
	%	%	%
UK equities	60	60	60
Overseas equities	40	40	40



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

The amounts recognised in the income statement are as follows:

	52 weeks ended 22 April 2010	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	£'000	£'000	£'000
Current service cost	266	323	332
Interest cost	404	431	356
Expected return on plan assets	(460)	(524)	(478)
Total included within staff costs	210	230	210

Staff costs are shown within administrative expenses in the income statement.

Changes in the present value of the defined benefit obligation are as follows:

	2010	2009	2008
	£'000	£'000	£'000
Opening defined benefit obligation	6,091	6,373	6,190
Current service cost	266	323	332
Interest cost	404	431	356
Actuarial losses/(gains)	1,947	(1,036)	(505)
Closing defined benefit obligation	<u>8,708</u>	<u>6,091</u>	<u>6,373</u>

Changes in the fair value of plan assets are as follows:

	2010	2009	2008
	£'000	£'000	£'000
Opening fair value of plan assets	5,434	6,830	5,094
Expected return on plan assets	460	524	478
Actuarial gains/(losses)	2,039	(2,207)	(869)
Contributions by employer	275	287	2,127
Closing fair value of plan assets	<u>8,208</u>	<u>5,434</u>	<u>6,830</u>

Analysis of the movement in the balance sheet (liability)/asset:

	2010	2009	2008
	£'000	£'000	£'000
Opening (deficit)/surplus in the scheme	(657)	457	(1,096)
Total expense as above	(210)	(230)	(210)
Net actuarial gains/(losses) recognised in the period	92	(1,171)	(364)
Contributions by the employer	275	287	2,127
Closing (deficit)/surplus in the scheme	<u>(500)</u>	<u>(657)</u>	<u>457</u>

Cumulative actuarial gains and losses recognised in equity:

	2010	2009	2008
	£'000	£'000	£'000
Opening balance	(501)	670	1,034
Total gain/(loss) as above	92	(1,171)	(364)
Closing balance	<u>(409)</u>	<u>(501)</u>	<u>670</u>

The actual gain on plan assets was £2,499,000 (2009: loss on plan assets of £1,683,000).



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

History of experience gains and losses

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Experience adjustments arising on plan assets			
Amount (£'000)	2,039	(2,207)	(869)
% of plan assets at end of the period	<u>24.8%</u>	<u>(40.6)%</u>	<u>(12.7)%</u>
Experience adjustments arising on scheme liabilities			
Amount (£'000)	1,947	(1,036)	(505)
% of scheme liabilities at end of the period	<u>22.4%</u>	<u>(17.0)%</u>	<u>(7.9)%</u>
Present value of scheme liabilities (£'000)	<u>(8,708)</u>	<u>(6,091)</u>	<u>(6,373)</u>
Fair value of plan assets (£'000)	<u>8,208</u>	<u>5,434</u>	<u>6,830</u>
(Deficit)/surplus (£'000)	<u>(500)</u>	<u>(657)</u>	<u>457</u>

The contribution expected to be paid during the financial period ended 28 April 2011 amounts to £252,000.

28 Operating lease commitments

<u>Group</u>	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	<u>2010</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Commitments under non-cancellable operating leases due:				
Within one year	53,642	69	52,069	113
Later than one year and less than five years	231,149	—	224,416	69
After five years	304,136	—	364,511	—
	<u>588,927</u>	<u>69</u>	<u>640,996</u>	<u>182</u>

The leases held on the Sherwood Forest, Elveden Forest and Oasis Whinfell Forest land and buildings expire in November 2020 and the lease held on the Longleat Forest land and buildings expires in November 2017.

The Company has no operating lease commitments (2009: £nil).

29 Related parties

During the period the Company and Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding are as follows:

<u>Group</u>	<u>At 17 April 2008</u>	<u>Movement in 53 weeks</u>	<u>At 23 April 2009</u>	<u>Movement in 52 weeks</u>	<u>At 22 April 2010</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
CP (Sherwood Property) Limited	2,954	(2,937)	17	1	18
Elveden Property Limited	17	—	17	1	18
Longleat Property Limited	2,953	(2,938)	15	—	15
CP (Oasis Property) Limited	3,141	(4,314)	(1,173)	1,190	17
Comet Refico Limited	38,049	(1,723)	36,326	6,486	42,812
Sun CP Newmidco Limited	(35,227)	(19,211)	(54,438)	(8,506)	(62,944)
CP Comet Holdings Limited	(222)	(130)	(352)	(1,669)	(2,021)
Comet Luxco Sarl	—	—	—	21	21
Forest Luxco Sarl	(26,685)	(4,727)	(31,412)	9,755	(21,657)
Forest Cayco Limited	(5,016)	(17,500)	(22,516)	22,516	—
Sun CP Newportco Limited	(220)	(262)	(482)	—	(482)
Tragus Group Limited	481	(354)	127	36	163
Company					
Forest Midco Limited	5,016	17,500	22,516	(22,516)	—
Forest Luxco Sarl	100	(30)	70	—	70
Forest Cayco Limited	(5,016)	(17,500)	(22,516)	22,516	—

CP (Sherwood Property) Limited, Longleat Property Limited, Elveden Property Limited and CP (Oasis Property) Limited own the four sites occupied by the Center Parcs' villages. These companies charged the group rent for



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 52 WEEKS ENDED 22 APRIL 2010

usage of the sites during the period. The property companies are under the control of the Blackstone group and hence related to the group through common ownership.

Comet Refico Limited is part of the same group as the four property companies. The amounts due from Comet Refico Limited are in respect of costs paid on its behalf during refinancing exercises and a securitisation of the funding of the Forest Holdco Limited group and the Comet Holdco Limited group.

CP Comet Holdings Limited and Sun CP Newportco Limited surrendered tax losses to the group in the periods under review. The balance outstanding represents compensation owed for these losses. Both companies are part of the same group as the property companies above.

Sun CP Newmidco Limited, another member of the property company group, made a loan to the group during the period. It also previously surrendered tax losses to the Group.

Forest Luxco Sarl is a fellow group company not included in the consolidated accounts. The amounts related to this company are in respect of loan notes issued by Forest Luxco Sarl to Forest Midco Limited.

The balance with Forest Cayco Limited represented a loan made by that company as part of the original acquisition of the Center Parcs business and a dividend payable to that company. The balance was settled during the period.

Certain food & beverage offerings on the parcs are operated under concession by Tragus Group Limited. Tragus Group Limited has the same ultimate controlling party as Forest Holdco Limited being funds operated by the Blackstone Group. During the period under review the Company received concession income of £4,098,000 (2009: £3,966,000).

Management charges of £600,000 (2009: £600,000) were payable to the Blackstone Group during the period.

30 Subsidiary undertakings

The share capital of the subsidiary undertakings is designated, with minor exceptions, as ordinary shares.

All shareholdings represent 100% of the equity and the voting rights. The shares of subsidiary undertakings marked * are held by subsidiary undertakings of the Company.

<u>Subsidiary Undertaking</u>	<u>Activity</u>	<u>Country of Incorporation</u>
Forest Midco Limited	Intermediate Holding Company	England and Wales
Forest Bidco Limited*	Intermediate Holding Company	England and Wales
Forest Refico Limited*	Intermediate Holding Company	England and Wales
Center Parcs (UK) Group Limited*	Intermediate Holding Company	England and Wales
Center Parcs (Jersey) 1 Limited*	Intermediate Holding Company	Jersey
Center Parcs (Operating Company) Limited*	Trading	England and Wales
Center Parcs Limited*	Intermediate Holding Company	England and Wales
Center Parcs (Block 1) Limited*	Dormant	England and Wales
Center Parcs (Block 2) Limited*	Dormant	England and Wales
Center Parcs Spa Division Holdings Limited*	Dormant	England and Wales
Centrepark Limited*	Dormant	England and Wales
Center Parcs (Nominees) Limited*	Dormant	England and Wales
Center Parcs Card Services Limited*	Dormant	England and Wales
Center Parcs Energy Services Limited*	Dormant	England and Wales

31 Ultimate parent company

The immediate parent company of the Group is Forest Cayco Limited, a company registered in the Cayman Islands. The ultimate parent company is Forest Cayco Holdings L.P. Limited, a company registered in the Cayman Islands. The ultimate controlling parties are funds advised by The Blackstone Group. No company consolidates the results of the Forest Holdco Limited Group.



Forest Holdco Limited

Annual report and financial statements

for the 53 weeks ended 23 April 2009

Registered number: 05724101



Forest Holdco Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 23 APRIL 2009

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Forest Holdco Limited

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Forest Holdco Limited
DIRECTORS' REPORT
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Directors' report

The directors present their consolidated report and audited financial statements for the 53 weeks ended 23 April 2009 which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Principal activity and review of the business

The principal activity of the Company during the period was that of a holding company.

The principal activity of the active subsidiaries is the operation of the short break holiday villages in Nottinghamshire, Cumbria, Wiltshire and Suffolk.

The results of the Group for the period show a loss of £5.7 million (2008 Restated: £0.4 million profit). The shareholders approved a dividend of £17.5 million on 17 April 2009 (2008: £nil).

Going Concern

The directors have assessed the financial position of the group based upon the net liabilities position at the end of the period. In assessing the Going Concern of the business they have considered the projected future trading and cash flows of the business. Using the evidence available to them they have concluded that it is appropriate to present the financial statements on a Going Concern basis, as they consider that the Group will continue as a going concern for a period of at least 12 months from the date of signing the accounts.

Prior year restatement

During the course of the period errors were identified in the calculation for the rental charge, and as such had resulted in a material understatement of the rental charged in the income statement and the related accrual. The net effect at 19th April 2007 was a reduction of £5,102,000 to net assets, being £7,288,000 trade payable and a related deferred tax asset of £2,186,000. The effect on the 2008 results was a £489,000 increase in administrative expenses and a corresponding accrual within accruals and deferred income with a tax effect of a £1,000 increase in the deferred tax asset.

On the acquisition of Center Parcs (UK) Group plc on 12 May 2006, deferred tax was not accounted for on the intangible assets acquired. This has resulted in an increase in net assets of £4,130,000 at 19th April 2007. This is the net of recognising a goodwill adjustment of £45,545,000 offset by a corresponding deferred tax liability which has reduced to £41,415,000 at 19 April 2007. The impact on the 2008 results was a decrease in the tax charge of £4,790,000 as a result of the deferred tax liability partially reversing.

The directors do not expect there to be any significant changes in the principal activities of the Company or Group in the foreseeable future. The directors consider Forest Cayco Holdings L.P. to be the ultimate parent of the Company. The ultimate controlling parties are investment funds advised by The Blackstone Group.

Business review

Introduction

The Center Parcs Business operates four holiday villages in the UK:

- Whinell Forest in Cumbria;
- Sherwood Forest in Nottinghamshire;
- Elveden Forest in Suffolk;
- Longleat Forest in Wiltshire.

The villages are set in a forest environment—typically 400-acres in size and provide high quality accommodation in fully equipped villas, apartments and lodges, which are set amongst trees and streams. 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 natural, healthy environment are the essential elements.

In the period under review, the Business achieved an average physical occupancy of 95.5% (2008: 91.6%) across all four villages, with over 1.5 million people visiting during the period.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Market overview

Center Parcs primarily targets affluent families in the UK, who are open to considering good quality, value for money and convenient short break holidays within the UK.

The UK Domestic holiday market is diverse and largely unregulated and Center Parcs considers its main competitors to be high end self-catering cottage accommodation and leisure hotels/resorts although there several one-off small providers of lodges in rural retreats and Bluestone has entered the market. However, there are still no direct competitors offering the single-site holiday village/resort to the level of quality and sophistication of Center Parcs. What is clear is that Center Parcs will need to continue to deliver innovation and communicate high quality and standards, reliability and good value for money for the affluent family audience. Consumer expectations continue to rise.

The significant investment in the Center Parcs product since acquisition by the Blackstone Group—notably accommodation, leisure activities and spa, restaurants and retail shopping—seems particularly timely, as more discerning families are forecast to look for a UK short break over the next 18 months. Investment in the website and online booking functionality also sits well with the target audience and allows flexibility and accessibility for the researching consumer.

Furthermore, the unique Center Parcs proposition of an easily accessible UK 'escape' in a natural environment with a range of activities to appeal to all ages is very much in line with a number of current socio-economic trends—concern for the environment, fuel costs, security worries, child obesity etc.—and gives 'time-poor' parents an opportunity to spend valuable time with their friends and family.

Objectives and strategies

The Business's objectives are to remain the leading short break operator in the UK and to deliver profit growth, increasing shareholder value.

The strategy to maintain these objectives has been to:

- generate a growth in profit before tax and exceptional items (as defined on page F-163 within the summary of significant accounting policies)
- continue to fund refurbishment of central facilities and accommodation and the construction of new and upgraded accommodation
- move forward with the build of the fifth site proposed at Woburn
- introduce new leisure activities and facilities to maintain Center Parcs' pre-eminence in the short break leisure market.

Progress against strategic objectives

During the period, the Business continued to make good progress on our strategic objectives.

Existing villages

During the period under review the business has completed a number of initiatives to improve the guest experience:

- The contemporary design for the upgrade of on-parc accommodation has been applied to a further 401 villas. This now means that approximately 40% of all villa stock is of the new design. The new design continues to be popular with guests and will provide the base for any further upgrades in the future.
- The remaining Food & Beverage and Retail projects were completed during the period. The strategy of outsourcing a percentage of both our Food & Beverage and Retail operations has been concluded, with the introduction of further brands including Zilli Café. There has also been significant investment in Center Parcs' own brands with the completion of the refurbishment of Hucks American Diner on all Villages as well as the introduction of Dining In, a new collection and delivery service offering Chinese, Indian and Italian cuisine.
- Significant investment in the functionality and design of the website has taken place during the period. A new mini booking engine was implemented on the home page to make the booking process easier and quicker. Improved navigation was implemented to help guests book activities and accommodation, whilst new photo galleries were introduced to help first time guests really understand the Center Parcs experience.
- Huge progress has been made towards the implementation of a virtual call centre, enabling Call Centre staff on all 4 Villages and Head Office to make both accommodation and activity bookings. This has resulted in improved call handling together with efficiencies in recruitment and staff management.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Fifth Site

During the period we received confirmation of the orders for the diversion of two Public Rights of Way on the site of the proposed 5th UK Forest Holiday Village at Warren Wood, near Woburn in Bedfordshire. This concludes the final barrier and a detailed timetable for the completion of conditions and reserved matters that relate to the planning permission is currently being drawn up.

Key performance indicators

In addition to the measures of revenue and operating margin, the directors use the following key performance indicators to set targets and measure performance against those targets.

Physical occupancy

Physical occupancy is the average number of villas occupied as a percentage of the total number available. Physical occupancy for the period was 95.5% (2008: 91.6%). The increased occupancy over the prior period is a result of having fewer off-line for the re-styling during the year and therefore available for use. When off line for refurbishment these villas are not excluded from the occupancy calculation.

ADR (Average Daily rate)

ADR is the average rent (including VAT) achieved based on total gross rental income divided by the total number of villa nights sold.

ADR for the period was £152.78 (2008: £151.76).

Although only a marginal increase over the prior year the ADR achieved is considered to represent an exceptional performance given the market and economic conditions.

RevPAV

RevPAV (rent-per available villa night) is the average rent (including VAT) achieved based on total gross rental income divided by the total available number of villa nights.

RevPAV for the period was £145.83 (2008: £139.01).

RevPAV increases achieved are in excess of the ADR increases due to the higher occupancy level during the year as detailed above.

Forward bookings

Bookings at April 2009 represented 36.7% (2008: 35.3%) of available capacity. This gives the business good forward visibility of future occupancy levels.

On-site spend per sleeper

On-site spend per sleeper is the average non-accommodation spend per person per day (including VAT).

As the business has outsourced elements of the food and beverage and retail offerings the proportion of total on-site spend received by the business has fallen. However, the business continues to measure spend per sleeper based on total spend including at outsourced units. This indicator for the period was £27.94 (2008: £26.90).

Prompted brand awareness

Prompted brand awareness remains strong at 98% (2008: 98%).

Guest Satisfaction

We continue to track guest satisfaction using questionnaires completed by guests before departure. 95.5% (2008: 94.0%) of respondents rank their holiday at Center Parcs as excellent or good.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Employee retention

The average labour turnover figure for the business during the period was 30% (2008: 33.0%). A number of initiatives designed to retain employees, including those identified from our staff survey, have been implemented during the period. It is also recognised that in the current economic climate, individuals value job security more and are less inclined to seek employment elsewhere.

Trading since April 2009 and outlook

Revenue for the first 20 weeks increased by 3.0%. Occupancy during the same period remained above 97% as in the prior year.

Forward bookings are in line with expectations.

Future strategic development

The Center Parcs business enjoys a very strong brand image and market position and the business strategy is designed to protect these qualities. There is no indication that forward bookings are declining and we remain confident that demand for Center Parcs breaks will be sustained for the coming year. Guest survey responses and booking behaviour both indicate that the Exclusive and Executive standard accommodation will command premium rates and will continue to be booked well ahead.

Clearly the economic environment remains extremely challenging and as a result the Business will pursue a prudent approach over the coming year. Capital investment will be less than in recent years with the focus being very much on consolidation of the significant projects that have concluded. We will continue to innovate and, where practical, look to enhance core facilities, for example we are planning to upgrade the Leisure Bowl at Sherwood.

To complement the development on our Villages, the business will introduce a new customer service programme, Delivering Excellent Service, during the upcoming period. This exciting new programme will see all staff trained to a new standard, with assessment and benchmarking from both internal and external sources.

Detailed design work will continue for the fifth Village near Woburn in Bedfordshire and we will progress the planning conditions and reserved matters that were set by the Council in the outline planning permission granted in September 2007.

Despite the current economic climate we remain confident that the business is well positioned to achieve its strategic objectives and with forward bookings looking positive, produce another strong set of results this year.

Financial reporting

The financial performance of the Forest Holdco Limited Group can be summarised as:

Financial summary

	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008 (Restated)
	£m	£m
Revenue	276.9	263.3
Operating profit	36.9	25.7
Operating profit before 'exceptional items' ¹	37.3	26.8
EBITDAR before 'exceptional items' ²	121.4	104.8
Profit before tax	16.7	2.0
(Loss)/profit after tax	(5.7)	0.4

1 'Exceptional items' is defined within the 'Summary of significant accounting policies'.

2 EBITDAR is defined as earnings before interest, tax, depreciation, amortisation and rental costs, and can be calculated as Operating profit before "exceptional items" adjusting for depreciation, amortisation and other rental costs as disclosed in note 4.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Income statement

Revenue for the business was 8.8% up on the prior year.

We implemented a new 'demand led' pricing strategy which enables daily monitoring of demand by break and accommodation type with the aim of maximising accommodation yield and revenue.

The introduction of online activity bookings during the previous year has significantly improved revenues, with 80% of pre-booked activities now being booked online. As a result we have created a new team of Capacity Managers with the aim of improving leisure revenues and yield by monitoring demand patterns.

The **EBITDAR (before exceptionals) margin** has improved from 39.8% last year to 43.8% this period.

Net finance costs of £20.2 million (2008: £23.7 million) were incurred during the period.

Exceptional items

The Group incurred the following exceptional items during the period under review:

- Further redundancies took place during the period as restructuring under the new ownership continued. The vast majority of these were voluntary and £0.4 million (2008: £0.4 million) was incurred in settlement.

Cash flow

During the period the Group generated £6.8 million (2008: used £6.3 million) of cash. Operating activities generated £79.1 million (2008: £58.9 million) of cash. However an intensive capital program saw £54.5 million (2008: £79.2 million) invested in the business (including software assets). This cash was spent on, amongst others:

- Refurbishing 401 of the villa stock to a new contemporary design (£22.0 million)
- Upgrading, rebranding and refurbishing the retail and food and beverage offerings (£11.2 million)

The above capital investment represents a commitment to ensure that the accommodation and on-parc experience of the guest is maintained to the high standard expected.

Business relationships

The business operates arms length arrangements with its suppliers and contractors. It continues to lease the four village properties from related parties.

Political and charitable donations

The Group made £nil (2008: £nil) political donations during the period but made charitable donations in the form of free holidays with a value of £21,662 (2008: £13,094) and discounts to charities of £nil (2008: £nil).

Policy and practice on payment of creditors

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with. At the balance sheet date trade creditors represented 75 days (2008: 85 days) of purchases.

Directors

The directors who served during the period and up to the date of this report were as follows:

PH Stoll
MP Dalby
MR France
AM Robinson
A Valeri
JP Baratta (appointed 1/4/2009)
CR Pike (appointed 1/4/2009)

During the period, the Group had in place directors' and officers' insurance.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. The Group continues to monitor and refine its policies to ensure that all those with disabilities are fairly and appropriately supported pre and post appointment.

The Group has a practice of achieving common awareness of all employees in relation to financial and economic factors that affect the performance of the Group.

Financial risk management

The financing of the Company is managed together with that of all other Group Companies. As a result there is no separate analysis of the risks associated with the Company and all such risks are applicable to the Forest Holdco Limited Group.

The Group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has historically sought to reduce the cost of capital by refinancing and restructuring the Group funding using the underlying asset value.

The overall policy in respect of interest rates is to reduce the exposure to floating rates. The Group currently has interest rate caps in place, held by Forest Refico Limited.

Interest rate risk

The Group has in place floating rate debt as its primary funding source. In order to minimise exposure to interest rate fluctuations, the Group utilises interest rate caps.

Liquidity risk

The Group maintains sufficient cash reserves to ensure that it can meet its medium term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



Forest Holdco Limited
DIRECTORS' REPORT—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In accordance with Section 418, in the case of each director in office at the date the directors' report is approved, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution proposing the reappointment of PricewaterhouseCoopers LLP will put to the Annual General Meeting.

By order of the board

M P Dalby
Director
23 October 2009



Forest Holdco Limited

Independent auditors' report to the members of Forest Holdco Limited

We have audited the group and parent company financial statements (the "financial statements") of Forest Holdco Limited for the 53 week period ended 23rd April 2009 which comprise the Group and Company Income Statements, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Total Recognised Income and Expense and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page F-150 to F-151, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 23rd April 2009 and of the group's loss, the parent company's profit and group's and parent company's cash flows for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Roy Tandy (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

23 October 2009



Forest Holdco Limited
GROUP INCOME STATEMENT
FOR THE 53 WEEKS ENDED 23 APRIL 2009

**Group Income statement
for the 53 weeks ended 23 April 2009**

	Notes	53 weeks ended 23 April 2009 £'000	52 weeks ended 17 April 2008 Restated £'000
Revenue	3	276,868	263,275
Cost of sales		(35,080)	(35,724)
Gross profit		<u>241,788</u>	227,551
Administrative expenses excluding exceptional items		(202,945)	(199,768)
Other expense	6	(1,497)	(1,001)
Operating profit before exceptional items		<u>37,346</u>	26,782
Exceptional items	5	(419)	(1,020)
Operating profit	4	<u>36,927</u>	25,672
Interest income	7	3,490	1,953
Interest expense	7	(23,736)	(25,702)
Profit on ordinary activities before taxation		<u>16,681</u>	2,013
Tax on profit on ordinary activities	8	(22,392)	(1,583)
(Loss)/profit for the financial period	23	<u>(5,711)</u>	<u>430</u>

All amounts relate to continuing activities.



Forest Holdco Limited
 GROUP STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE
 FOR THE 53 WEEKS ENDED 23 APRIL 2009

**Group Statement of total recognised income and expense
 for the 53 weeks ended 23 April 2009**

	<u>Notes</u>	<u>53 weeks ended 23 April 2009</u>	<u>52 weeks ended 17 April 2008 Restated</u>
		<u>£'000</u>	<u>£'000</u>
(Loss)/profit for the period		(5,711)	430
Actuarial loss recognised in the pension scheme	27	(1,171)	(364)
Net movement of deferred tax on pension (liability)/asset	21	328	102
Net losses recognised directly in equity		(843)	(262)
Total recognised gains and losses for the period		(6,554)	168
Prior year adjustment	1	_____	(972)



Forest Holdco Limited
COMPANY INCOME STATEMENT
 FOR THE 53 WEEKS ENDED 23 APRIL 2009

Company Income statement
for the 53 weeks ended 23 April 2009

	Notes	53 weeks ended 23 April 2009 £'000	52 weeks ended 17 April 2008 £'000
Operating profit	4	—	—
Income from group undertaking	12	17,500	—
Interest receivable and similar income	7	5	4
Profit on ordinary activities before taxation		<u>17,505</u>	4
Tax on profit on ordinary activities	8	—	—
Profit for the financial period	23	<u><u>17,505</u></u>	<u>4</u>

All amounts relate to continuing activities.

The company has no recognised income or expenses other than the profit for the period above and so no separate statement of recognised income and expense is presented.



Forest Holdco Limited
GROUP BALANCE SHEET
AS AT 23 APRIL 2009

**Group Balance sheet
as at 23 April 2009**

	Notes	2009 £'000	2008 Restated £'000
Assets			
Non-current assets			
Goodwill	9	141,148	141,148
Other Intangible assets	10	128,651	133,733
Property, plant and equipment	11	191,968	161,115
Retirement benefit surplus	27	—	457
Trade and other receivables	14	5,700	4,043
Deferred tax assets	21	1,986	919
		<u>469,453</u>	<u>441,415</u>
Current assets			
Inventories	13	3,605	3,521
Trade and other receivables	14	48,913	51,833
Derivative financial instruments	19	376	2,374
Cash and cash equivalents	15	35,555	28,765
Deferred tax assets	21	167	16,462
		<u>88,616</u>	<u>102,955</u>
Liabilities			
Current liabilities			
Financial borrowings	18	(267)	(267)
Trade and other payables	16	(205,927)	(173,593)
Derivative financial instruments	19	(1,841)	(2,342)
Deferred tax liability	21	(731)	(1,495)
Provisions	20	(213)	(415)
		<u>(208,979)</u>	<u>(178,112)</u>
Net current liabilities		<u>(120,363)</u>	<u>(75,157)</u>
Non current liabilities			
Financial borrowings	18	(294,141)	(293,782)
Trade and other payables	17	(37,440)	(32,950)
Retirement benefit obligations	27	(657)	—
Provisions	20	—	(39)
Deferred tax liability	21	(36,677)	(35,258)
Net (liability)/asset		<u>(19,825)</u>	<u>4,229</u>
Equity			
Ordinary shares	22	20,000	20,000
Retained earnings	23	(39,825)	(15,771)
Total equity	23	<u>(19,825)</u>	<u>4,229</u>

The financial statements on pages F-153 to F-183 were approved by the board of directors on 23 October 2009 and were signed on its behalf by:

M P Dalby
Director



Forest Holdco Limited
COMPANY BALANCE SHEET
AS AT 23 APRIL 2009

Company Balance sheet
as at 23 April 2009

	Notes	2009 £'000	2008 £'000
Assets			
Non-current assets			
Investment in subsidiaries	12	<u>20,000</u>	20,000
		20,000	20,000
Current assets			
Trade and other receivables	14	<u>22,586</u>	5,086
Cash and cash equivalents	15	<u>107</u>	102
		22,693	5,188
Liabilities			
Current Liabilities			
Trade and other payables	16	<u>(17,500)</u>	—
		(17,500)	—
Net current assets		<u>5,193</u>	5,188
Non current liabilities			
Trade and other payables	17	<u>(5,016)</u>	(5,016)
Net assets		<u>20,177</u>	<u>20,172</u>
Equity			
Ordinary shares	22	<u>20,000</u>	20,000
Retained earnings	23	<u>177</u>	172
Total equity	23	<u>20,177</u>	<u>20,172</u>

The financial statements on pages F-153 to F-183 were approved by the board of directors on 23 October 2009 and were signed on its behalf by:

M P Dalby
Director



Forest Holdco Limited
GROUP CASH FLOW STATEMENT
FOR THE 53 WEEKS ENDED 23 APRIL 2009

**Group Cash flow statement
for the 53 weeks ended 23 April 2009**

	Note	53 weeks ended 23 April 2009 £'000	52 weeks ended 17 April 2008 £'000
Cash flows from operating activities			
Cash generated from operations	24	79,102	58,908
Interest received		1,833	1,953
Interest paid		(23,800)	(20,999)
Tax repayment received		—	1,198
Net cash from operating activities		<u>57,135</u>	<u>41,060</u>
Cash flows from investing activities			
Disposal of property, plant and equipment		13	108
Purchase of intangible assets-software		(1,852)	(2,085)
Purchase of property, plant and equipment		(52,667)	(77,103)
Net cash used in investing activities		<u>(54,506)</u>	<u>(79,080)</u>
Cash flows from financing activities			
Loan from related party		4,428	32,000
Mortgage repayments		(267)	(267)
Net cash from financing activities		<u>4,161</u>	<u>31,733</u>
Net increase/(decrease) in cash and cash equivalents	24	6,790	(6,287)
Cash and cash equivalents at beginning of period		28,765	35,052
Cash and cash equivalents at end of period	24	<u>35,555</u>	<u>28,765</u>



Forest Holdco Limited
 COMPANY CASH FLOW STATEMENT
 FOR THE 53 WEEKS ENDED 23 APRIL 2009

**Company Cash flow statement
 for the 53 weeks ended 23 April 2009**

	Note	53 weeks ended 23 April 2009 £'000	52 weeks ended 17 April 2008 £'000
Cash flows from operating activities			
Cash used in operations	24	—	—
Interest received		<u>5</u>	<u>4</u>
Net cash from operating activities		<u>5</u>	<u>4</u>
Net increase in cash and cash equivalents	24	<u>5</u>	<u>4</u>
Cash and cash equivalents at beginning of period		102	98
Cash and cash equivalents at end of period	24	<u>107</u>	<u>102</u>



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Notes to the financial statements

1 Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both the periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reported period. Actual amounts could differ from those estimates. Estimates are principally used when accounting for current and deferred tax, the discounting of rental deposits, the estimation of fair values and the useful economic lives of property, plant and equipment.

Prior year restatements

During the course of the period errors were identified in the calculation for the rental charge, and as such had resulted in a material understatement of the rental charged in the income statement and the related accrual. The net effect at 19th April 2007 was a reduction of £5,102,000 to net assets, being £7,288,000 trade payable and a related deferred tax asset of £2,186,000. The effect on the 2008 results was a £489,000 increase in administrative expenses and a corresponding accrual within accruals and deferred income with a tax effect of a £1,000 increase in the deferred tax asset.

On the acquisition of Center Parcs (UK) Group plc on 12 May 2006, deferred tax was not accounted for on the intangible assets acquired. This has resulted in an increase in net assets of £4,130,000 at 19th April 2007. This is the net of recognising a goodwill adjustment of £45,545,000 offset by a corresponding deferred tax liability which has reduced to £41,415,000 at 19 April 2007. The impact on the 2008 results was a decrease in the tax charge of £4,790,000 as a result of the deferred tax liability partially reversing.

General information

The Company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Accounting reference date

The Company prepares accounts drawn up to the Thursday nearest to 22 April each year.

Consolidation

Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by the group. Control exists where the group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Revenue recognition

Revenue relates to villa rental income on holidays commenced during the period and other income, primarily arising from on-village leisure, retail and food and beverage spend, and is shown after the deduction of value added tax. Other income is recognised when provision of the related product or service is undertaken.

Villa rental income is paid ahead of the holiday commencing and is held as 'payments received on account' until the holiday commences.

Revenue due from concessions is recognised on a receivable basis.

Intangible fixed assets*Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which is generally considered to be four years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding four years).

Other purchased intangibles

Other purchased intangibles, including purchased patents, know-how, trademarks, licences and distribution rights, are capitalised at cost and are amortised over their useful economic lives using the following rates:

Advance bookings	the period to which the bookings relate
Repeat business	over a four year period
Water boreholes	straight line basis over 13 years
Brand name	no amortisation is charged on the brand name as it considered to have an indefinite life

Investments

The Group classifies its investments into two categories: Financial assets at fair value through profit and loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Financial assets

The cost of investments, including loans to associated companies, is their purchase cost together with any incremental costs of acquisition.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In deciding whether an impairment is required, the directors consider the underlying value inherent in the investment. Provision is made against the cost of investments where, in the opinion of the directors, there is an impairment in the value of the individual investment.

Property, plant and equipment

Management chose the benchmark (cost) measurement basis under IAS 16 rather than apply the alternative (revaluation) treatment to all items of property, plant and equipment as its ongoing accounting policy. The cost of property, plant and equipment includes directly attributable costs.

The Group has elected to apply the optional exemption of IFRS 1 and therefore has taken fair value as deemed cost at the date of transition to IFRS.

Depreciation is provided on the cost of all property, plant and equipment (except assets in the course of construction), so as to write off the cost of property, plant and equipment, less their residual value, on a straight line basis over the expected useful economic life of the assets concerned, using the following rates:

Short leasehold buildings	2.5% or by equal instalments over the period of the lease held on the land and buildings, whichever is the shorter
Installations	6.67% or by equal instalments over the period of the lease held on the land and buildings, whichever is the shorter
Fixtures and fittings	14%
Computer equipment	25%
Motor vehicles	25%

Useful lives and residual values are reviewed at least at each period end and revised where expectations are significantly different from previous estimates, and the depreciation charge for current and future periods adjusted accordingly.

Maintenance expenditure

It is the policy of the Group to maintain the leasehold land and buildings to a high standard, as expected by our guests. Where maintenance expenditure increases the benefits that property, plant and equipment is expected to generate, this expenditure is capitalised. All other maintenance costs are charged to the income statement as incurred.

Leases

Assets held under finance leases are capitalised at cost and depreciated over their useful lives. The capital element of future rentals is treated as a liability and the interest element is charged to the income statement over the period of the lease in proportion to the capital outstanding.

Rental payments on operating leases (net of any incentives received from the lessor) are charged to the income statement in the period to which they relate.

Government grants

Government grants in respect of capital expenditure are categorised as accruals on receipt and are credited to the income statement over the useful life of the relevant property, plant and equipment. The government grant shown in the balance sheet at the period end represents grants received to date, less the amount so far credited to profit.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, cash in hand and overnight deposits.

Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where required assets are discounted using an AAA corporate bond rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Inventories

The basis of valuation of inventories is the lower of cost on a first in first out basis and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Inventory provisions are created where necessary to ensure that inventory is valued at the lower of cost and estimated net realisable value.

Trade receivables

Trade receivables are recognised initially at fair value. A provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

Long-term receivables

Where the effect is material, long-term receivables are discounted using the directors' assessment of the most appropriate pre-tax discount rate.

Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Exceptional items

Exceptional items are material items that derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Taxation

Current income tax

The charge for current taxation is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.



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Deferred tax liabilities are recognised for all taxable temporary differences except in respect of investments in subsidiaries and interests in joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, and on the initial recognition of non-deductible goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date.

Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the periods in which the asset or liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Employee benefits

Pensions

Defined contribution pension scheme

Group employees can choose to be a member of a defined contribution pension scheme. A defined contribution pension scheme is a pension scheme under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are charged to the income statement as incurred.

Defined benefit pension scheme

A funded senior management defined benefit pension scheme also exists. A defined benefit pension scheme is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for high-quality corporate bonds, which have terms to maturity approximating the terms of the related pension liability.

Past-service costs are recognised immediately in income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of total recognised income and expense. The related deferred tax is included within the deferred tax asset or liability.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Holiday pay

The Group recognises an appropriate liability for the cost of holiday entitlements not taken at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting profit or loss, together with realised profits and losses arising during the period on the settlement of overseas assets and liabilities, are included in the trading results.

Borrowings

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

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



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Issue costs of loans

The issue costs recognised in the income statement in respect of capital instruments are allocated over the terms of the instruments at a constant rate on the carrying amount.

Early termination costs

Costs associated with the early repayment of borrowings are written off to the income statement as incurred.

New standards and interpretations not applied

During the financial period, the IASB and IFRIC have issued a number of standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application. IFRS 8-Operating Segments will result in additional disclosure requirements in the financial statements.

2 Financial risk management

The group finances its operations through a mixture of shareholders' funds, bank and other borrowings and loan notes as required. The Group has sought to reduce its cost of capital by refinancing and restructuring the Group's funding using the underlying asset value.

The overall policy in respect of interest rates is to reduce the exposure to floating rates.

The Group has in place interest rate caps to limit the exposure to fluctuations in interest rates. It is not the Group's policy to actively trade in derivative financial instruments.

Interest rate risk

The Group's primary debt is through a floating rate loan. In order to limit the Group's exposure to interest rate fluctuations, the Group has in place interest rate caps. The Group does not have a definite stance on the balance between fixed and floating rate debt. As at 23 April 2009, none of the Group's financial instruments incurred interest at a fixed rate.

Liquidity risk

At 23 April 2009, the Group held in place sufficient cash levels to ensure the Group has available funds to meet its medium term working capital and funding obligations.

Currency risk

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

Credit risk

The Group borrows from well-established institutions with high credit ratings.

3 Revenue

Revenue, which is stated net of value added tax, represents amounts invoiced to third parties. Revenue relates to one continuing activity, the provision of short break holidays. All of the group's business is performed in the United Kingdom.



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4 Operating profit

	<u>Group</u>	<u>Group</u>
	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008 (Restated)
	£'000	£'000
The following items have been included in arriving at the operating profit		
Staff costs (note 26)	64,844	63,666
Cost of inventories (recognised in cost of sales)	32,613	35,200
Depreciation of property, plant and equipment—owned assets (note 11)	21,804	14,468
Loss on disposal of property, plant and equipment	3	1,400
Amortisation of intangible assets (note 10)	6,934	8,442
Operating lease rentals		
—plant and machinery	113	268
—other	55,330	54,856
Repairs and maintenance expenditure on property, plant and equipment	7,190	7,194
Services provided by the Group's auditors	545	693
Amortisation of government grants	(14)	(13)

During the period, the Group obtained the following services from the Group's auditors at costs as detailed below:

	<u>Group</u>	<u>Group</u>
	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	£'000	£'000
Fees payable to the company's auditor for the audit of parent company and consolidated accounts	25	25
Fees payable to the company's auditor and its associates for other services:		
The audit of company's subsidiaries pursuant to legislation	105	100
Further assurance services	4	522
Tax compliance services	26	24
Tax advisory services	385	22
	<u>545</u>	<u>693</u>

In addition to the above services, the Group's auditors acted as auditor to the Center Parcs Pension Scheme. The appointment of auditors to the Group's pension scheme and fees paid in respect of those auditors are agreed by the trustees of each scheme, who act independently from the management of the Group. The aggregate fees paid to the auditors during the period in respect of these services was £27,000 (52 weeks ended 17 April 2008: £27,000).

The directors monitor the level of non-audit work undertaken by the auditors and ensure it is work which they are best suited to perform and does not present a risk to their independence and objectivity.

Fees paid to other accounting firms in the period amounted to £nil (52 week period ended 17 April 2008: £30,500).

Company

The auditors' remuneration of £130,000 (52 weeks ended 17 April 2008: £125,000) is borne by a subsidiary company, Center Parcs (Operating Company) Limited and includes £2,500 (52 weeks ended 17 April 2008: £2,500) in respect of the Company.

5 Exceptional items

	<u>Group</u>	<u>Group</u>
	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	£'000	£'000
Costs incurred in respect of the debt securitisation	—	380
Costs incurred on the proposed fifth site	—	232
Redundancy costs	419	408
	<u>419</u>	<u>1,020</u>



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Further details are included in the Directors' report on page F-149.

There are no exceptional items in the income statement of the Company (2008: £nil).

6 Other expense

	<u>Group</u> 53 weeks ended 23 April 2009	<u>Group</u> 52 weeks ended 17 April 2008
	£'000	£'000
Movement on fair value of derivative financial instruments (assets)	1,998	1,520
Movement on fair value of derivative financial instruments (liabilities)	(501)	(519)
	<u>1,497</u>	<u>1,001</u>

7 Net finance costs

	<u>Group</u> 53 weeks ended 23 April 2009	<u>Group</u> 52 weeks ended 17 April 2008
	£'000	£'000
Interest expense		
Interest payable on bank borrowings	18,484	20,800
Amortisation of issue costs of bank loans	626	626
Interest on unsecured loan notes	4,626	3,745
Revaluation of rental deposits to fair value	—	531
Total interest expense	<u>23,736</u>	<u>25,702</u>
Interest income		
Bank interest receivable	(848)	(1,753)
Other interest receivable	(985)	(200)
Revaluation of rental deposits to fair value	(1,657)	—
Total interest income	<u>(3,490)</u>	<u>(1,953)</u>
Net finance costs	<u>20,246</u>	<u>23,749</u>

Subsequent to the refinancing an element of the debt was securitised. The Group is entitled to 50% of the interest differential resulting from this securitisation. During the period, £985,000 (2008: £200,000) such income was receivable.

	<u>Company</u> 53 weeks ended 23 April 2009	<u>Company</u> 52 weeks ended 17 April 2008
	£'000	£'000
Interest income		
Bank interest receivable	5	4



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8 Tax on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

The Group tax charge is made up as follows:

	<u>Group</u>	<u>Group</u>
	<u>53 weeks ended 23 April 2009</u>	<u>52 weeks ended 17 April 2008 (Restated)</u>
	<u>£'000</u>	<u>£'000</u>
Current tax:		
UK corporation tax charge		
Current year	5,214	3,532
Adjustment in respect of prior periods	967	—
	<u>6,181</u>	<u>3,532</u>
Deferred tax:		
Origination and reversal of timing differences	16,211	(1,949)
Tax on profit on ordinary activities (note 8(b))	<u>22,392</u>	<u>1,583</u>

During the course of the period errors were identified in the calculation for the rental charge, and as such had resulted in a material understatement of the rental charged in the income statement and the related accrual. The net effect at 19th April 2007 was a reduction of £5,102,000 to net assets, being £7,288,000 trade payable and a related deferred tax asset of £2,186,000. The effect on the 2008 results was a £489,000 increase in administrative expenses and a corresponding accrual within accruals and deferred income with a tax effect of a £1,000 increase in the deferred tax asset.

On the acquisition of Center Parcs (UK) Group plc on 12 May 2006, deferred tax was not accounted for on the intangible assets acquired. This has resulted in an increase in net assets of £4,130,000 at 19th April 2007. This is the net of recognising a goodwill adjustment of £45,545,000 offset by a corresponding deferred tax liability which has reduced to £41,415,000 at 19 April 2007. The impact on the 2008 results was a decrease in the tax charge of £4,790,000 as a result of the deferred tax liability partially reversing.

The Company had a £nil tax charge for the period (2008: £nil).

(b) Factors affecting the tax charge

The tax assessed for the period is higher (2008: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The difference is reconciled below:

	<u>Group</u>	<u>Group</u>
	<u>53 weeks ended 23 April 2009</u>	<u>52 weeks ended 17 April 2008 (Restated)</u>
	<u>£'000</u>	<u>£'000</u>
Profit on ordinary activities before taxation	16,681	2,013
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	4,670	604
Effects of:		
Adjustment in respect of prior periods-corporation tax	967	—
Adjustment in respect of prior periods-deferred tax	(1,493)	(3,059)
Deferred tax charge arising from abolition of hotel building allowances	17,082	—
Expenses not deductible for tax purposes	1,166	4,038
Tax charge for the period (note 8(a))	<u>22,392</u>	<u>1,583</u>



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The tax on the Company's profit before tax is lower (2008: lower) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 30%). The difference is reconciled below:

	<u>Company</u>	<u>Company</u>
	<u>53 weeks ended</u>	<u>52 weeks ended</u>
	<u>23 April 2009</u>	<u>17 April 2008</u>
	<u>£'000</u>	<u>£'000</u>
	<u>(Restated)</u>	<u>(Restated)</u>
Profit on ordinary activities before taxation	17,505	4
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008: 30%)	4,901	1
Effects of:		
Income not taxable	(4,901)	—
Permanent difference in respect of transfer pricing adjustments	114	122
Group relief not paid for	(114)	(123)
Tax charge for the period (note 8(a))	—	—

9 Goodwill

	<u>Group</u>	<u>Group</u>
	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
	<u>(Restated)</u>	<u>(Restated)</u>
Cost		
At beginning of period—as previously reported		95,603
Restatement (Note 1)		45,545
At beginning of period—as restated	141,148	141,148
Additions	—	—
At end of period	141,148	141,148
Net book amount at period end	141,148	141,148

On the acquisition of Center Parcs (UK) Group plc on 12 May 2006, deferred tax was not accounted for on the intangible assets acquired. This has resulted in an increase in net assets of £4,130,000 at 19th April 2007. This is the net of recognising a goodwill adjustment of £45,545,000 offset by a corresponding deferred tax liability which has reduced to £41,415,000 at 19 April 2007. The impact on the 2008 results was a decrease in the tax charge of £4,790,000 as a result of the deferred tax liability partially reversing.

Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU's) identified by village within each business segment.

A segment level summary of the goodwill allocation is presented below:

	<u>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
	<u>(Restated)</u>	<u>(Restated)</u>
Accommodation	127,081	127,081
On-site	14,067	14,067
	141,148	141,148

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one year period. Cash flows beyond the one year period are extrapolated using the estimated growth rates stated below.



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Key assumptions used for value-in-use calculations:

	2009		2008	
	On-site	Accommodation	On-site	Accommodation
EBITDA margin	33.1%	44.5%	14.2%	43.0%
Growth rate-short term	4%	5%	8%	10%
Growth rate-perpetual	2%	2%	2%	2%
Discount rate	5.3%	5.3%	7.5%	7.5%

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted EBITDA margin based on past performance and its expectations for the market development. The growth rates used reflect management's expectations of the future market. Discount rates used are pre-tax and reflect the specific risks to the Group.

Based on the value-in-use calculations performed, the directors have concluded that there is no impairment of intangible assets.

The Company has no goodwill (2008: £nil).

10 Other Intangible fixed assets

Group	Software	Advance bookings	Brand name	Repeat business	Water boreholes	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 19 April 2007	2,817	7,048	121,194	20,395	3,180	154,634
Additions	2,085	—	—	—	—	2,085
Disposals	(5)	—	—	—	—	(5)
At 17 April 2008	4,897	7,048	121,194	20,395	3,180	156,714
Additions	1,852	—	—	—	—	1,852
Disposals	—	—	—	—	—	—
At 23 April 2009	6,749	7,048	121,194	20,395	3,180	158,566
Amortisation						
At 19 April 2007	778	7,048	—	6,476	242	14,544
Charged during the period	1,194	—	—	7,006	242	8,442
Disposals	(5)	—	—	—	—	(5)
At 17 April 2008	1,967	7,048	—	13,482	484	22,981
Charged during the period	2,051	—	—	4,641	242	6,934
Disposals	—	—	—	—	—	—
At 23 April 2009	4,018	7,048	—	18,123	726	29,915
Net book amount						
At 17 April 2008	2,930	—	121,194	6,913	2,696	133,733
At 23 April 2009	2,731	—	121,194	2,272	2,454	128,651

The brand name is considered to have an indefinite life due to the continued investment that is made in the guest facilities and the ongoing marketing campaigns of the business. An impairment review using the same assumptions as detailed on page 35 has been undertaken and no impairment was indicated (2008: £nil).

The Company has no intangible assets (2008: £nil).



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11. Property, plant and equipment

	Short leasehold buildings	Installations	Fixtures & Fittings	Motor vehicles & hardware	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
52 weeks ended 17 April 2008						
Opening net book value	25,836	43,462	16,521	2,757	4,914	93,490
Additions	13,820	41,485	19,474	5,220	3,602	83,601
WIP Transfers	3,749	574	9	305	(4,637)	—
Disposals	(152)	(1,200)	(1,096)	(346)	—	(2,794)
Depreciation on disposals	16	269	760	241	—	1,286
Depreciation charge	(2,877)	(4,093)	(5,283)	(2,215)	—	(14,468)
Closing net book value	40,392	80,497	30,385	5,962	3,879	161,115
As at 17 April 2008						
Cost	47,435	90,291	48,292	12,418	3,879	202,315
Accumulated depreciation	(7,043)	(9,794)	(17,907)	(6,456)	—	(41,200)
Net book value	40,392	80,497	30,385	5,962	3,879	161,115
53 weeks ended 23 April 2009						
Opening net book value	40,392	80,497	30,385	5,962	3,879	161,115
Additions	5,811	27,149	15,046	2,040	2,627	52,673
WIP Transfers	143	526	79	—	(748)	—
Disposals	—	—	—	(19)	—	(19)
Depreciation on disposals	—	—	—	3	—	3
Depreciation charge	(4,139)	(7,776)	(7,359)	(2,530)	—	(21,804)
Closing net book value	42,207	100,396	38,151	5,456	5,758	191,968
As at 23 April 2009						
Cost	53,389	117,966	63,417	14,439	5,758	254,969
Accumulated depreciation	(11,182)	(17,570)	(25,266)	(8,983)	—	(63,001)
Net book value	42,207	100,396	38,151	5,456	5,758	191,968

The depreciation has all been charged through Administrative expenses in the income statement.

The Company has no tangible fixed assets (2008: £nil).

12 Investments

<u>Company</u>	<u>Investments in subsidiary undertakings</u>
	£'000
Cost:	
As at 17 April 2008 and 23 April 2009	20,000

The investment relates to 100% of the ordinary shares of Forest Midco Limited, registered in England and Wales. The principal activity of Forest Midco Limited is that of an intermediate holding company.

During the period dividends receivable of £17,500,000 were recognised from its subsidiary. The amount remained outstanding at the balance sheet date and was subsequently received shortly after the period end.

13 Inventories

	<u>Group</u>	<u>Group</u>
	2009	2008
	£'000	£'000
Consumables	1,219	1,224
Goods held for resale	2,386	2,297
	3,605	3,521



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The group consumed £32,613,000 of inventories during the period (2008: £35,200,000).

The Company has no inventories (2008: £nil).

14 Trade and other receivables

	<u>Group</u> <u>2009</u> £'000	<u>Group</u> <u>2008</u> £'000
<i>Amounts falling due after one year:</i>		
Rental deposits	5,700	4,043
<i>Amounts falling due within one year:</i>		
Trade receivables	2,847	1,923
Amounts owed by group undertakings	100	100
Other receivables	164	159
Amounts owed by related parties	35,827	38,595
Prepayments and accrued income	9,975	11,056
	<u>48,913</u>	<u>51,833</u>

The amounts owed by group undertakings and related parties are interest free and repayable on demand.

	<u>Company</u> <u>2009</u> £'000	<u>Company</u> <u>2008</u> £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	22,586	5,086

The amounts owed by group undertakings are interest free and repayable on demand.

All of the amounts above are denominated in £ sterling.

15 Cash and cash equivalents

	<u>Group</u> <u>2009</u> £'000	<u>Group</u> <u>2008</u> £'000
Cash at bank and in hand	35,555	28,765

	<u>Company</u> <u>2009</u> £'000	<u>Company</u> <u>2008</u> £'000
Cash at bank and in hand	107	102

16 Trade and other payables—current

	<u>Group</u> <u>2009</u> £'000	<u>Group</u> <u>2008</u> £'000 (Restated)
Trade payables	7,183	9,169
Other tax and social security	6,168	3,377
Other payables	4,256	6,078
Amounts owed to related parties	73,370	35,669
Accruals and deferred income	71,703	79,612
Fair value of guarantees provided to other group undertakings	205	205
Payments received on account	43,042	39,483
	<u>205,927</u>	<u>173,593</u>



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During the course of the period errors were identified in the calculation for the rental charge, and as such had resulted in a material understatement of the rental charged in the income statement and the related accrual. The net effect at 19th April 2007 was a reduction of £5,102,000 to net assets, being £7,288,000 trade payable and a related deferred tax asset of £2,186,000. The effect on the 2008 results was a £489,000 increase in administrative expenses and a corresponding accrual within accruals and deferred income with a tax effect of a £1,000 increase in the deferred tax asset.

The Company had current trade and other payables of £17.5 million at the balance sheet date (2008: £nil). This was all due to a group company.

17 Trade and other payables—non current

	<u>Group</u> <u>2009</u> £'000	<u>Group</u> <u>2008</u> £'000
Other payables	1,012	1,148
Amounts owed to group companies	36,428	31,802
	<u>37,440</u>	<u>32,950</u>

Included within amounts owed to group companies is £20 million (2008: £20 million) of loan notes together with interest of £11,412,000 (2008: £6,786,000) on these loan notes. The loan notes are due to Forest Luxco Sarl, a company based in Luxembourg, and incur compound interest at an annual rate of 16%. In addition, a loan of £5,016,000 is included from Forest Cayco Limited, a company registered in the Cayman Islands. This loan is interest free and has no security. All amounts are denominated in £ sterling.

	<u>Company</u> <u>2009</u> £'000	<u>Company</u> <u>2008</u> £'000
Amounts owed to a fellow group company	5,016	5,016

The above amount relates to the loan from Forest Cayco Limited described above.

18 Financial borrowings

<u>Group</u>	<u>2009</u> £'000	<u>2008</u> £'000
Wholly repayable within five years:		
£219,324,128 senior A bank loan at LIBOR plus 1.22% per annum	219,324	219,324
£73,572,989 senior B bank loan at LIBOR plus 2.24% per annum	73,573	73,573
Bank mortgage at LIBOR plus 1.125% per annum	3,066	3,333
	<u>295,963</u>	<u>296,230</u>
Amounts repayable:		
In less than one year	267	267
In one to two years	267	267
In two to five years	295,429	295,696
	<u>295,963</u>	<u>296,230</u>
Less: unamortised issue costs	(1,555)	(2,181)
	<u>294,408</u>	<u>294,049</u>

All of the amounts above are denominated in £ sterling.

The loans are part of an overall £1,032 million facility made available to the group together with the CP Comet Holdings Limited group of companies. This group owns the four Center Parcs properties on which the villages operate. The total facility was drawn down across the two groups on 14 December 2006. The loans are repayable in October 2011 and were split into three Tranches as follows:

Senior A	£682 million facility bearing interest at LIBOR plus 0.8%
Senior B	£250 million facility bearing interest at LIBOR plus 2.5%
Senior C	£100 million facility bearing interest at LIBOR plus 3.75%



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Subsequent to the draw down the Senior C loan was redesignated as Senior A and B loans and the margin on the Senior A and B loans adjusted to 1.22% and 2.24% respectively.

Financing fees of £3,025,000 were incurred in setting up the loans, £626,000 (2008: £626,000) of which have been amortised in the period.

Interest of £18,274,000 (2008: £20,547,000) was charged on the loans in the period. A one percentage point movement in interest rates would affect this interest charge by approximately £2.93 million. Any interest rate increase is limited by the interest rate cap in place.

Mortgage

The group has a mortgage taken out to fund the build of the head office. During the period, £267,000 (2008: £267,000) of this facility was repaid with interest of £209,654 (2008: £253,114) being incurred. The mortgage is secured over the group's head office. The mortgage incurs interest at LIBOR plus 1.125%. A one percentage point movement in interest rates would affect this interest charge by approximately £30,000.

19 Financial instruments

Interest rate caps

The notional principal amount of the outstanding interest rate cap contracts at 23 April 2009 was £292,897,000 (2008: £297,216,000). At 23 April 2009, the cap rates are 5.5% until 5 January 2010 when it increases to 6% until the end of the cap on 5 January 2012.

The fair value of the interest rate cap at 23 April 2009 was £376,000 (2008: £2,374,000).

Consideration for the interest rate cap is paid on a quarterly basis at £173,000. The fair value of these deferred payments at 23 April 2009 was £1,841,000 (2008: £2,342,000).

In accordance with IAS 39, 'Financial Instruments: Recognition and Measurement', the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they meet certain requirements set out in the standard. No such embedded derivatives were identified.

Fair value of financial assets and financial liabilities

Group

Fair values have been established as follows:

Loans	Discounted cash flow at a LIBOR rate adjusted for an appropriate risk premium
Bank loans and overdrafts	At book value as interest is payable on a LIBOR plus basis
Other financial assets	Discounted cash flow using a AAA corporate bond rate
Other financial liabilities	Discounted cash flow at a LIBOR rate adjusted for an appropriate risk premium

The fair value of financial assets and liabilities of the Group and Company are approximately equal to their book value.



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Maturity of financial liabilities

The maturity profile of the carrying value of the non-current financial liabilities was:

<u>Group</u> As at 23 April 2009	<u>Bank loans</u> £'000	<u>Mortgage</u> £'000	<u>Claims Provisions</u> £'000	<u>Other payables</u> £'000	<u>Inter-company balances</u> £'000	<u>2009 Total</u> £'000
In more than one year but not more than two years	—	267	—	136	—	403
In more than two years but not more than five years	292,897	801	—	408	—	294,106
In more than five years	—	1,731	—	468	36,428	38,627
	<u>292,897</u>	<u>2,799</u>	<u>—</u>	<u>1,012</u>	<u>36,428</u>	<u>333,136</u>
<u>Group</u> As at 17 April 2008	<u>Bank loans</u> £'000	<u>Mortgage</u> £'000	<u>Claims Provisions</u> £'000	<u>Other payables</u> £'000	<u>Inter-company balances</u> £'000	<u>2008 Total</u> £'000
In more than one year but not more than two years	—	267	39	136	—	442
In more than two years but not more than five years	292,897	801	—	408	—	294,106
In more than five years	—	1,998	—	604	31,802	34,404
	<u>292,897</u>	<u>3,066</u>	<u>39</u>	<u>1,148</u>	<u>31,802</u>	<u>328,952</u>
<u>Company</u>	<u>Inter-company balances</u> £'000	<u>2009 Total</u> £'000	<u>Inter-company balances</u> £'000	<u>2008 Total</u> £'000		
In more than one year but not more than two years	—	—	—	—		
In more than two years but not more than five years	—	—	—	—		
In more than five years	<u>5,016</u>	<u>5,016</u>	<u>5,016</u>	<u>5,016</u>		
	<u>5,016</u>	<u>5,016</u>	<u>5,016</u>	<u>5,016</u>		

20 Provisions

	<u>Group</u> <u>2009</u> £'000	<u>Group</u> <u>2008</u> £'000
<i>Claims provision</i>		
At beginning of period	454	559
Additional provisions made	—	289
Utilised in the period	(241)	(394)
At end of period	<u>213</u>	<u>454</u>
	<u>Group</u> <u>2009</u> £'000	<u>Group</u> <u>2008</u> £'000
<i>Claims provision</i>		
Utilised within 12 months	213	415
Utilised after more than 12 months	—	39
	<u>213</u>	<u>454</u>

The claims provision is based on management's estimate of potential liabilities arising from employee and public liability claims received prior to the period end. The estimate is based upon advice received from the Group's claims handler and covers the element of claims to which the Group is exposed.

21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008: 28%).



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Deferred income tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

<u>Group</u>	<u>2009</u> £'000	<u>2008</u> £'000 (Restated)
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	1,986	919
Deferred tax assets to be recovered within 12 months	167	16,462
	<u>2,153</u>	<u>17,381</u>
Deferred tax liabilities		
Deferred tax liability to be utilised within 12 months	(731)	(1,495)
Deferred tax liability to be utilised after more than 12 months	(36,677)	(35,258)
	<u>(37,408)</u>	<u>(36,753)</u>

The movement on the deferred tax account is shown below:

<u>Group</u>	<u>53 weeks ended</u> <u>23 April 2009</u>	<u>52 weeks ended</u> <u>17 April 2008</u>
	£'000	(Restated) £'000
At the beginning of the period—as previously reported		17,806
Restatement (Note 1)		(39,229)
At the beginning of the period—as restated	(19,372)	(21,423)
Income statement (charge)/credit (Restated)	(16,211)	1,949
Deferred income tax credited to the statement of total recognised income and expense	328	102
At the end of the period	<u>(35,255)</u>	<u>(19,372)</u>

<u>Group</u>	<u>Accelerated tax depreciation</u> £'000	<u>Short-term timing differences</u> £'000	<u>Losses</u> £'000	<u>Pension</u> £'000	<u>Intangibles</u> £'000	<u>Total (Restated)</u> £'000
As at 19 April 2007 (as restated)	15,048	2,438	2,186	320	(41,415)	(21,423)
(Charged)/credited to the income statement	(3,183)	891	1	(550)	4,790	1,949
Deferred tax credited to the statement of total recognised income and expense	—	—	—	102	—	102
As at 17 April 2008 (restated)	11,865	3,329	2,187	(128)	(36,625)	(19,372)
(Charged)/credited to the income statement	(14,014)	(1,360)	(2,187)	(16)	1,366	(16,211)
Deferred tax credited to the statement of total recognised income and expense	—	—	—	328	—	328
As at 23 April 2009	<u>(2,149)</u>	<u>1,969</u>	<u>—</u>	<u>184</u>	<u>(35,259)</u>	<u>(35,255)</u>

The Company has no deferred tax (2008: £nil).

During the course of the period errors were identified in the calculation for the rental charge, and as such had resulted in a material understatement of the rental charged in the income statement and the related accrual. The net effect at 19th April 2007 was a reduction of £5,102,000 to net assets, being £7,288,000 trade payable and a related deferred tax asset of £2,186,000. The effect on the 2008 results was a £489,000 increase in administrative expenses and a corresponding accrual within accruals and deferred income with a tax effect of a £1,000 increase in the deferred tax asset.

On the acquisition of Center Parcs (UK) Group plc on 12 May 2006, deferred tax was not accounted for on the intangible assets acquired. This has resulted in an increase in net assets of £4,130,000 at 19th April 2007. This is the net of recognising a goodwill adjustment of £45,545,000 offset by a corresponding deferred tax liability which has reduced to £41,415,000 at 19 April 2007. The impact on the 2008 results was a decrease in the tax charge of £4,790,000 as a result of the deferred tax liability partially reversing.



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22 Share capital

	2009	2008
	£'000	£'000
Authorised		
20,000,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
20,000,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Management of capital

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or borrow additional debt.

Certain directors and members of management purchased shares in the group companies CP Cayman Limited and CP Cayman Topco Limited in November 2006 and continue to hold these shares. The shares have variable rights to entitlement which increase over a five year period.

23 Statement of changes in total equity

<u>Group</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 19 April 2007—as previously reported	20,000	(14,967)	5,033
Restatement (Note 1)	—	(972)	(972)
At 19 April 2007 (as restated)	20,000	(15,939)	4,061
Profit for the period (as restated)	—	430	430
Net movement on pension scheme	—	(262)	(262)
At 17 April 2008 (as restated)	<u>20,000</u>	<u>(15,771)</u>	<u>4,229</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 17 April 2008 (as restated)	20,000	(15,771)	4,229
Loss for the period	—	(5,711)	(5,711)
Net movement on pension scheme	—	(843)	(843)
Dividend	—	(17,500)	(17,500)
At 23 April 2009	<u>20,000</u>	<u>(39,825)</u>	<u>(19,825)</u>
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Company</u>			
At 19 April 2007	20,000	168	20,168
Profit for the period	—	4	4
At 17 April 2008	20,000	172	20,172
Profit for the period	—	17,505	17,505
Dividend	—	(17,500)	(17,500)
At 23 April 2009	<u>20,000</u>	<u>177</u>	<u>20,177</u>



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24 Notes to the cash flow statement

(a) Reconciliation of net (loss)/profit to cash generated from operations

	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008 (Restated)
	£'000	£'000
Net (loss)/profit	(5,711)	430
Adjustments for:		
Depreciation	21,804	14,468
Tax	22,392	1,583
Amortisation	6,934	8,442
Loss on disposal of property, plant and equipment	3	1,400
Other expense	1,497	1,001
Interest income	(3,490)	(1,953)
Interest expense	23,736	25,702
Movement in inventories	(84)	1,228
Movement in receivables	4,111	1,557
Movement in payables	8,208	7,072
Difference between the pension charge and the contributions	(57)	(1,917)
Movement in provisions	(241)	(105)
Cash generated from operations	<u>79,102</u>	<u>58,908</u>

	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	£'000	£'000
Net profit	17,505	4
Interest income	(5)	(4)
Income from group undertaking	(17,500)	—
Cash generated from operations	<u>—</u>	<u>—</u>

(b) Reconciliation of net cash flow to movement in net debt

	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
<u>Group</u>	£'000	£'000
Increase/(decrease) in cash in the period	6,790	(6,287)
Net cash inflow from increase in loans	(4,428)	(32,000)
Repayment of debt	267	267
Change in net debt resulting from cash flows	2,629	(38,020)
Net Debt at beginning of period	(299,465)	(261,445)
Net Debt at end of period	<u>(296,836)</u>	<u>(299,465)</u>

(c) Analysis of changes in net debt

	At 17 April 2008	Cash flows	Non-cash movements	At 23 April 2009
<u>Group</u>	£'000	£'000	£'000	£'000
Cash and cash equivalents	28,765	6,790	—	35,555
Bank mortgage	(3,333)	267	—	(3,066)
Long term loans	(324,897)	(4,428)	—	(329,325)
	<u>(299,465)</u>	<u>2,629</u>	<u>—</u>	<u>(296,836)</u>



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The above net debt excludes issue costs associated with long term loans, includes loans from related parties but excludes those from group companies. The Directors consider this to be the most appropriate basis of net debt.

<u>Company</u>	At 17 April 2008	Cash flows	At 23 April 2009
	£'000	£'000	£'000
Cash and cash equivalents	102	5	107

25 Capital commitments

At the balance sheet date, the Group had capital expenditure contracted for but not provided of £3,075,000 (2008: £4,595,000).

The Company had no capital commitments at the balance sheet date (2008: £nil).

26 Employees and directors

<u>Group</u>	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	£'000	£'000
Staff costs for the group during the period:		
Wages and salaries	58,783	57,601
Social security costs	3,922	3,871
Other pension costs	2,139	2,194
	<u>64,844</u>	<u>63,666</u>

The average number of people (including executive directors) employed by the group during the period was:

<u>Group</u>	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	Number	Number
By activity		
Leisure, food and retail	2,510	3,144
Administration	645	640
Housekeeping, technical and estate services	2,286	2,340
	<u>5,441</u>	<u>6,124</u>

Key management compensation

<u>Group</u>	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	£'000	£'000
Salaries and short-term employee benefits	1,885	2,195

The key management figures given also include Directors.

<u>Directors</u>	53 weeks ended 23 April 2009	52 weeks ended 17 April 2008
	£'000	£'000
Aggregate emoluments	1,051	1,244

One director (2008: one) has retirement benefits accruing under the Group's money purchase pension scheme, in respect of which the Group made contributions of £25,421 (2008: £22,560) in the period. In addition, retirement benefits are accruing to two directors (2008: two) under the group's defined benefit pension scheme.



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The Company had no employees during the period (2008: none) and had no staff costs (2008: £nil).

	<u>53 weeks ended 23 April 2009</u>	<u>52 weeks ended 17 April 2008</u>
	<u>£'000</u>	<u>£'000</u>
Aggregate emoluments	540	637
Accrued pension at end of period	217	217

27 Pension commitments

Defined contribution pension scheme

The Group participates in the Center Parcs pension scheme, which is a defined contribution pension scheme with a contributory and a non-contributory membership level.

Pension costs for the defined contribution scheme were as follows:

	<u>53 weeks ended 23 April 2009</u>	<u>52 weeks ended 17 April 2008</u>
	<u>£'000</u>	<u>£'000</u>
Defined contribution scheme	1,909	1,984

An accrual of £217,000 (2008: £217,000) existed in respect of pension costs at 23 April 2009.

Defined benefit pension scheme

The Group operates a funded defined benefit pension scheme for certain of its employees. Contributions are determined by an independent qualified actuary using assumptions on the rate of return on investments and rates of increases in salaries and benefits.

The contributions made by the Group during the period amounted to £287,000 (2008: £2,127,000 including a one-off special contribution of £1,847,000) equivalent to approximately 35.6% (2008: 35.6% excluding the one-off special contribution) of relevant salaries during the period.

The last actuarial valuation of the scheme was performed on 1 August 2005. This was updated to 23 April 2009 by a qualified independent actuary.

The principal assumptions used were:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Rate of discount	6.5% pa	6.6% pa	5.6% pa
Rate of increase in pensions in payment	3.5% pa	3.6% pa	3.2% pa
Inflation	3.5% pa	3.6% pa	3.2% pa
Rate of increase in salaries	3.5% pa	6.2% pa	5.7% pa
Expected return on plan assets	8.25% pa	7.5% pa	7.75% pa
Life expectancy at 60 of current male pensioners	26.9 years	26.8 years	26.8 years
Life expectancy at 60 of future male pensioners	27.5 years	27.5 years	27.5 years

The expected return on plan assets is based on advice from AON consulting Limited, the Group appointed actuaries.

The amounts recognised in the balance sheet are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Present value of funded obligations	(6,091)	(6,373)	(6,190)
Fair value of plan assets	5,434	6,830	5,094
Net pension (liability)/asset	<u>(657)</u>	<u>457</u>	<u>(1,096)</u>



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The major categories of plan assets as a percentage of total plan assets are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	%	%	%
UK equities	60	60	60
North American equities	14	14	14
Pacific Rim equities	12	12	12
European equities	14	14	14

The amounts recognised in the income statement are as follows:

	<u>53 weeks ended 23 April 2009</u>	<u>52 weeks ended 17 April 2008</u>	<u>59 weeks ended 19 April 2007</u>
	£'000	£'000	£'000
Current service cost	323	332	392
Interest cost	431	356	340
Expected return on plan assets	(524)	(478)	(350)
Total included within staff costs (note 26)	<u>230</u>	<u>210</u>	<u>382</u>

Staff costs are shown within administrative expenses in the income statement.

Changes in the present value of the defined benefit obligation are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	£'000	£'000	£'000
Opening defined benefit obligation	6,373	6,190	6,472
Current service cost	323	332	392
Interest cost	431	356	340
Actuarial gains	(1,036)	(505)	(1,014)
Closing defined benefit obligation	<u>6,091</u>	<u>6,373</u>	<u>6,190</u>

Changes in the fair value of plan assets are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	£'000	£'000	£'000
Opening fair value of plan assets	6,830	5,094	4,337
Expected return on plan assets	524	478	350
Actuarial (losses)/gains	(2,207)	(869)	94
Contributions by employer	287	2,127	313
Closing fair value of plan assets	<u>5,434</u>	<u>6,830</u>	<u>5,094</u>

Analysis of the movement in the balance sheet (liability)/asset:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	£'000	£'000	£'000
Opening surplus /(deficit) in the scheme	457	(1,096)	(2,135)
Total expense as above	(230)	(210)	(382)
Net actuarial (losses)/gains recognised in the period	(1,171)	(364)	1,108
Contributions by the employer	287	2,127	313
Closing (deficit)/surplus in the scheme	<u>(657)</u>	<u>457</u>	<u>(1,096)</u>

Cumulative actuarial gains and losses recognised in equity:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	£'000	£'000	£'000
Opening balance	670	1,034	(74)
Total (loss)/gain as above	(1,171)	(364)	1,108
Closing balance	<u>(501)</u>	<u>670</u>	<u>1,034</u>



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The actual loss on plan assets was £1,683,000 (2008: £391,000).

History of experience gains and losses

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Experience adjustments arising on plan assets			
Amount (£'000)	(2,207)	(869)	94
% of plan assets at end of the period	(40.6%)	(12.7%)	1.8%
Experience adjustments arising on scheme liabilities			
Amount (£'000)	(1,036)	(505)	(1,014)
% of scheme liabilities at end of the period	(17.0%)	(7.9%)	(16.4%)
Present value of scheme liabilities (£'000)	(6,091)	(6,373)	(6,190)
Fair value of plan assets (£'000)	5,434	6,830	5,094
(Deficit)/surplus (£'000)	<u>(657)</u>	<u>457</u>	<u>(1,096)</u>

The contribution expected to be paid during the financial period ended 22 April 2010 amounts to £293,000.

28 Operating lease commitments

<u>Group</u>	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Commitments under non-cancellable operating leases due:				
Within one year	56,587	113	54,875	108
Later than one year and less than five years	212,758	69	212,758	182
After five years	307,002	—	364,044	—
	<u>576,802</u>	<u>182</u>	<u>631,677</u>	<u>290</u>

The leases held on the Sherwood Forest, Elveden Forest and Oasis Whinfall Forest land and buildings expire in November 2020 and the lease held on the Longleat Forest land and buildings expires in November 2017.

The Company has no lease commitments (2008: £nil).

29 Related parties

During the period the company and group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding are as follows:

<u>Group</u>	<u>At incorporation</u>	<u>Movement in 52 weeks</u>	<u>At 17 April 2008</u>	<u>Movement in 53 weeks</u>	<u>At 23 April 2009</u>
	£'000	£'000	£'000	£'000	£'000
CP (Sherwood Property) Limited	—	17	2,954	(2,937)	17
Elveden Property Limited	—	17	17	—	17
Longleat Property Limited	—	15	2,953	(2,938)	15
CP (Oasis Property) Limited	—	16	3,141	(4,314)	(1,173)
Comet Refico Limited	—	(1,583)	38,049	(1,723)	36,326
Sun CP Newmidco Limited	—	(35,227)	(35,227)	(19,211)	(54,438)
CP Comet Holdings Limited	—	(222)	(222)	(130)	(352)
Forest Luxco Sarl	—	(3,644)	(26,685)	(4,727)	(31,412)
Forest Cayco Limited	—	—	(5,016)	(17,500)	(22,516)
Sun CP Newportco Limited	—	(220)	(220)	(262)	(482)
Tragus Group Limited	—	481	481	(354)	127
Company					
Forest Midco Limited	—	5,016	5,016	17,500	22,516
Forest Luxco Sarl	—	100	100	(30)	70
Forest Cayco Limited	—	(5,016)	(5,016)	(17,500)	(22,516)



Forest Holdco Limited
NOTES TO THE FINANCIAL STATEMENTS—(CONTINUED)
FOR THE 53 WEEKS ENDED 23 APRIL 2009

CP (Sherwood Property) Limited, Longleat Property Limited, Elveden Property Limited and CP (Oasis Property) Limited own the four sites occupied by the Center Parcs' villages. These companies charged the group rent for usage of the sites during the period. The property companies are under the control of the Blackstone group and hence related to the group through common ownership.

Comet Refico Limited is part of the same group as the four property companies. The amounts due from Comet Refico Limited are in respect of costs paid on its behalf during a refinancing and subsequent securitisation of the funding of the Forest Holdco Limited group and the Comet Holdco Limited group.

CP Comet Holdings Limited and Sun CP Newportco Limited surrendered tax losses to the group in the period under review. The balance outstanding represents compensation owed for these losses. Both companies are part of the same group as the property companies above.

Sun CP Newmidco Limited, another member of the property company group, made a loan to the group during the period. It also surrendered tax losses to the group.

Certain food & beverage offerings on the parcs are operated under concession by Tragus Group Limited. Tragus Group Limited has the same ultimate controlling party as Forest Holdco Limited being funds operated by the Blackstone Group. During the period under review the Company received concession income of £3,966,000 (2008: £1,541,000).

Forest Luxco Sarl is a fellow group company not included in the consolidated accounts. The amounts related to this company are in respect of loan notes issued by Forest Luxco Sarl to Forest Midco Limited. Offsetting this is a loan made to Forest Luxco Sarl to fund operating expenses.

The balance with Forest Cayco Limited represents a loan made by that company as part of the original acquisition of the Center Parcs business. Forest Cayco Limited is an intermediate holding company in the structure of the group.

Forest Midco Limited has a loan due to the company.

30 Subsidiary undertakings

The share capital of the subsidiary undertakings is designated, with minor exceptions, as ordinary shares.

All shareholdings represent 100% of the equity and the voting rights. The shares of subsidiary undertakings marked * are held by subsidiary undertakings of the Company.

<u>Subsidiary Undertaking</u>	<u>Activity</u>	<u>Country of Incorporation</u>
Forest Midco Limited	Intermediate Holding Company	England and Wales
Forest Bidco Limited*	Intermediate Holding Company	England and Wales
Forest Refico Limited*	Intermediate Holding Company	England and Wales
Center Parcs (UK) Group Limited*	Intermediate Holding Company	England and Wales
Center Parcs (Jersey) 1 Limited*	Intermediate Holding Company	Jersey
Center Parcs (Operating Company) Limited*	Trading	England and Wales
Center Parcs Limited*	Intermediate Holding Company	England and Wales
Center Parcs (Block 1) Limited*	Dormant	England and Wales
Center Parcs (Block 2) Limited*	Dormant	England and Wales
Center Parcs Spa Division Holdings Limited*	Dormant	England and Wales
Centrepark Limited*	Dormant	England and Wales
Center Parcs (Nominees) Limited*	Dormant	England and Wales
Center Parcs Card Services Limited*	Dormant	England and Wales
Center Parcs Energy Services Limited*	Dormant	England and Wales

31 Ultimate parent company

The immediate parent company of the Group is Forest Cayco Limited, a company registered in the Cayman Islands. The ultimate parent company is Forest Cayco Holdings L.P., a company registered in the Cayman Islands. The ultimate controlling parties are funds advised by The Blackstone Group. No company consolidates the results of the Forest Holdco Limited Group.



ANNEX 2

VALUATION REPORTS

PART 1

VALUATION REPORT AS AT 30 MAY 2011

CENTER PARCS



A PORTFOLIO OF FOUR HOLIDAY PARKS

LOCATED THROUGHOUT THE UK

SUMMARY OF VALUATION REPORT

AS AT

30 MAY 2011

ON BEHALF OF

CENTER PARCS LIMITED

AND

OTHER PARTIES DESCRIBED WITHIN THIS REPORT



SUMMARY OF VALUATION

Valuation

Report Date 01 February 2012

Comment on Valuation Date The valuation in this report was prepared as at 30 May 2011 based on information provided at that time. It should be noted that there have been material changes between the valuation date and reporting date in terms of the Properties and market conditions that may affect value. We have been instructed to prepare a shortform update valuation and report to take into account any such changes. This report should be read in conjunction with the updated report.

Addressee Center Parcs Limited
One Edison Rise
New Ollerton
Newark
Nottinghamshire
NG22 9DP

And in addition:

This valuation report is addressed to and may be relied upon (each being an Addressee) the Issuer any Lead Managers the Borrower the Arranger, Security Trustee and the Lenders (as each term is defined in the Issuer/ Borrower Loan Agreement which include their successors in title, assignees and transferees). It may be disclosed to (but not relied upon by) any rating agency, any manager and any investor or potential investor and their advisors but otherwise may not be disclosed to or relied upon by any other person without our prior written consent.

We agree that the Addressees may name CBRE Limited as the valuer of the Properties in any prospectus which may be issued by one or more of the Borrowers, the Issuer, the arranger the lead manager (as defined in the Issuer/ Borrower Facility Agreement) in connection with the public debt offering which is being pursued and further may state the results of the valuation process in such prospectus. Other than such prospectus, should any of the Addressees want to include a reference to the valuation in any other publication, our prior written approval will be sought, such approval not to be unreasonably withheld.

The Properties As listed in the Schedule of Capital Values set out below (“the Properties”).

Instruction To value on the basis of Market Value, the freehold and long leasehold interests in the Properties as a portfolio as at the valuation date, in accordance with our instruction letter dated 1 February 2012 and subject to the special assumptions that upon a sale of the Properties the ability to trade under the Center Parcs brand will continue and that some head office services such as the booking system will also transfer to the purchaser.

Valuation Date 30 May 2011

Capacity of Valuer External

Purpose of Valuation Loan Security.

Market Value **£1,381,620,000 (ONE BILLION, THREE HUNDRED AND EIGHTY ONE MILLION SIX HUNDRED AND TWENTY THOUSAND POUNDS)** exclusive of VAT, as shown in the Schedule of Capital Values set out below.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached. It has been primarily derived using comparable market transactions on arm’s length terms.

Special Assumptions Special Assumptions have been adopted in this valuation. They are as follows:

- (1) We have assumed that upon any transfer of ownership of the Properties the ability to trade under the Center Parcs brand (either by franchise or other agreement) is agreed for any successive owner at no additional cost.



- (2) We have assumed that upon any acquisition of the Properties, certain head office functions such as the booking systems and websites are also transferred.
- (3) We have been instructed to disregard the existing internal Propco/OpCo structure.

We are of the opinion that these assumptions are reasonable as any sale of the assets as a “WholeCo” would likely achieve the best price on this basis and both the Propco and OpCo are both ultimately owned by the same company, therefore it would be possible to sell the combined interest.

Security

When carrying out the valuation of a portfolio of assets of this type, particularly where value is linked to trading potential, it is useful to consider the relative strengths and weaknesses of the Properties with regard to the sustainability of the revenue streams and capital values.

Strengths/Opportunities

- Center Parcs has a proven track record of performance with occupancy rates averaging around 92% since 1993 and over 95% since 2009.
- Village EBITDA margins, in most cases, are in excess of 50%.
- CAGR between 2003/2010 of 3.8% on ADR, 5.0% on RevPAR, 4.2% on Revenue and 10.4% on EBITDA (after head office costs).
- Around 40% of total bookings are taken prior to financial year commencing.
- The company has a recognised brand which spans a wide demographic band in the very popular family-based, short-break market with no direct competitors of scale.
- Approximately £175m of capital expenditure was spent between 2007 and 2010 on a combination of maintenance, upgrading and developing new facilities.
- We understand that capital expenditure enhancement and upgrade projects have resulted in significant increases in revenue with an average increase of 15% in RevPAR from conversion of “Comfort” style lodges to the new “Woodland” and revised executive formats.
- 58% of guests return within a three year period and 35% return within a 14month period.
- Over 40% of guests comprise families with children of “pre-school” age supporting off-peak occupancy levels.
- Virtually all visitors are domestic, meaning international tourism issues are not of a concern.
- 99% prompted awareness of Center Parcs brand name.
- There are high barriers to entry for competitors in the UK in respect of the capital and planning requirements and difficulties any new competition would have in trying to develop trade in a market where the subject properties hold a virtual monopoly.
- There are plans for the development of 37 new villas over the next five years, all of which already have planning permission. These developments should have an immediate positive effect on RevPAR and ancillary spend.
- The proposed fifth site at Woburn should provide significant additional income to the group from its expected opening in 2013.

Weaknesses/Risks

- Each individual site is management intensive and requires relatively significant capital investment.
- The major capital expenditure programme across the four sites with regard to the villa upgrade programme (Project Spring) has so far covered approximately 50% of the villa stock. We understand that the



programme was suspended for the 2009/10 financial year and re-started in 2010/11. If this programme was not to continue as budgeted we would expect customers may eventually become dissatisfied with facilities in unrefurbished villas in the longer term, which could have a detrimental effect on repeat and word of mouth custom, placing pressure on rate and occupancy. This may have an effect on trade and therefore Market Value of the Properties.

- Should there be a major downturn in performance there are limited alternative use options for rural sites of this size where base land values are low and alternative planning permissions are unlikely.
- The Properties currently trade as a group and if there were to be a break-up of the portfolio on an operational level then trading level at individual assets and therefore values are likely to be affected.
- Should the ability to trade under the Center Parcs brand be removed then trading performance and therefore values are likely to be affected.
- Future success is dependent on maintaining high service levels and perceived values as well as an extensive planned capital expenditure programme.
- All of the sites are in rural locations. In the future, obtaining planning permission for the addition of new attractions may be difficult.
- Should any unforeseen event occur which means that the sites or the brand become tarnished in the eyes of the public then trading and values may be impacted.
- The opening of the proposed fifth site at Woburn may lead to a cannibalisation of trade at some of the existing assets. If the effect is more severe or continues for a longer period than expected then values may be impacted.

Compliance with Valuation Standards . . . Notwithstanding that the valuation have been prepared to Special Assumptions, the valuations have been prepared in accordance with The RICS Valuation Standards, Seventh Edition. The property details on which each valuation is based are as set out in this report.

We confirm that we have sufficient current local and national knowledge of the particular markets, and the skills and understanding to undertake the valuation competently.

Market Conditions We would draw your attention to the fact that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. Furthermore, the lack of liquidity in the capital markets means that it may be very difficult to achieve a successful sale of property assets in the short term. We would therefore recommend that the situation and the valuations are kept under regular review, and that specific marketing advice is obtained should you wish to effect a disposal.

Assumptions We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites—including ground and groundwater contamination—as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions . . . None.

Trading Potential Definitions of “Market Value” with our comments and assumptions adopted for the valuation including trade related valuations are detailed under Valuation Assumptions below.

When providing valuations of trading-related properties, the RICS Valuation Standards normally require the valuer to provide an indication of the effect of the closure of the business on the property. In the event that the properties referred to in this report were closed and the authorisations were not in place, the value would be based upon a potential purchaser’s assessment of the



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achievable trade or a value for alternative use. Accordingly, there may be a material difference between the values expressed in this report and those that would be reported in the event of business failure.

Valuer The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation Standards.

Verification We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Reliance This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Yours faithfully

Yours faithfully

Patrick W Grant Mrics

David Batchelor Mrics

Director

Senior Director

RICS Registered Valuer

RICS Registered Valuer

For and on behalf of
CBRE Limited

For and on behalf of
CBRE Limited

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Schedule of Capital Values

<u>Address</u>	<u>Tenure</u>	<u>Market Value</u>
Center Parcs—Elveden Forest		
Brandon Suffolk IP27 0YZ	Long Leasehold – 999 years from 14 September 2000	<u>£356,960,000</u>
Center Parcs—Longleat		
Warminster Wiltshire BA12 7PU	Held on three long leases expiring 22 and 25 February 2073	<u>£301,280,000</u>
Center Parcs—Sherwood Forest		
Old Rufford Road Newark Nottinghamshire NG22 9DN	Long Leasehold – 999 years from 14 September 2000	<u>£398,290,000</u>



Address	Tenure	Market Value
Center Parcs—Whinfell Forest		
Temple Sowerby Penrith Cumbria CA10 2DN	Freehold & Long Leasehold. Two parcels of land are held on long leases both expiring on 7 November 2120	<u>£ 325,090,000</u>
TOTAL		<u>£1,381,620,000</u>

Methodology

We have based our valuation of the Properties on an assessment of the sustainable trade and we have relied upon the information provided by The Blackstone Group and Center Parcs UK.

We have received revenue details for the Financial Years (FY) 2004 – 2011. We have also been provided with forecast year end numbers for FY 2012 and basic indicative forecasting information out to 2015.

We have been provided with trading information in a variety of formats and from a number of sources, which we have consolidated and summarised in order to reach our opinion of stabilised trade.

Using the information received we have made an assessment as to the level of stabilised trade that a hypothetical purchaser might consider achievable by a “reasonably efficient operator” when determining what level of offer is appropriate. This may differ from the projections prepared by existing management, albeit subject to the assumption that a purchaser would receive the benefit of operating under the Center Parcs brand and with a continuation of the current booking systems and information.

We have considered the relevant income streams and Key Performance Indicators separately in preparing our assessments of sustainable trade and have combined them to produce projected trading results giving a property level revenue, cost and EBITDA for each asset.

We have made the following annual deductions from EBITDA to arrive at a Net Operating Profit (NOP):

- Head office costs at £17.75m for 2011/12, and grown at a rate of 3.5% per annum thereafter (based on analysis of actual historic costs).
- Total Capex fund for repairs and villa refurbishments at £24.2m in 2011/12 and grown at 3.5% thereafter.

The repair and refurbishment funds are an estimate of the ongoing costs for non-revenue repairs and upgrades that would be required in order to sustain the level of trade projected. A breakdown of how this fund was calculated has been included below.

Market Values For the purposes of the valuations, we have carried out a Discounted Cash Flow (DCF) calculation for each asset in order to arrive at a Market Value for each of the Properties and an Income Capitalisation calculation as an additional methodology supporting the figures.

The Market Values adopted were arrived at through the DCF method, whereby we projected the trade for the Properties over a six-year period and the assumed exit value based on capitalising the net earnings in the final year are discounted back to present day values using an appropriate discount rate.

This was calculated as the estimated cash on cash return required by investors taking into account the relative risk premium that would be required on an asset of this type compared to those adopted on more standard property investment opportunities.

Key Inputs The key valuation inputs are as follows:

Discount Rates:

- Elveden – 9.3%
- Longleat – 10.3%



- Sherwood – 9.0%
- Whinfell – 9.2%

Exit Capitalisation Multipliers (Yields):

- Elveden – 12.00x (8.3%)
- Longleat – 10.75x (9.3%)
- Sherwood – 12.50x (8.0%)
- Whinfell – 12.25x (8.16%)

The capitalisation and discount rates adopted on the Longleat property reflect the relatively short residual leasehold interest.

The valuations reflected multipliers on projected 2011/12 EBITDA (after deduction of head office costs but before our FF&E Reserve) of the following:

- Elveden – 10.25YP
- Longleat – 9.18 YP
- Sherwood – 10.98 YP
- Whinfell – 10.60 YP
- Blended – 10.26 YP

When assessing the appropriate capitalisation and discount rates to apply in our valuations we have referenced recent and historic comparable market transactions. In particular, we have looked at the holiday park and hotel sectors, as they are the closest asset types to the subject properties, and other related sectors such as the general leisure and healthcare markets. We have also looked at comparable transactions in the wider commercial property markets on recent transactions of significant scale (over £150m).

Historically net income multipliers on holiday park sales ranged from 7x to 10x in the early 2000's and moved up to a range of 10x to 14x in 2005-2008. As within most real estate markets in 2008-2011 there have been a dearth of transactions, particularly concerning large scale group sales.

We have considered current market activity and quality of the Properties as well as the potential income stream in determining the appropriate inputs into the valuation.

Further details on relevant transactions in the leisure and commercial property markets are provided in our commentary on comparable transactions within Part 5 of this report.

Capital Expenditure Assumptions The historic management accounts identify five streams of capital expenditure (Capex). These are outlined in detail below.

- **Investment Capex** Investment expenditure covers the construction of new Villas, extensions to Villas and upgrading of facilities which generate a return such as the food and beverage outlets.
- **Villa Upgrades** The eight year upgrade cycle, termed Project Spring, involved the full replacement of all internal and external fixtures, fittings, furniture and furnishings at an approximate average cost of £45,000 per Villa. A Villa upgrade has historically been shown to boost Average Daily Rate by 15%.



- Villa Refurbishments A capex programme comprising periodic cosmetic spend on the Villas to ensure the major upgrade works described above are maintained to a high standard. These works commence on average eight years after the villa upgrade works and are designed to last a further eight years at an approximate average cost of £20,000 per Villa.
- Maintenance Capex Maintenance Capex covers general site maintenance for the central buildings, infrastructure and facilities.
- Other Operating Capex Other Operating Capex concerns spend on all property and non-property related items such as all operating capex, IT and head office capital, bicycles, kitchen equipment and vehicles.

Proposed Future Expenditure

The current Project Spring programme is set to continue until all the Villas have received a major refurbishment, thus finishing in 2015. At present around 50% of the Villas have undergone a major refurbishment in the Project Spring cycle. In 2011/12 approximately 400 Villas are outlined for a full Project Spring refurbishment.

The proposed Investment Capex is in place to provide for new builds and extensions to Villas. In the steady state model adopted for our valuation, we have excluded new build Villas. Management accounts have previously evidenced that investment in new builds has a positive effect on return on investment. It is our opinion that a “Reasonably Efficient Operator” as defined by the RICS would assume a neutral position in terms of investment in new builds. For the purposes of the valuation, we have not included the cost or benefit of developing the additional Villas for which there is planning permission.

Capex Fund Valuation Methodology

We have given consideration to the proposed works scheduled and the influence of historic levels of capex commitment on average daily rate and occupancy. Our model concerns the financial commitment a reasonably efficient operator would deem necessary in order to sustain the level of trade deemed achievable over a 25 year period.

Following our onsite inspections and previous discussions with management it is clear that a significant investment in Villas is required on a regular basis in order to keep them at the standard expected by guests willing to pay the historic rates that have been achieved. We have therefore allowed for the cycle of full Villa upgrades to continue followed by a period of Villa refurbishments at approximately 400 Villas per annum and alternating periods thereafter as follows:

<u>Cycle</u>	<u>Period</u>	<u>Capex per Villa per Annum</u>
Upgrade	2011/12 – 2014/15	£45,000
Refurbishment	2015/16 – 2022/23	£20,000
Upgrade	2023/24 – 2030/31	£55,000
Refurbishment	2031/32 – 2035/36	£25,000

The increase in capex per Villa between the periods of upgrade and periods of refurbishment represents estimated cost inflation. Based on a 25 year period we have calculated the Net Present Value of the total investment which equates to an average cost per annum over the period of approximately £9.9 million.

The model includes a second tranche of capex reserved for the central buildings and infrastructure of the villages based on an initial investment of



£5m per annum and grown at 3% per annum. As with the Villa refurbishments and upgrades we have calculated the Net Present Value which equates to an average cost per annum over the period of approximately £4.83 million.

For all other expenditure including IT, head office and vehicles we have calculated the Net Present Value of an initial investment of £9 million per annum grown at 3% per annum for 25 years. This equates to an average cost per annum over the period of approximately £8.7m.

For the periodic investment in upgrading facilities we have allowed for an additional pot of £30 million pounds split evenly in year 10 and year 20 and calculated the Net Present Value which amounts to £750k per annum.

Based on the tranches of capex outlined above we believe a reasonably efficient operator would deem it appropriate to invest a total sum in the region of £944.5 million over the 25-year period which equates to a Net Present Value of approximately £605 million. This equates to a blended average capex fund requirement of £24.2 million per annum. We have therefore adopted this figure in our valuation and apportioned it across each park based on Villa numbers.

Scope of Work and Sources of Information

Sources of Information We have carried out our work based upon information supplied to us by Center Parcs UK (CPUK) and The Blackstone Group which included information on revenue, costs and capital expenditure which we have assumed to be correct and comprehensive.

Information Received The information supplied to us includes both historic and projected trading figures and supplementary financial and title information. The key information provided is as follows:

- Draft Updated Certificates of Title as at July 2011
- Financial Years (FY) management accounts ending April 2004 – 2011
- Forecast management accounts FY 2011/12
- Summary Forecast management accounts FY 2012 – FY 2015
- Historic and budget capital expenditure for FY 2009 – FY 2015
- “Center Parcs Business Overview” dated March 2011
- Staff Breakdown as at May 2011
- Marketing Spend Breakdown as at May 2011
- Accommodation Breakdown Summary (including refurbishment dates) as at 5 May 2011
- “Sitecheck” Environmental Reports as at 18 May 2011

The trading figures were supplemented with interviews with senior members of the CPUK group financial team on 9 May 2011.

In the event of a future change in the trading potential or actual levels of trade from that identified by the financial information provided (for example, as a result of the conduct of trade at the property) the values reported herein could vary.

The Properties Our report contains a brief summary of the property details on which our valuation has been based.

Inspections We have inspected the Properties internally between 9 May and 3 June 2011.

Not all of the individual properties within each park were inspected. In particular, we inspected a representative sample of the residential lodges on each site that we felt was sufficient for the purposes of the valuation.

Areas We have not measured the Properties. Our valuation has regard to trading potential rather than floor areas, therefore they are not relevant for the valuation methodology applied.



Environmental Matters We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination. We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.

Town Planning We have not undertaken any planning enquiries and have assumed that the Properties are operating in line with all planning and other relevant consents.

Titles, Tenures and Lettings Details of title/tenure under which the Properties are held and of lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal advisor.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

Valuation Assumptions

Capital Values Each valuation has been prepared on the basis of "Market Value" which is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital-based Government or European Community grants.

Trade Related Valuations The Properties comprise land and buildings fully equipped as an operational entity normally bought and sold as an operating asset with regard to trading potential. The essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use only and that ownership of the property normally passes with the sale of the business as an operational entity.

The valuation of the operational entity comprises:

- (a) the legal interest in the land and buildings;
- (b) the plant and machinery, trade fixtures, fittings, furniture, furnishings and equipment;
- (c) the market's perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits; and
- (d) the benefit of any transferable licences, consents, certificates and permits.



The valuation excludes consumables and stock in trade and any antiques, fine art and chattels.

The valuation includes trade items and equipment that are essential to the running of the operational entity but which either are owned separately from the land and buildings or are leased. In this regard, see our further remarks under "The Properties" heading below.

Unless we state otherwise, our valuation is based on an estimate of maintainable level of trade and future profitability that can be achieved by a competent operator of a business conducted on the premises acting in an efficient manner. Therefore, personal goodwill which is created by the present owner or management is excluded.

The goodwill that is included in the valuation is generally considered to include value which attaches to the building and runs with the property by virtue of circumstances such as its location, design, planning permission, reputation, customer patronage, licence and occupation for its particular use (known as transferable goodwill or inherent goodwill). This is differentiated from personal goodwill, which is created by the present owner or management and is the value of profit generated over and above market expectations, and which would be extinguished upon sale of the trading property, together with financial factors related specifically to the current operator of the business. Personal goodwill is not expected to remain with the business in the event of the property being sold but extinguished upon sale and we exclude it from our valuation.

A new owner will expect to assume the benefit of the income from the existing owners of the property. Generally, the purchaser will be obliged to take over the employment of existing staff, whose statutory and service-related employment rights will be maintained. Certain activities can only be carried on under licences or other statutory consents, approvals and certificates and their continuance is an explicit assumption in our valuation.

As with all properties valued by reference to trading potential, such valuations are vulnerable to external influences and the introduction of competition. The trading valuation is inextricably linked to the performance of the sector as a whole.

Unless stated otherwise within this report, our valuation, assumes that the Property is open for business and trading at the valuation date. The Market Value is as a fully-equipped operational entity having regard to trading potential. Where the Property is empty through cessation of trade or it is a new property with no existing trade to transfer, different assumptions apply as set out in this report. The Market Value is of the empty property having regard to trading potential subject to those assumptions.

Rental Values Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent.

The Properties Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters In the absence of any information to the contrary, we have assumed that:

- (a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law; and
- (b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board



(NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

We have assumed that the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive.

Repair and Condition In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- (b) the Properties are free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Planning and Lettings Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (j) where more than 50% of the floorspace of a property is in residential use, the Landlord and Tenant Act 1987 (the Act) gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the Property. Where this is applicable, we have assumed that necessary notices have been given



to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.



VALUATION REPORT

PART 2

VALUATION REPORT
AS AT 3 FEBRUARY 2012



**A PORTFOLIO OF FOUR HOLIDAY PARKS
LOCATED THROUGHOUT THE UK**

Summary Of Shortform Desktop Update Valuation Report prepared for

**The Issuer, the Managers, the Borrowers, and the Trustee
(each as defined herein)
And
Center Parcs Limited**

As At
3rd February 2012



PART I

OVERVIEW



CBRE LTD | CENTER PARCS UK—DESKTOP UPDATE

OVERVIEW

STATUS OF REPORT

This summary document has been prepared in accordance with the instructions received from Center Parcs Limited and The Royal Bank of Scotland Plc. This report is provided as a summary document and should be read in conjunction with the full reports for specific property details, including the individual property assumptions. We would refer you to the full report (which has been provided separately). This report has been prepared as an update to our previous full valuation as at 31 May 2011 and should be read in conjunction with that report for the full details on Properties. We have been instructed to assume that unless provided with information to the contrary that there have been no changes since that date.

In summary, the key changes / updates which we have been informed of are as follows:

- CPUK management have provided updated trading projections as at Period 9 of the 2011/12 Financial Year and like for like figures for the same period in 2010/11.
- CPUK Management have provided us with year to date capital expenditure summary for Period 9 of the 2011/12 financial year.
- Since the previous valuation, an additional 12 accommodation units have been opened as follows:
 - Elevedon – 4 additional units
 - Longleat – 3 additional units
 - Sherwood – 5 additional units
 - Whinfell – 0 additional units

The Properties

Center Parcs are a network of holiday villages, located throughout the UK. The brand name is owned by the UK operating company which in turn is owned by The Blackstone Group.

The portfolio consists of four properties (“the Properties”), based in Elveden Forest, Longleat Forest, Sherwood Forest and Whinfell Forest. All of the Properties share common features, such as: the Sub Tropical Swimming Paradise (STSP), the village square which contains a hub of food and beverage facilities, a sports plaza, the Lakeside for water based activities, and the Aqua Sana spa. They share similar standards of accommodation.

Elveden comprises 875 Villas over c185 hectares (457 Acres) and is held long leasehold. A premium of £100 million was originally paid, with a fixed rent of £100 per annum. The lease runs from 14 September 2000 for 999 years.

Longleat comprises 799 Villas over c162 Hectares (400 Acres) and is held Leasehold under three separate leases. The first lease covers the majority of the premises at a current passing rent of £611,747 per annum and is for a term expiring on 22nd February 2073. The rent is subject to upwards only reviews every five years by the same percentage as the increase in turnover of the property over that period. The second lease covers Aucombe House for a term expiring on 25th February 2073, at a current passing rent of £31,011 per annum and the third lease is on the Activity Centre expiring on the same date at a current passing rent of £12,000 per annum.

Sherwood Forest comprises 870 Villas over c162 hectares (400 Acres) and is held long leasehold. The lease runs from 14 September 2000 for a term of 999 years. A premium of £100 million was originally paid, with the fixed rent set at £100 per annum.

Whinfell Forest comprises 864 Villas over c176 hectares (435 Acres) and is held under three separate titles, one being freehold and two being long leasehold. The first lease comprises the majority of the village, and runs for 125 years from 8 November 1995, at a fixed rent of £1,000 per annum for which a premium of £3,288,500 was paid. The second lease expires 7 November 2120, at a fixed rent of a peppercorn. A premium of £112,000 was paid for this lease.



PART II

SUMMARY OF VALUATION REPORT



CBRE LTD | CENTER PARCS UK—DESKTOP UPDATE

VALUATION REPORT

VALUATION

Report Date

03 February 2012

Status Of Report

This summary document has been prepared in accordance with the instructions received from Center Parcs Limited and The Royal Bank of Scotland plc.

This report is provided as a summary document and should be read in conjunction with the full reports for specific property details, including the individual property assumptions. We would refer you to the full report (which has been provided separately).

Addressee

This valuation report is addressed to and maybe relied upon (each being an “Addressee”) (each including their successors in title, assignees and transferees) by CPUK Finance Limited (the “Issuer”), The Royal Bank of Scotland plc (the “Class A Global Coordinator and Arranger” and “Class B Global Coordinator and Joint Bookrunner”), Barclays Bank PLC (a “Class A Joint Lead Manager” and a “Class B Joint Bookrunner”), HSBC Bank plc (a “Class A Joint Lead Manager” and a “Joint Bookrunner”) and Lloyds Bank plc (a “Class A Joint Lead Manager” and a “Class B Joint Bookrunner” and together with (in their various capacities) The Royal Bank of Scotland plc, HSBC Bank plc and Lloyds Bank plc the “Managers”), Center Parcs (Operating Company) Limited, Longleat Property Limited, CP Elveden Village Limited, CP Sherwood Village Limited and CP Whinfell Village Limited (together the “Borrowers”) and HSBC Corporate Trustee Company (UK) Limited (in its capacities as Note Trustee, Issuer Security Trustee and Borrower Security Trustee in connection with the Transaction (as defined below)). It may be disclosed to (but not relied upon by) any rating agency, any Manager and any investor or potential investor and their advisers but otherwise may not be disclosed to or relied upon by any other person without our prior written consent.

We agree that the Addressees may name CBRE Ltd as the valuer of the Properties in any offering circular which may be issued by the Issuer. The Managers in connection with the public debt offering by the Issuer (the “Transaction”) which is being pursued and further may state the results of the valuation process in such offering circular. Other than such offering circular, should any of the Addressees want to include a reference to the valuation in any other publication, our prior written approval will be sought, such approval not to be unreasonably withheld.

And

Center Parcs Limited
One Edison Rise,
New Ollerton,
Newark,
Nottinghamshire
NG22 9DP

The Properties

As listed in the schedule of capital values set out below (“the Properties”).

Instruction

To value on the basis of Market Value the freehold and long leasehold interests in the Properties as a portfolio as at the valuation date in accordance with our instruction letter dated 01 February 2012 on the following bases and special assumptions:

- **Market Value** subject to the special assumptions that upon a sale of the Properties the ability to trade under the Center Parcs brand will continue and that some head office facilities such as the booking system will also transfer to the purchaser at no additional cost.

The valuation is to be prepared as an update to our previous valuation as at 31 May 2011 and we have been instructed to assume that unless advised to the contrary and noted within this report there have been no material changes since that time.

We have been instructed to prepare a shortform report which should be read in conjunction with our previous report.



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Valuation Date

03 February 2012

Capacity of Valuer

External

Purpose of Valuation

Loan Security

Market Value

MARKET VALUE OF THE PROPERTIES SUBJECT TO SPECIAL ASSUMPTIONS

£1,399,100,000 (ONE BILLION THREE HUNDRED AND NINETY NINE MILLION ONE HUNDRED THOUSAND POUNDS) exclusive of VAT.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

Special Assumptions

Special Assumptions have been adopted in this valuation. They are as follows:

- We have assumed that upon any transfer of ownership of the Properties the ability to trade under the Center Parcs brand (either by franchise or other agreement) is agreed for any successive owner at no additional cost.
- We have assumed that upon any acquisition of the Properties certain head office functions such as the booking systems and web sites are also transferred.
- We have been instructed to disregard the existing internal PropCo / OpCo structure.

We are of the opinion that these assumptions are reasonable as any sale of the assets as a "WholeCo" would likely achieve the best price on this basis and both the PropCo and OpCo are both ultimately owned by the same company therefore it would be possible to sell the combined interest.

Security

We have not been provided with details of the proposed debt facility and are therefore unable to comment on specific details of suitability for loan security.

When carrying out the valuation of assets of this type, particularly where value is linked to trading potential, it is useful to consider the relative strengths and weaknesses of the Properties with regard to the sustainability of the revenue streams and capital values.

Strengths / Opportunities

- Center Parcs has a proven track record of performance with occupancy rates averaging around 92% since 1993 and over 95% since 2009.
- Unit EBITDA margins, in most cases, are in excess of 50%.
- CAGR between 2003/2011 of 3.8% on ADR, 5.0% on RevPAR, 4.2% on Revenue and 10.4% on EBITDA (after head office costs).
- In the 2011/12 Financial year to date there have been continued improvements in revenues and cost management against the same period last year demonstrating the robust nature of trading.
- Over 40% of total bookings are taken prior to financial year commencing



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- The company has a recognised brand which spans a wide demographic band in the very popular family based short break market with no direct competitors of scale
- Over £200m of capital expenditure has been spent since 2007 on a combination of maintenance, upgrading and developing new facilities.
- We understand that capital expenditure enhancement and upgrade projects have resulted in significant increases in revenue with an average increase of 15% in RevPAR from conversion of “Comfort” style lodges to the new “Woodland” and revised executive formats.
- 58% of customers return within a 3 year period and 35% return within a 14 month period.
- Over 40% of customers comprise families with children of “pre-school” age supporting off peak occupancy levels
- Virtually all visitors are domestic meaning international tourism issues are not of a concerns.
- 99% prompted awareness of Center Parcs brand name.
- There are high barriers to entry for competitors in the UK in respect of the capital and planning requirements and difficulties any new competition would have in trying to develop trade in a market where the subject properties hold a virtual monopoly.
- There are plans for the development of 53 new villas over the next 5 years, all of which already have planning permission. These developments should have an immediate positive effect on RevPAR and ancillary spend.
- The proposed fifth site at Woburn should provide significant additional income to the group from opening in April 2014.

Weaknesses / Risks

- Each individual site is very management and capital intensive and tight controls will need to be maintained.
- The major capital expenditure programme across the four sites with regard to the villa upgrade programme (Project Spring) has so far covered over 50% of the villa stock. We understand that the programme was suspended for the 2009/10 financial year and re-started in 2010/11. If this programme was not to continue as budgeted we would expect customers would eventually become dissatisfied with facilities in unrefurbished villas which could have a detrimental effect on repeat and word of mouth custom, placing pressure on rate and occupancy causing the trade on the sites to suffer a potentially significant downturn in trade and therefore cause the Market Value to fall.
- Should there be a major downturn in performance there are limited alternative use options for rural sites of this size where base land values are low and alternative planning permissions are unlikely.
- The Properties currently trade as a group and if there were to be a break-up of the portfolio on an operational level then trading level at individual assets and therefore values are likely to be affected.
- Should the ability to trade under the Center Parcs brand be removed then trading performance and therefore values are likely to be affected.
- Future success is dependent maintaining high service levels and perceived values as well as an extensive planned capital expenditure programme.
- All of the sites are in rural locations. In the future, obtaining planning permission for the addition of new attractions may be difficult.
- Should any unforeseen event occur which means that the sites or the brand become tarnished in the eyes of the public then trading and values may be impacted.
- The opening of the proposed fifth site at Woburn may lead to a cannibalisation of trade at some of the existing assets. If the effect is more severe or continues for a longer period than expected then values may be impacted.



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Compliance with Valuation Standards

Notwithstanding the fact that Special Assumptions have been adopted in this valuation, it has been prepared in accordance with The RICS Valuation Standards—Global and UK, Seventh Edition. The property details on which our valuation is based are as set out in this report.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently.

Market Conditions

We would draw your attention to the fact that the current volatility in the global financial system has created a significant degree of turbulence in commercial real estate markets across the world. Furthermore, the lack of liquidity in the capital markets means that it may be very difficult to achieve a successful sale of property assets in the short-term. We would therefore recommend that the situation and the valuations are kept under regular review, and that specific marketing advice is obtained should you wish to effect a disposal.

Assumptions

We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites, including ground and groundwater contamination, as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None.

Trading Potential

Definitions of “Market Value”, with our comments and assumptions adopted for the valuations including trade related valuations are detailed under Valuation Assumptions below.

The RICS Valuation Standards, (the “Standards”) Guidance Notes refer to the fact that certain types of property change hands at prices based directly on trading potential for a strictly limited use. Holiday Parks can be sold as fully operational businesses including trade fixtures, fittings, furnishings and equipment.

Further, a new owner will normally engage the existing staff and sometimes the management, and would expect to take over the benefit of any licences required in connections with continuing operation. It is assumed that existing licences, consents, certificates and permits, as appropriate, can be renewed. Our valuations exclude loose stock and perishables, trade debtors and creditors, hire purchase obligations and any additional value attributable to antique furniture or works of art within the property.

Verification

We recommend that before any financial transaction is entered into based upon these valuations, you obtain verification of the information contained within our report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Valuer

The Properties have been valued by a valuer who is qualified for the purpose of the valuation in accordance with the RICS Valuation Standards.



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Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards or the incorporation of the special assumptions referred to herein.

Yours faithfully

Yours faithfully

Patrick W Grant MRICS
Director
RICS Registered Valuer
For and on behalf of
CBRE Limited

David Batchelor MRICS
Executive Director
RICS Registered Valuer
For and on behalf of
CBRE Limited

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CBRE LTD | CENTER PARCS UK—DESKTOP UPDATE

SCHEDULE OF CAPITAL VALUES

<u>Address</u>	<u>Tenure</u>	<u>Market Value</u>
<u>Center Parcs—Elveden Forest</u> Brandon Suffolk IP27 0YZ	Long Leasehold—999 years from 14 September 2000	£ 360,900,000
<u>Center Parcs—Longleat</u> Warminster Wiltshire BA12 7PU	Held on three long leases expiring 22 nd and 25 th February 2073	£ 304,250,000
<u>Center Parcs—Sherwood Forest</u> Old Rufford Road Newark Nottinghamshire NG22	Long Leasehold—999 years from 14 September 2000	£ 406,950,000
<u>Center Parcs—Whinfell Forest</u> Temple Sowerby Penrith Cumbria CA10 2DN	Freehold & Long Leasehold. Two parcels of land are held on long leases both expiring on 7 November 2120	£ 327,000,000
TOTAL		<u>£1,399,100,000</u>



CBRE LTD | CENTER PARCS UK—DESKTOP UPDATE

SCOPE OF WORK & SOURCES OF INFORMATION

Sources of Information

We have carried out our work based upon information supplied to us by Center Parcs UK (CPUK) and The Blackstone Group which included information on revenue, costs and capital expenditure which we have assumed to be correct and comprehensive.

The key information supplied to us for the previous valuation was as follows (which we have relied upon for this report):

- Draft Updated Certificates of Title as at July 2011
- Financial Years (FY) management accounts ending April 2004 – 20011
- Forecast management accounts FY 2011/12
- Summary Forecast management accounts FY 2012 – FY 2015
- Historic and budget capital expenditure for FY 2009 – 2015
- “Center Parcs Business Overview” dated March 2011
- Staff Breakdown as at May 2011
- Marketing Spend Breakdown as at May 2011
- Accommodation Breakdown Summary (including refurbishment dates) as at 5th May 2011
- “Sitecheck” environmental Reports as at 18th May 2011

The trading figures were supplemented with discussions with senior members of the CPUK group financial team.

In addition we have been provided with the following updated information by CPUK management:

- Updated summary management accounts to Period 9 of the 2011/12 Financial Year & corresponding period in 2010/11 financial year
- Summary capital expenditure to Period 9 and year end budgeted spend for the 2011/12 Financial year.

In the event of a future change in the trading potential or actual levels of trade from that identified by the financial information provided (for example, as a result of the conduct of trade at the property) the values reported herein could vary.

The Properties

Our report contains a brief summary of the property details on which our valuation has been based.

Inspections

We inspected the Properties internally for the purpose of the previous valuation between 9th May and 3rd June 2011.

Not all of the individual properties within the village were inspected. In particular we inspected a representative sample of the lodges on each site that we felt was sufficient for the purposes of the valuation.

Areas

We have not measured the Properties as floor areas are not relevant to the valuation methodology applied. We have relied where appropriate on floor areas provided.



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Environmental Matters

We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination. We have not carried out any investigations into the past or present uses of the Properties, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning

We have not undertaken planning enquiries.

Titles, Tenures and Planning

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.



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CBRE LTD | CENTER PARCS UK—DESKTOP UPDATE

VALUATION ASSUMPTIONS

Capital Value

The valuation has been prepared on the basis of “Market Value” which is defined as:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in our valuation.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charges.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Trade Related Valuations

We have had regard to Guidance Note GN1 Trade related property valuations of the RICS Valuation Standards. Valuation assumptions for our trade related valuations, general application to fully equipped operational entities, are set out below.

The Properties comprise land and buildings fully equipped as an operational entity normally bought and sold as an operating asset with regard to trading potential. Essential characteristics of properties that are normally sold on the basis of their trading potential is that they are designed, or adapted, for a specific use only and that ownership of the property normally passes with the sale of the business as an operational entity.

The valuation of the operational entity typically comprises:

- the legal interest in the land and buildings;
- the plant and machinery, trade related fixtures, fittings, furniture, furnishings and equipment;
- the market’s perception of the trading potential, excluding personal goodwill, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits; and
- the benefit of any transferable licences, consents, certificates and permits.

The valuation excludes consumables and stock in trade and any antiques, fine art and chattels.

The valuation includes trade items and equipment that are essential to the running of the operational entity but which either are owned separately from the land and buildings or are leased. In this regard, we comment further under The Property heading below.

Unless we state otherwise, our valuation is based on an estimate of maintainable level of trade and future profitability that can be achieved by a competent operator of a business conducted on the premises acting in an efficient manner. The concept involves the trading potential on an assumption that there will be a continuation of trading rather than the actual level of trade under the existing ownership. Therefore, personal goodwill which is created by the present owner or management is excluded.

The goodwill that is included in the valuation is generally considered to include value which attaches to the building and runs with the property by virtue of circumstances such as its location, design, planning permission, property-specific name and reputation, customer patronage, licence and occupation for its particular use (known as transferable goodwill or inherent goodwill).

This is differentiated from personal goodwill, which is created by the present owner or management and is the value of profit generated over and above market expectations, and which would be extinguished upon sale of the specialised trading property, together with financial factors related specifically to the current operator of the business. Personal goodwill is not expected to remain with the business in the event of the property being sold but extinguished upon sale and we exclude it from our valuation of the property.



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A new owner will expect to assume the benefit of the income from the existing owners of the property and the forward-bookings, which are an important part of the ongoing business. Generally, the purchaser will be obliged to take over the employment of existing staff, whose statutory and service-related employment rights will be maintained. Certain activities can only be carried on under licences or other statutory consents, approvals and certificates and their continuance or grant on the date of transfer is an explicit assumption in our valuation.

As with all properties valued by reference to trading potential such valuations are vulnerable to external influences and the introduction of competition. The trading valuation is inextricably linked to the performance of the national economy.

Unless stated otherwise within this report, where provided vacant possession valuations are of the Property on the basis that it continues to trade save that the existing operator is no longer involved.

Unless stated otherwise within this report our valuation assumes that each Property is open for business and trading at the valuation date. The Market Value is as a fully-equipped operational entity having regard to trading potential. Where the Property is empty through cessation of trade or it is a new property with no existing trade to transfer, different assumptions and/or Special Assumptions apply as set out in this report. The Market Value is of the empty property having regard to trading potential subject to those assumptions/Special Assumptions.

Rental Values

Rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes nor do they necessarily accord with the definition of Market Rent.

The Properties

Items of plant and machinery normally considered as landlord's fixtures such as lifts, escalators, air conditioning, central heating and other normal service installations have been treated as an integral part of the building and are included within our valuation.

Furthermore, a number of items that might normally be regarded as tenant's fixtures and fittings such as trade appliances, furniture and equipment irrespective of moveability as well as soft furnishings considered necessary to generate the turnover and profit are included in our valuation of the Property save where such items may belong to the Third Party Occupier at the date of the valuation. We have assumed that in the event of tenant default, the Properties would be available to include all fixtures and fittings.

We understand that plant and machinery, fixtures, fittings and equipment are either owned, leased or under contract and in no example have we made any adjustment to reflect the net present value of meeting any existing lease contracts in respect of the equipment. We understand and have assumed that any such leasing costs are reflected in the trading figures supplied to us. Unless stated otherwise within this report, we have assumed that all plant and machinery, trade fixtures and fittings and equipment essential to the running of the Property as an operational entity would be capable of transfer as part of a sale of the building.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

- (a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- (a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;



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- (b) the Property is free from rot, infestation, structural or latent defect;
- (c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to, the Property; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings and Planning

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Property is not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- (g) there are no tenant’s improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- (h) tenants will meet their obligations under their leases and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- (i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- (j) where more than 50% of the floor space of a property is in residential use, the Landlord and Tenant Act 1987 (the “Act”) gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
- (k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required; and
- (l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.





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PROJECT DOME

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PS PMT 1C

REGISTERED OFFICE OF THE ISSUER**CPUK Finance Limited**

47 Esplanade

St Helier, Jersey JE1 0BD

CLASS A GLOBAL COORDINATOR AND ARRANGER AND CLASS B GLOBAL COORDINATOR**The Royal Bank of Scotland plc**

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