Financial statements
52 weeks ended 22 April 2021

Center Parcs Finance Holdings 2 Limited

Annual report and financial statements

For the 52 weeks ended 22 April 2021

Company registration number: 11725903

Financial statements

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Strategic report
For the 52 weeks ended 22 April 2021

The Directors present their strategic report on the Company for the 52 weeks ended 22 April 2021 (2020: period from 13 December 2018 to 23 April 2020). The Company was incorporated on 13 December 2018.

Review of the business

The Company's principal activity is that of an intermediate holding company. Via its investments the Company owns the UK and Ireland Center Parcs businesses.

The Company did not trade during the current or prior period, its only income and expenses arising as a result of its investment in subsidiary undertakings. The Company typically receives dividends initially paid by the Center Parcs (Holdings 1) Limited Group of companies. Center Parcs Ireland Limited has not paid any dividends since incorporation.

The results of the Company for the period show a profit of £35.6 million (2020: loss of £312.6 million).

During the current period three ordinary shares were issued at premiums of £32.0 million, £7.9 million and £50.9 million (note 8).

A valuation exercise was undertaken as at 22 April 2021 which resulted in a £35.6 million reversal of previous impairments to the carrying value of the investments in CP Mgmt Limited and CP Cayman Midco 1 Limited.

Impact of the Covid-19 pandemic
Following UK Government advice in light of the Covid-19 pandemic, the Center Parcs (Holdings 1) Limited Group's five holiday villages were closed to guests for a significant proportion of the financial year. The villages were able to re-open on 12 April 2021, albeit with reduced accommodation capacity and guest activities. Similarly, and in line with Irish Government advice, the holiday village operated by Center Parcs Ireland Limited was closed for most of the financial year. The village re-opened to guests on 4 June 2021.

During the year, the Center Parcs (Holdings 1) Limited Group and Center Parcs Ireland Limited have taken advantage of Government support measures and reduced operating costs where possible. Actions was also taken to ensure a strong liquidity position was maintained by securing funding from Brookfield, the Group's owner. As at 27 July 2021, £189.9 million of funds had been provided, of which £148.4 million was received during the year ended 22 April 2021. A further £40.0 million of funding has been approved if required, and Brookfield have indicated that additional funding could be made available should the need arise.

The Center Parcs (Holdings 1) Limited Directors' have prepared the financial statements of the Group on a going concern basis as they consider the actions taken to date, the Group's current liquidity position and the contingency plans in place for additional funding will allow that Group to continue to trade.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the main trading group of companies headed by Center Parcs (Holdings 1) Limited and Center Parcs Ireland Limited and are not managed separately. Accordingly, the principal risks and uncertainties of the Group which include those of the Company are discussed within the Business review of the Center Parcs (Holdings 1) Limited Annual Report and Center Parcs Ireland Limited Directors' report which do not form part of this report.

Brexit
To date, the UK's formal exit from the European Union has not had a material impact on the business of the Company.

Strategic report
For the 52 weeks ended 22 April 2021 (continued)

Principal risks and uncertainties (continued)

Covid-19 pandemic
The Covid-19 pandemic is not expected to have a direct impact on the Company. The impact of the pandemic on the Center Parcs Group is included in the strategic report of Center Parcs (Holdings 1) Limited.

Key performance indicators

The key performance indicators (KPIs) and financial risk management of the Company are integrated with those of the Center Parcs (Holdings 1) Limited Group and Center Parcs Ireland Limited and are not assessed separately. An analysis of the KPIs of the Group, which include those of the Company, together with the Group's financial risk exposure, and the management objectives and policies thereon, is presented within the Business review of the Center Parcs (Holdings 1) Limited Annual Report and Center Parcs Ireland Limited Directors' report which do not form part of this report.

Section 172 Statement and our stakeholders

We report here on how our Directors have discharged their duties under Section 172 of the Companies Act 2006 and this statement reflects the contribution by the Company to the performance of the Center Parcs business.

Section 172 sets out the matters to which the Directors must have regard to in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders and the likely consequences of any decision in the longer term. The Board considers it crucial that the Company maintains a reputation for high standards of business conduct.

As a holding Company within the wider Center Parcs Group, the Directors consider the impact of the Company's activities on its shareholders and its subsidiaries that have an active interest in and are affected by the performance of the Company's investments and financial instruments. The Directors continuously monitor the Company's performance considering its purpose and objective and regularly report and consult with its stakeholders on a wide range of matters, both financial and non-financial, with the aim of maximising investment returns for the benefit of its shareholders. The Company is dedicated to upholding Group policies and to maintaining the highest level of business conduct and governance.

The Company does not have customers, employees or suppliers and does not directly engage with the community or directly impact on how the Group monitors and manages the Group's operations and their impact on the environment. There is only one shareholder, Center Parcs Finance Borrower Limited, and the Directors are the same for both companies.

The principal board decisions approved during the period were made in line with the short and long-term strategic objectives of both the Company and the parent company Center Parcs Finance Borrower Limited.

Approved by the board and signed on its behalf by

C G McKinlay
Director
27 July 2021

Directors' report
For the 52 weeks ended 22 April 2021

The Directors present their report and the audited financial statements for the 52 weeks ended 22 April 2021 (2020: period from 13 December 2018 to 23 April 2020). The registration number of the Company is 11725903.

Future developments

No changes to the nature of the business are anticipated.

Financial risk management objectives

Details of financial risk management objectives can be found under the heading 'Key performance indicators', found in the strategic report, and form part of this report by cross-reference.

Dividends

No dividends were paid during the current period. During the prior period, the Company declared and paid dividends totalling £286.1 million to its parent company, Center Parcs Finance Borrower Limited.

The Directors have not proposed the payment of a final dividend (2020: no final dividend declared).

Going concern

The Company had no liabilities at the balance sheet date and the only activity anticipated by the Directors for the foreseeable future is the receipt of dividends from CP Cayman Midco 1 Limited and CP Mgmt Limited and the subsequent on-payment of those dividends to its parent company.

As described in note 1, the Directors have prepared the financial statements on a going concern basis as they believe the actions taken to date by the Group of companies headed by Center Parcs (Holdings 1) Limited, its current liquidity position, and contingency plans to secure additional funding, will allow the Company to continue its activities.

Directors

The Directors who served during the period and up to the date of this report, unless otherwise stated, were as follows:

M P Dalby	
C G McKinlay	
Z B Vaughan	
K O McCrain	(resigned 11 May 2020)
B T Annable	(appointed 11 May 2020)
N J Adomait	(resigned 31 December 2020)
A Colasanti	(appointed 31 December 2020)

The Group maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against its Directors' and Officers' that may be incurred as a result of their position within the Company and the companies within the Group. The Directors' and Officers' have the benefit of an Indemnity provision in accordance with the Company's Articles of Association. These indemnities were in place for the whole of the 52 weeks ended 22 April 2021 and as at the date of the report.

Directors' report
For the 52 weeks ended 22 April 2021 (continued)

Energy and Carbon Regulations

As the principal activity of the Company is to act as a holding company for other entities in the Center Parcs Group, the Company has had no commercial business, employees or premises, and as such has consumed less than 40,000kWh of energy during the year and therefore information on SECR is not disclosed.

Business Relationships

The Company's only business relationships are those within the Center Parcs Group.

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, 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 period. Under that law the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 profit or loss of the 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 accounting standards in conformity with the requirements of the Companies Act 2006 have been followed; 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, 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 auditor is unaware; and

(b) he/she 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 auditor is aware of that information.

Independent auditor

Deloitte LLP are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Approved by the board and signed on its behalf by

C G McKinlay
Director
27 July 2021

The registered address of the Company is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

Independent auditor's report to the members of Center Parcs Finance Holdings 2 Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Center Parcs Finance Holdings 2 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 22 April 2021 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Center Parcs Finance Holdings 2 Limited (continued)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosure in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Independent auditor's report to the members of Center Parcs Finance Holdings 2 Limited (continued)

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Waring

Joanna Waring FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

27 July 2021

Income Statement
For the 52 weeks ended 22 April 2021

	Note	**52 weeks ended 22 April 2021 £m**	Period from 13 December 2018 to 23 April 2020 £m
Impairment of Investments	2	-	(415.1)
Reversal of impairment of investments	2	35.6	-
Operating profit/(loss)	2	**35.6**	(415.1)
Income from Group undertakings	4	-	102.5
Profit/(loss) before taxation		**35.6**	(312.6)
Taxation	5	-	-
Profit/(loss) for the period attributable to equity shareholders	8	**35.6**	(312.6)

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 Statement of Comprehensive Income is presented.

The notes on pages 12 to 22 form part of these financial statements.

Statement of Changes in Equity

For the 52 weeks ended 22 April 2021

	Attributable to owners of the parent			
	Share capital £m	**Share premium £m**	**Retained earnings £m**	**Total £m**
At 23 April 2020	-	41.5	839.9	881.4
Comprehensive income				
Profit for the period	-	-	35.6	35.6
Transactions with owners				
Equity contributions	-	90.8	-	90.8
At 22 April 2021	**-**	**132.3**	**875.5**	**1,007.8**

	Attributable to owners of the parent			
	Share capital £m	Share premium £m	Retained earnings £m	Total £m
On incorporation	-	-	-	-
Comprehensive income				
Loss for the period	-	-	(312.6)	(312.6)
Transactions with owners				
Issue of shares	-	1,480.1	-	1,480.1
Capital reduction	-	(1,438.6)	1,438.6	-
Dividends	-	-	(286.1)	(286.1)
At 23 April 2020	-	41.5	839.9	881.4

The notes on pages 12 to 22 form part of these financial statements.

Balance Sheet
As at 22 April 2021

	Note	**22 April 2021 £m**	23 April 2020 £m
<u>**Assets**</u>			
Non-current assets			
Investments	6	**1,007.8**	881.4
Net assets		**1,007.8**	881.4
Equity			
Ordinary shares	7	**-**	-
Share premium	8	**132.3**	41.5
Retained earnings	8	**875.5**	839.9
Total equity		**1,007.8**	881.4

The financial statements on pages 8 to 22 were approved by the board of Directors on 27 July 2021 and were signed on its behalf by:

C G McKinlay
Director

Center Parcs Finance Holdings 2 Limited
Registered no. 11725903

The notes on pages 12 to 22 form part of these financial statements.

Cash Flow Statement

for the 52 weeks ended 22 April 2021

	Note	**52 weeks ended 22 April 2021 £m**	Period ended 23 April 2020 £m
Cash flows from operating activities			
Operating profit/(loss)		**35.6**	(415.1)
Impairment of investments	2	**-**	415.1
Reversal of impairment of investments	2	**(35.6)**	-
Net cash from operating activities		**-**	-
Cash flows (used in)/from investing activities			
Dividends received	4	**-**	102.5
Investment in subsidiary undertaking	6	**(90.8)**	(41.5)
Net cash (used in)/from investing activities		**(90.8)**	61.0
Cash flows from/(used in) financing activities			
Dividends paid	8	**-**	(286.1)
Equity contributions	8	**90.8**	225.1
Net cash from/(used in) financing activities		**90.8**	(61.0)
Net movement in cash and cash equivalents		**-**	-
Cash and cash equivalents at the start of the period		**-**	-
Cash and cash equivalents at end of the period		**-**	-

The notes on pages 12 to 22 form part of these financial statements.

Notes to the financial statements
for the 52 weeks ended 22 April 2021

1. Accounting policies

General information
The Company is a private company limited by shares, which is incorporated and domiciled in the UK, and is registered in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP. The principal activity of the Company is set out in the strategic report. The Company's functional currency is £ Sterling.

Statement of compliance
These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 and on a going concern basis. The Company's accounting reference date is 22 April.

The Company was, at the end of the period, a wholly-owned subsidiary of another company not incorporated in the EEA and included in the audited consolidated financial statements of Brookfield Property Partners LP, as disclosed in note 11 to the financial statements. As such, and in accordance with Section 401 of the Companies Act 2006, the Company is not required to produce, and has not published, consolidated financial statements.

Going concern
The Company had no liabilities at the balance sheet date and the only activity anticipated by the Directors for the foreseeable future is the receipt of dividends from CP Cayman Midco 1 Limited and CP Mgmt Limited and the subsequent on-payment of those dividends to its parent company.

The Dividends received from CP Cayman Midco 1 Limited and CP Mgmt Limited have, to date, been generated from the operations of the Center Parcs (Holdings 1) Limited Group. The Center Parcs (Holdings 1) Limited Group financial statements, together with those of the Company, have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below:

Coronavirus (Covid-19) pandemic
As at the date of approving these financial statements the impact of Covid-19 on the Group's trading has been assessed. The UK Government's response to the pandemic has evolved since the first national lockdown in March 2020 and current restrictions are expected to be lifted in July 2021. As at the date of these financial statements the Group's five villages are all open, albeit with certain restrictions in place.

Due to measures taken by the UK Government all UK villages were closed to guests for approximately eight months during the financial year (see note 5). This resulted in all affected guests in that period being offered either a full refund or the option to move their break to a later date. In the last lockdown period over 50% of affected guests took the option of moving their break. During the closure period, the Group reported no revenue and whist there was a corresponding reduction in variable costs, the Group had to fund its fixed costs and, for those guests electing for a refund for cancelled breaks, return monies paid. Where possible, mitigating actions have been taken by management to minimise such costs.

On 12 April 2021 all UK villages re-opened to guests albeit with social distancing restrictions in place, including no access to the Sub Tropical Swimming Paradise area until 17 May 2021. These restrictions resulted in reduced available accommodation capacity and on-site activities which are likely to remain impacted until such restrictions are lifted. Whilst it is difficult to predict the future with any certainty, current forecasts assume that the lifting of restrictions will see a return to pre-Covid trading levels and occupancy within a matter of months and all capacity restrictions will be lifted by January 2022. Demand for the Group's breaks remain strong and current forward bookings for the remainder of the financial year ending 21 April 2022 are ahead of those seen for the equivalent period in the year to 23 April 2020 at the corresponding time.

Notes to the financial statements

for the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

Going concern (continued)

In order to preserve liquidity during the closure period, the Group took the following measures:

- Secured additional funding from the Group's owner, Brookfield. As at 27 July 2021 they had provided funding of £189.9 million to ensure the liquidity of the Group. Further committed funds of £40.0 million are approved for use if required by the UK, Ireland and other Group Companies, and Brookfield have indicated that additional funding could be made available should the need arise.
- A significant element of the Group's cost base relates to wages and salaries. The majority of the Group's staff were furloughed during the period of closure with the Group benefitting from the Government's job retention scheme – a total of £37.7 million was received during the year. The hours of remaining staff undertaking essential activities were reviewed to further reduce costs where possible.
- Reviewed all remaining areas of operating cost to eliminate all non-essential expenditure.
- Agreed deferrals of certain tax payments and benefitted from Business rates relief of approximately £24 million.
- Reviewed capital expenditure and delayed certain non-essential projects.

In addition, the Directors negotiated covenant waivers with the holders of the Group's loan notes. Under the terms of the agreed amendments the need to comply with covenant measures was removed for interest payments dates up to and including August 2021. In addition, the Group is able to make certain adjustments to its free cash flow calculation in February 2022 should the business have been affected by closures relating to Covid-19. This allows the Group to add equity proceeds received during the testing period to free cash flow in order to pass the Financial Covenant tests. Whilst the covenant waiver is in place the Group has agreed not to make any distributions.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, under the assumptions all restrictions are lifted in July 2021, the Group will have sufficient funds to meet its liabilities as they fall due for that period. Under this scenario there would be no breach of lending facilities. There are no capital repayments of debt falling due within the forecast period.

With regard to this forecast, and other factors which may impact the Group's future liquidity position, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. In arriving at this conclusion the Directors have also considered:

- As at 15 July 2021 the Group had a cash balance of £183.6 million.
- The UK Government's expressed statement that the current legal restrictions will be lifted in July 2021.
- The vaccination program in place in the UK where over 66% of adults are now fully vaccinated.
- Evidence that the vaccinations given are also effective against new variants of Covid-19.

The Directors believe the cash flow forecast outlined above is reasonable in light of the re-opening of the villages and the current UK Government risk levels. However, there remains a possibility that Covid-19's continued presence may see a change in Government advice and/or further periods of lockdown or restricted activity in the future. Such lockdowns could result in further village closures on a national or regional level or affect the ability of guests and employees to travel to site. These uncertainties clearly introduce a level of subjectivity in assessing assumptions to be used in a downside case.

Notes to the financial statements
for the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

Going concern (continued)
The Directors have, therefore, prepared downside forecasts which assume the closure of all villages for an eight-week period within the next 12 months, being a reasonably possible downside, and have also looked at a stress test case to determine what length of time the business could survive with all villages being closed without either breaching banking covenants or needing further injections of equity. Under these scenarios the Group has assumed that similar levels of Government support would be available to those in the closure periods during 2020 and early 2021. Under the base case, the downside scenario and the stress test the Group has assumed that the £70.0 million working capital facility provided as part of the overall funding package from Brookfield will not be repaid in the forecast period.

As with the base case scenario this downside case would not result in the Group breaching lending covenants or suffering a liquidity shortage. The stress test analysis shows that a full closure of approximately 20 weeks would be required before banking covenants were broken and between three and six months before additional liquidity was required depending on the timing of closures. The Directors note that the stress test covenant calculation at February 2022 includes equity already received from Brookfield during the testing period as allowed in the covenant amendments.

The Directors recognise that there are additional risks as restrictions continue to lift as the number of COVID-19 cases are rising in the UK. In the short term, this includes the potential for increasing cancellations as the number of individuals who are required to isolate continues to increase. Cancellation experience to date, as well as the current high demand for domestic breaks, mean that this is unlikely to materially impact on the short term forecasts, and the government has indicated that isolation rules will change in August 2021, which will reduce the number of people requiring to isolate.

Were the Group to require access to further liquidity this could be sought from the Group's owner. The Directors believe that this support would be available and forthcoming for a number of reasons, including:

- Previous actions and commitments in supporting the Group with £189.9 million already provided and a further £40.0 million approved for use across the UK, Ireland and other Group companies if required.
- Center Parcs' potential value to Brookfield is very significant and hence injection of further cash to protect this value could reasonably be expected.
- BSREP II is one of Brookfield Asset Management's flagship funds which closed with total equity commitments of $9 billion. BSREP II still has equity commitments available to satisfy any needed follow-on capital calls from existing investments and expenses or other liabilities.
- Brookfield have provided a letter of support to the Directors of the Group indicating they intend to provide such funding in the event that it is required.
- Three of the Group's Directors are "Investor Directors" appointed by the Group's owners. They are uniquely placed to understand both the Group's business and potential actions by the owners. They have indicated that they believe it reasonable to believe support would be made available.

In addition, were such a scenario to occur the Directors have a range of further measures which are within their control, to protect the Group's liquidity position even further, including:

- Further encouragement for customers to change their breaks to a future date in the event of a cancellation of their break rather than receiving a full refund.
- Additional changes to working arrangements to reduce staff costs further.
- Negotiations with HMRC to delay payroll and indirect tax payments.
- A £90.0 million committed liquidity facility that remains undrawn. This is available to pay certain senior expenses and Class A note interest.

After considering the base case scenario, downside possibilities and looking at the stress test, together with current UK Government restrictions and announcements on future actions, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Notes to the financial statements

for the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

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. The Directors do not consider that there are any critical accounting judgements.

Key sources of estimation uncertainty

Impairment test for investment carrying values (note 6):
An assessment of the investment carrying values has been undertaken by management. The value-in-use calculation requires management to estimate future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present value. A third party expert was engaged to determine an appropriate discount rate range.

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 when the recoverable amount is lower than the carrying value. Any reversal of an impairment that is no longer required is recognised as a gain in the income statement.

Dividends receivable from investments in subsidiary undertakings are recognised in the income statement when approved by the shareholders of the company paying the dividend.

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

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.

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.

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.

Notes to the financial statements
for the 52 weeks ended 22 April 2021 (continued)

1. Accounting policies (continued)

New standards and interpretations
A number of new standards, amendments and interpretations were effective for the first time in the current period. None of these have significantly impacted the financial statements of the Company and are unlikely to have a material impact in the future.

The International Accounting Standards Board (IASB) has issued the following new or revised standards and interpretations with an effective date for financial periods beginning on or after the dates disclosed below and therefore after the date of these financial statements. The IASB has also issued a number of minor amendments to the standards as part of their annual improvement process.

IFRS 3	Business Combinations	
	Amended by Reference to the Conceptual Framework	1 January 2022
IFRS 4	Insurance Contracts	
	Amended by Interest Rate Benchmark Reform – Phase 2	1 January 2021
IFRS 7	Financial Instruments: Disclosures	
	Amended by Interest Rate Benchmark Reform – Phase 2	1 January 2021
IFRS 16	Leases	
	Amended by Covid-19-Related Rent Concessions	1 June 2020
	Amended by Interest Rate Benchmark Reform – Phase 2	1 January 2021
IFRS 17	Insurance Contracts	
	New accounting standard	1 January 2023
IAS 1	Presentation of Financial Statements	
	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 16	Property, Plant and Equipment	
	Amended by Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	
	Amended by Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

The Directors do not anticipate that the adoption of any standards listed above will have a material impact on the Company's financial statements in the period of initial application, although the assessment is ongoing.

Notes to the financial statements
for the 52 weeks ended 22 April 2021 (continued)

2. Operating profit/(loss)

Operating profit/(loss) is stated after crediting/(charging) the following:

	52 weeks ended 22 April 2021 £m	Period ended 23 April 2020 £m
Impairment of investments (note 6)	-	(415.1)
Reversal of impairment of investments (note 6)	**35.6**	-

Auditor's remuneration of £67,200 (2020: £42,000) is included within the financial statements of Center Parcs Finance Borrower Limited, the immediate parent undertaking. This includes £22,400 (2020: £14,000) in respect of the audit of the financial statements of Center Parcs Finance Holdings 2 Limited and £nil (2020: £nil) in respect of non-audit work for the Company.

3. Employees

The Company has no employees other than the Directors (2020: none). No salaries or wages have been paid to employees, including the Directors, during the period (2020: £nil).

4. Income from Group undertakings

	52 weeks ended 22 April 2021 £m	Period ended 23 April 2020 £m
Dividends receivable	-	102.5

During the prior period, subsidiary undertakings declared and paid dividends as set out below:

- CP Cayman Midco 1 Limited declared and paid dividends on its ordinary shares totalling £68.3 million.
- CP Mgmt Limited declared and paid dividends on its ordinary shares totalling £34.2 million.

Notes to the financial statements
for the 52 weeks ended 22 April 2021 (continued)

5. Taxation

(a) Taxation

There is no tax charge for the current period (2020: £nil).

(b) Factors affecting the tax charge

The tax assessed for the period is lower (2020: higher) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2020: 19%). The difference is reconciled below:

	52 weeks ended 22 April 2021 £m	Period ended 23 April 2020 £m
Profit/(loss) before taxation	**35.6**	(312.6)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19%	**6.8**	(59.4)
Expenses not deductible for tax	**(6.8)**	78.9
Income from subsidiary undertakings – not subject to tax	**-**	(19.5)
Tax charge for the period (note 5(a))	**-**	-

There is no deferred tax, either recognised or unrecognised, at the balance sheet date.

Change of corporation tax rate

It was announced in the 3 March 2021 Budget that the standard rate of corporation tax in the UK will increase from 19% to 25% with effect from April 2023. This was substantively enacted on 24 May 2021.

Notes to the financial statements
for the 52 weeks ended 22 April 2021 (continued)

6. Investments

	Investments in subsidiary undertakings £m
Cost	
Additions	1,255.0
Equity contributions	41.5
At 23 April 2020	**1,296.5**
Equity contributions	90.8
At 22 April 2021	**1,387.3**
Impairment	
Impairment in the prior period	(415.1)
At 23 April 2020	**(415.1)**
Reversal of impairment in the current period	35.6
At 22 April 2021	**(379.5)**
Net book value	
At 23 April 2020	881.4
At 22 April 2021	**1,007.8**

Investments at 22 April 2021 and 23 April 2020 represent 100% of the ordinary shares in CP Mgmt Limited and 66.7% of the ordinary shares in CP Cayman Midco 1 Limited. The remaining 33.3% of CP Cayman Midco 1 Limited is owned by CP Mgmt Ltd.

During the current period the Company invested a further £60.5 million in CP Cayman Midco 1 Limited and £30.3 million in CP Mgmt Limited, via equity contributions.

An impairment review was undertaken as at 22 April 2021 which identified a reversal of previous impairments of £35.6 million to the carrying value of the investment in Center Parcs Finance Borrower Limited (23 April 2020: impairment identified of £415.1 million). This was determined using a value-in-use calculation. The key assumptions of the value-in-use calculation are Adjusted EBITDA margin, growth rates and the discount rate applicable to the Center Parcs (Holdings 1) Limited Group and Center Parcs Ireland Limited. In respect of the UK business the long-term growth rate applied is 2.0% (2020: 2.0%) and the post-tax discount rate is 8.4% (2020: 9.1%); for the Irish business the long-term growth rate applied is 2.0% (2020: 2.6%) and the post-tax discount rate is 7.5% (2020: 7.5%).

During the prior period BSREP II Center Parcs Jersey 2 Limited, an investment holding company, transferred its shares in CP Mgmt Limited and CP Cayman Midco 1 Limited to the Company at fair value in exchange for shares.

The principal activity of CP Mgmt Limited is an investment holding company. CP Mgmt Limited made a profit of £nil for the year ended 22 April 2021 (year ended 22 April 2020: £25.4 million) and its net assets at that date were £49.3 million (2020: £19.0 million).

The registered office for CP Mgmt Limited is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

The principal activity of CP Cayman Midco 1 Limited is an investment holding company. CP Cayman Midco 1 Limited made a loss of £1.2 million for the year ended 31 December 2020 (year ended 31 December 2019: profit of £90.7 million) and its net assets at that date were £416.6 million (2020: £338.9 million).

CP Cayman Midco 1 Limited is a company registered in the Cayman Islands. The registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9001.

Notes to the financial statements
for the 52 weeks ended 22 April 2021 (continued)

7. Share capital

	2021 £m	2020 £m
Allotted and fully paid		
Six (2020: three) ordinary shares of £1 each	-	-

The Company was incorporated during the prior period and on incorporation issued one ordinary share at a premium of £1,255.0 million. A further two shares were subsequently issued at premiums of £183.6 million and £41.5m to facilitate equity contributions.

During the current period three ordinary shares were issued at premiums of £32.0 million, £7.9 million and £50.9 million (note 8).

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.

8. Share premium and retained earnings

	Share premium £m	Retained earnings £m
At 23 April 2020	41.5	839.9
Profit for the period	-	35.6
Issue of shares	90.8	-
At 22 April 2021	**132.3**	**875.5**

	Share premium £m	Retained earnings £m
At 13 December 2018	-	-
Loss for the period	-	(312.6)
Issue of shares	1,255.0	-
Equity contributions	225.1	-
Capital reduction	(1,438.6)	1,438.6
Dividends	-	(286.1)
At 23 April 2020	41.5	839.9

During the prior period the Company undertook a capital reduction pursuant to which its share premium account was reduced by £1,438.6 million and distributed £286.1 million of cash, of which £183.6 million represented a return of capital to Center Parcs Finance Borrower Limited, its parent undertaking.

9. Contingent liabilities

The Company, along with other members of the group headed by Center Parcs Finance Holdings 1 Limited, is an obligor in securing the Group's external borrowings of £185.0 million (2020: £185.0 million).

Notes to the financial statements

for the 52 weeks ended 22 April 2021 (continued)

10. Subsidiary undertakings

The share capitals of all subsidiary undertakings are designated as ordinary shares.

All shareholdings represent 100% of the equity and voting rights. All of the subsidiary undertakings listed are held by other subsidiary undertakings of the Company, with the exception of CP Mgmt Ltd and CP Cayman Midco 1 Limited.

Subsidiary undertaking	Activity	Country of incorporation
Center Parcs (Operating Company) Limited	Operation of four holiday villages	England and Wales
CP Woburn (Operating Company) Limited	Operation of one holiday village	England and Wales
Center Parcs Ireland Limited	Operation of one holiday village	Ireland
Center Parcs Limited	Employee services provider	England and Wales
CP Mgmt Ltd	Holding company	England and Wales
CP Cayman Midco 1 Limited	Intermediate holding company	Cayman Islands
CP Cayman Midco 2 Limited	Intermediate holding company	Cayman Islands
CP Cayman Ltd	Intermediate holding company	Cayman Islands
A C Capital SPV Ltd	Dormant	Cayman Islands
Center Parcs (Holdings 1) Limited	Intermediate holding company	England and Wales
CP Sherwood Village Limited	Investment property company	England and Wales
CP Elveden Village Limited	Investment property company	England and Wales
Longleat Property Limited	Investment property company	England and Wales
CP Whinfell Village Limited	Investment property company	England and Wales
Center Parcs (Holdings 2) Limited	Intermediate holding company	England and Wales
Center Parcs (Holdings 3) Limited	Intermediate holding company	England and Wales
Center Parcs (UK) Group Limited	Intermediate holding company	England and Wales
SPV1 Limited	Intermediate holding company	England and Wales
CP Longleat Village Limited	Intermediate holding company	England and Wales
SPV2 Limited	Investment company	England and Wales
Comet Refico Limited	Non-trading	England and Wales
Center Parcs (Jersey) 1 Limited	Dormant	Jersey
Centrepark Limited	Dormant	England and Wales
Carp (UK) 1 Limited	Dormant	England and Wales

The registered office of all subsidiary undertakings registered in England and Wales, and Jersey is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

The registered office of all subsidiary undertakings registered in the Cayman Islands is 190 Elgin Avenue, George Town, Grand Cayman KY1-9001.

The registered office of Center Parcs Ireland Limited is 10 Earlsfort Terrace, Dublin, D02 T380, Ireland.

Notes to the financial statements
for the 52 weeks ended 22 April 2021 (continued)

11. Ultimate parent company and controlling parties

The immediate parent company is Center Parcs Finance Borrower Limited, a company registered in England and Wales. The ultimate parent company and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

The largest group in which the results of the Company are consolidated is that headed by Brookfield Asset Management Inc. The consolidated financial statements of Brookfield Asset Management Inc. are available to the public and may be obtained from Brookfield Place, Suite 300, 181 Bay Street, Toronto, ON M5J 2T3 (the registered office of that company).

The smallest group in which the results of the Company are consolidated is that headed by Brookfield Property Partners L.P listed on the Nasdaq Stock Market and the Toronto Stock Exchange. The consolidated financial statements of Brookfield Property Partners L.P. are available to the public and may be obtained from 73 Front Street, 5th Floor, Hamilton, Bermuda HM 12.