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CPUK FINANCE LIMITED ANNOUNCES THE LAUNCH OF A CONSENT SOLICITATION IN RESPECT OF ITS

£440,000,000 7.239% CLASS A2 FIXED RATE SECURED NOTES DUE 2042

£340,000,000 3.588% CLASS A4 FIXED RATE SECURED NOTES DUE 2042

£379,500,000 3.690% CLASS A5 FIXED RATE SECURED NOTES DUE 2047

17 July 2020 – CPUK Finance Limited (the “**Issuer**”) today announces a consent solicitation (the “**Consent Solicitation**”) in respect of its £440,000,000 7.239% Class A2 Fixed Rate Secured Notes due 2042 (the “**Class A2 Notes**”), £340,000,000 3.588% Class A4 Fixed Rate Secured Notes due 2042 (the “**Class A4 Notes**”) and £379,500,000 3.690% Class A5 Fixed Rate Secured Notes due 2047 (the “**Class A5 Notes**” and together with the Class A2 Notes and the Class A4 Notes, the “**Notes**” or the “**Class A Notes**”).

Capitalised terms used in this announcement and not defined herein have the meanings given to such terms in the solicitation memorandum dated 17 July 2020 (the “**Solicitation Memorandum**”).

Background

COVID-19 presents a significant and unprecedented challenge to the leisure and hospitality industry, including Center Parcs. In response to the COVID-19 pandemic, the UK Government announced wide ranging measures to limit all non-essential social contact, it advised against non-essential travel, required the closure of hotels, restaurants, theatres and social venues and set out a range of other measures and guidance.

As a result of such measures, Center Parcs closed its five Holiday Parks in the UK, with effect from 20 March 2020, until 13 July 2020. This closure has had a significant negative effect on the net earnings and cash flows of the Obligor Group.

Whilst the Obligor Group currently anticipates that it will comply with its financial covenants on the coming Financial Covenant Test Dates, it is seeking headroom and protection given the current uncertainty around the COVID-19 pandemic, the operational restrictions which are in place following the re-opening of the Holiday Parks and the risk of further closures of one or more of the holiday villages in the coming months. As a result of the negative impact any such further closure and operational restrictions would have on the earnings of the Obligor Group, the Obligor Group is seeking to waive the requirement to comply with the Class A FCF DSCR covenant in respect of the Financial Covenant Test Dates falling in August 2020, February 2021 and August 2021. The Obligor Group considers the waiver necessary as a minimum to support the Transaction given the risks associated with the COVID-19 pandemic.

In light of the inherent uncertainty surrounding the COVID-19 pandemic and the impacts it might have on the economy and the leisure and hospitality industry, the Obligor Group would also like to make certain amendments as described further below in respect of the Class A Issuer/Borrower Loan Agreement which would

afford the Obligor Group greater protection against the consequences of any “second wave” of the pandemic and to mitigate against the risk of any further enforced closures of, or operational restrictions on, the Holiday Parks (arising as a result of any COVID-related or other pandemic) between now and the Financial Covenant Test Date falling in February 2022.

The need for such amendments has arisen solely to manage the impact under the Transaction Documents of the COVID-19 pandemic specifically and the Obligor Group’s compliance with requirements and guidelines imposed by the UK Government to tackle the outbreak. The Obligor Group of course hopes that as a result of further easings of restrictions, the revenue of the Obligor Group will recover more quickly than it is currently forecasting. Were this to be the case, the Obligor Group would be in a position to end the waiver and amendments sought earlier than currently expected, and so it is proposing that it can do so by issuing a certificate to the Borrower Security Trustee, whereupon the Class A FCF DSCR covenant would once again apply in its current form.

The Obligor Group has taken a number of steps both to mitigate the impact of the restrictions imposed by the UK Government and ensure that the Holiday Parks were able to re-open and recommence trading on 13 July 2020 following the easing of the lockdown and social distancing restrictions. These include:

- (a) Minimising underlying costs: whilst the restrictions continue, the incurrence of all non-essential operational expenditure of the Obligor Group has been suspended. During the period of closure, costs per four-week period reduced from £20-22 million to £6-7 million;
- (b) Rephasing of capital projects: in order to reduce capital expenditure, the Obligor Group has reviewed and rephased its capital projects resulting in the suspension of 90 per cent. of its capital projects during the period in which the Holiday Parks remained closed;
- (c) Business rates holiday: the Obligor Group has utilised the temporary business rates relief package giving it a 12 month business rates holiday, (the Obligor Group’s annual rates cost is approximately £24 million);
- (d) Other UK Government schemes: the Obligor Group has agreed with HMRC to defer payments of VAT, PAYE, corporation tax and duties. It also intends to participate in the “Eat Out to Help Out Scheme” and seeking to amend pricing to reflect the VAT reduction; and
- (e) Furloughing staff: the Obligor Group is retaining all of its employees during the period for which the restrictions apply in order to ensure that the business maintains its full operational capabilities when the restrictions end. The Obligor Group has placed circa. 90 per cent. of its employees on furlough during this period under the terms of the Coronavirus Job Retention Scheme announced by the UK Government and has reduced directors’ salaries by 25 per cent. for the period in which the Holiday Parks remained closed.

The Obligor Group is taking a prudent approach in managing the business during this period of unprecedented uncertainty and is keeping the situation under continuous review.

Though the UK Government announced the easing of lockdown measures on 23 June 2020, as a result of which the UK Holiday Parks were able to re-open on 13 July 2020, various restrictions remain in place with respect to operations and capacity within the UK Holiday Parks. Some facilities and amenities, including the swimming pools, spas, indoor play areas and bowling alleys, remain closed but the Obligor Group intends to re-open the swimming pools and spas from 27 July 2020 and hopes to re-open the remaining facilities as soon as government measures permit. Capacity within the Holiday Parks is currently constrained and is expected to continue to be constrained for the remainder of 2020. Notwithstanding such constraints, customer demand is currently exceeding restricted operating capacity and is expected to continue to exceed the restricted operating capacity on certain breaks in the coming months.

The Obligor Group has implemented significant measures to ensure the safety of its employees and its customers, including putting in place social distancing signage and markings, hand sanitisation stations around the Holiday Parks, deep cleaning of accommodation, increasing cleaning and disinfection of public areas throughout the day, cashless payment throughout the Holiday Parks and a reduction in capacity in many areas, including indoor areas and on activities to maintain social distancing. These operational restrictions and measures are expected to continue for the foreseeable future.

Liquidity and Support from Brookfield

Whilst the Obligor Group could not have predicted the COVID-19 pandemic, as at 2 July 2020, the Obligor Group had approximately £24.1 million of cash on its balance sheet, and access to a £90 million committed, undrawn liquidity facility, which is available to the Issuer to pay certain senior expenses and interest on the Class A Notes.

The Center Parcs group remains a key investment for Brookfield. To demonstrate its commitment to ensuring the long-term success of the Obligor Group, Brookfield has approved £160 million of financial support to the Obligor Group. Brookfield has, since the onset of the COVID-19 pandemic and the associated measures taken by the UK Government, provided financial support to the Obligor Group. Brookfield (through its subsidiary, BSREP II Center Parcs Jersey Ltd.) provided the Obligor Group with £41.5 million in April 2020, and a further £27.5 million in May 2020, by way of equity injection by subscribing for additional shares in the Obligor Group. In July 2020, Brookfield (through its subsidiary, BSREP II Center Parcs Jersey Ltd.) provided a subordinated, interest-free, unsecured loan of £70 million to the Obligor Group for working capital purposes including for debt service. Brookfield will provide the balance of the £160 million of approved funding if required by the Obligor Group.

As noted, customer demand is exceeding operating capacity on certain breaks and in the near term, the Obligor Group expects an increased level of demand as a result of continuing international travel restrictions. Advance bookings for this financial year exceed those of last year by 10 per cent. for Q4.

Proposed Waiver and Amendments

The Issuer is seeking approval of the holders of the Notes, by an Ordinary Resolution, to a waiver in respect of the Class A Issuer/Borrower Loan Agreement (the “**Waiver Proposal**”), subject to satisfaction of the Consent Conditions.

The Issuer is also seeking approval of the holders of the Notes, by an Extraordinary Resolution, to certain amendments to the Class A Issuer/Borrower Loan Agreement and the Intercreditor Agreement (the “**Amendment Proposals**” and together with the Waiver Proposal, the “**Proposals**”), subject to satisfaction of the Consent Conditions

Waiver Proposal

In light of the UK Government’s measures to manage the spread and impact of the COVID-19 pandemic and the resultant closure of the Holiday Parks, and the corresponding impact such measures have had on the Obligor Group’s revenue, the Obligor Group is seeking a waiver of the requirement to comply with the Class A FCF DSCR covenant in respect of the Financial Covenant Test Dates falling in August 2020, February 2021 and August 2021. The Obligor Group considers such waiver necessary as a minimum to support the Transaction in the event of any further enforced closures of, or operational restrictions on, the holiday villages (arising as a result of any COVID-related or other pandemic).

Additionally, if, on any Loan Interest Payment Date, the Obligors fail to pay the full amount due on such date in respect of the Class B Loans, the waivers of the requirement to comply with the Class A FCF DSCR covenant on the Financial Covenant Test Dates outlined above shall cease to have any effect, with effect from the day immediately preceding the Financial Covenant Test Date occurring prior to such Loan Interest Payment Date.

Amendment Proposals

As a result of the UK government measures requiring closure of the Holiday Parks since March 2020, the Obligor Group has incurred a number of exceptional costs and expenses and suffered losses as a result of such closure.

The incurrence of such costs and losses has been beyond the control of the Obligor Group. To address the possibility that the Obligor Group is required to close or reduce the capacity at one or more of the Holiday Parks between now and the Financial Covenant Test Date falling in February 2022 (so long as a Waiver End Date has not occurred), the Obligor Group Agent is seeking to amend the basis on which FCF is calculated on such Financial Covenant Test Date to allow the Obligor Group to address any potential breach of the Class A FCF DSCR Covenant arising as a result of the adverse impacts of any enforced closures and operational restrictions on the EBITDA of the Obligor Group, through the application of proceeds received by way of equity injection.

For the period in which the waiver and amendments outlined above apply, the Obligor Group will not make any Class A Restricted Payment or use any cash generated by the Obligor Group to make any payments in respect of the Class B Loans or purchase any Class B Notes.

The Obligor Group is also seeking to make an amendment so that, for the period in which the waiver of the Class A FCF DSCR covenant is in place, in addition to being able to make Class B Payments using New Equity Funds as it is permitted to do presently even where the Class A Restricted Payment Condition is not satisfied, it is also the case that it can make Class B Payments out of the proceeds of new Class B Loans where such condition is not satisfied (subject to a cap of £75 million for the purposes of payments of interest in respect of the Class B Loans). The Obligor Group does not believe this should have any adverse impact on the Class A Noteholders given the subordinated position of the Class B Notes and Class B Loans in the debt structure.

If on any Loan Interest Payment Date, the Obligors fail to pay the full amount due on such date in respect of the Class B Loans, the amendments outlined above shall cease to have any effect, with effect from the day immediately preceding the Financial Covenant Test Date occurring prior to such Loan Interest Payment Date.

Implementation

Provided that the necessary quorum and consent threshold is obtained for a Class A Ordinary Resolution, the Waiver Proposal can be approved as an Ordinary Resolution which will direct the Trustee to grant the Waiver Proposal. In the event that both the Ordinary Resolution and the Extraordinary Resolution are both approved, this will direct the Trustee to grant the Waiver Proposal and also the Amendment Proposals.

Consent solicitation in respect of the Class B Notes

The Issuer and the Obligor Group Agent have also today launched a consent solicitation process in respect of the Class B Notes (the “**Class B Notes Consent Solicitation**”). For the same reasons as outlined above, the Obligor Group Agent is seeking to temporarily suspend the calculation of the Class B FCF DCR covenant in respect of the Financial Covenant Test Dates falling in August 2020, February 2021 and August 2021 and to adjust the basis on which this covenant is calculated for the purposes of the Financial Covenant Test Date falling in February 2022 to ensure that such calculation is not adversely affected by any enforced closure of or operational restrictions in respect of the Holiday Parks during the FCF DSCR Period in respect of the Financial Covenant Test Date falling in February 2022. The Class B Noteholders are being asked to consider and approve the resolution set out in the Class B Notes Consent Solicitation, voting as a single class.

The amendments contemplated under the Class B Notes Consent Solicitation will be automatically terminated if the interest due and payable under the Class B Loans is not paid in full on any Loan Interest Payment Date during the period in which such waivers and amendments apply.

The approval of the Proposals and the Ordinary Resolution and/or the Extraordinary Resolution as set out in the Solicitation Memorandum (to be approved by the Class A Noteholders, voting as a single class) are not conditional upon the approval of the proposals and resolutions contemplated by the Class B Notes Consent Solicitation and vice versa.

Review by a group of Class A Noteholders

The Issuer understands that currently the Investment Association is not available to assist with the convening of meetings with holders of notes in relation to consent solicitation processes. Accordingly, the Issuer decided to wall-cross a number of Class A Noteholders from each Class prior to the launch of the Consent Solicitation and invited them to consider the Proposals described in the Solicitation Memorandum. Class A Noteholders who hold in aggregate approximately 45.00 per cent. of the outstanding principal amount of the Notes have indicated that, subject to final documentation as well as client and other approvals, they intend to vote in favour of the Proposals in respect of their holdings of Notes.

The position above in relation to the review by a group of Class A Noteholders relates only to the proposals set out in the Solicitation Memorandum and not to any future offers or proposals which the Issuer may make. Class A Noteholders should, however, nonetheless undertake their own detailed assessment of the relevant proposals.

Early Instruction Fee

Subject to the conditions set out in the Solicitation Memorandum and the approval of the Ordinary Resolution, Class A Noteholders who deliver voting instructions in favour of or against the Resolutions and do not revoke such instructions before the Early Instruction Deadline, shall be eligible to receive a fee equal to 0.10 per cent. of the Principal Amount Outstanding of the Notes that are the subject of the relevant Electronic Voting Instruction (the “**Early Instruction Fee**”).

Solicitation Memorandum

This announcement does not contain the full terms and conditions of the Consent Solicitation, which are contained in the Solicitation Memorandum. Subject to the restrictions described under "Solicitation and Distribution Restrictions" below, Class A Noteholders may obtain a copy of the Solicitation Memorandum from the Information and Tabulation Agent, the contact details for which are set out below. Class A Noteholders are advised to carefully read the Solicitation Memorandum before any decision is made with respect to the Consent Solicitation.

Consent Conditions

The implementation of the relevant Proposals will be conditional on:

- (a) the passing of either: (i) the Extraordinary Resolution and the Ordinary Resolution or (ii) the Ordinary Resolution alone; and
- (b) the execution of the relevant Deeds of Amendment by the relevant parties,

((a) and (b) together, the “**Consent Conditions**”).

Terms of the Consent Solicitation

Class A Noteholders should note that if either the Ordinary Resolution alone or the Ordinary Resolution and the Extraordinary Resolution are passed, such Resolution(s) and the terms of the relevant Proposals will be binding on all of the Class A Noteholders, whether or not they voted in favour of the Resolutions.

Indicative Timetable

An indicative timetable is set out below.

Event	Date
Announcement of the Consent Solicitation and the Proposals via the RNS. Class A Voting Notice to be given to Class A Noteholders through the Clearing Systems.	17 July 2020
The Solicitation Memorandum and draft form of the Deeds of Amendment to be made available by the Information and Tabulation Agent (copies of which are obtainable by Class A Noteholders upon request, free of charge).	17 July 2020
Early Instruction Deadline: Latest time and date for receipt of Electronic Voting Instructions through the Clearing Systems to be received by the Information and Tabulation Agent for eligibility for payment of the Early Instruction Fee. Such Electronic Voting Instructions must be in favour of or against the Resolutions in order for the relevant Noteholder to be eligible for the Early Instruction Fee.	4:00 p.m. (London time) on 30 July 2020
Expiration Time: Latest time and date for receipt by the Information and Tabulation Agent of valid Electronic Voting Instructions through the Clearing Systems. Class A Noteholders should note that the Voting Date may occur prior to the Expiration Time (if the requisite votes are received) and if so, Class A Noteholders may not be given prior notice of such Voting Date.	4:00 p.m. (London time) on 7 August 2020
Voting Date	The earlier of: (i) 10 August 2020; and (ii) the date on which the Class A Note Trustee has received votes in favour of the Extraordinary Resolution from Class A Noteholders representing not less than three-quarters of the aggregate Principal Amount Outstanding of the outstanding Class A Notes.
Announcement of result of the Vote via the RNS. Notice of Results of the Voting Date to be given to Class A Noteholders through the Clearing Systems and via RNS.	On or immediately after the Voting Date
If the Ordinary Resolution only is approved, execution of the Deed of Amendment and/or Waiver in respect of the Class A IBLA (in respect of the Waiver Proposal only), or if the Extraordinary Resolution is approved, execution of the Deeds of Amendment.	As soon as reasonably practicable after the Voting Date

Event	Date
If the Consent Conditions are satisfied, payment of any Early Instruction Fee to relevant Eligible Noteholders (the “ Payment Date ”).	Expected to be on or about 17 August 2020, being the date falling 5 Business Days after the Implementation Date

All references to time are to London time unless specified otherwise.

Class A Noteholders are advised to read carefully the Solicitation Memorandum for full details of, and information in relation to, the procedures for participating in the Consent Solicitation, including details of the fees referred to above. Barclays Bank plc is acting as Solicitation Agent and Lucid Issuer Services Limited is acting as Information and Tabulation Agent.

FURTHER INFORMATION

Requests for all information in relation to the Consent Solicitation, including requests by Class A Noteholders for copies of the Solicitation Memorandum, should be directed to:

The Solicitation Agent:

Barclays Bank plc
5 The North Colonnade
Canary Wharf
London E14 4BB
Attention: Liability Management Group
Telephone: +44 20 3134 8515
Email: eu.lm@barclays.com

or

The Information and Tabulation Agent:

Lucid Issuer Services Limited
Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

Consent Offer Website: www.lucid-is.com/centerparcs
Telephone: +44 207 704 0880
Attention: Arlind Bytyqi
Email: centerparcs@lucid-is.com

DISCLAIMERS

All requests for information in relation to voting procedures should be directed to the Information and Tabulation Agent.

This release does not constitute an invitation to participate in the Consent Solicitation. This release does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy, sell, exchange or subscribe for, any securities of the Issuer or any other entity. This document does not constitute a solicitation in any circumstances in which such solicitation is unlawful.

*None of the Issuer, the Solicitation Agent, the Tabulation Agent and HSBC Corporate Trustee Company (UK) Limited as the issuer security trustee (the “**Issuer Security Trustee**”), as the borrower security trustee (the “**Borrower Security Trustee**”) and as the class A note trustee (the “**Class A Note Trustee**”) (nor any person related to such entities) makes any recommendation as to whether or not Class A Noteholders should participate in the Consent Solicitation.*

This release must be read in conjunction with the Solicitation Memorandum. This release and the Solicitation Memorandum contain important information which should be read carefully before any decision is made in relation to the Consent Solicitation. This release does not describe all the material terms of the Consent Solicitation and no decision should be made by any Class A Noteholder on the basis of this release. The complete terms and conditions of the Consent Solicitation are as described in the Solicitation Memorandum.

If a Class A Noteholder is in any doubt as to the action they should take, they are recommended to seek their own financial advice, including in respect of any tax consequences, immediately from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any person whose Notes are held on its behalf by a broker, dealer, bank, custodian trust company or other nominee must contact such entity if they wish to participate in the Consent Solicitation.

The distribution of the Solicitation Memorandum and this release in certain jurisdictions may be restricted by law. Persons into whose possession the Consent Solicitation Memorandum comes are required by the Issuer, the Solicitation Agent, the Tabulation Agent, the Issuer Security Trustee, the Borrower Security Trustee and the Class A Note Trustee to inform themselves about, and to observe, any such restrictions.

SOLICITATION AND DISTRIBUTION RESTRICTIONS

The distribution of this announcement and/or the Solicitation Memorandum in certain jurisdictions may be restricted by law, and persons into whose possession this announcement and/or the Solicitation Memorandum comes are required to inform themselves about, and to observe, any such restrictions. Nothing in this electronic transmission constitutes an offer to buy or the solicitation of an offer to sell securities in any jurisdiction in which such offer or solicitation would be unlawful.

Nothing in this announcement or the Solicitation Memorandum constitutes or contemplates an offer of, an offer to purchase or the solicitation of an offer to sell any security in any jurisdiction and participation in the Consent Solicitation by a Noteholder in any circumstances in which such participation is unlawful will not be accepted.