

**CPUK Finance Limited (“the issuer”)**

**Covid-19 Update – 24 March 2020**

Further to Center Parcs’ announcement made on Friday 20 March 2020, the following script will be used to update bondholders on the conference call scheduled for 2pm Tuesday 24 March 2020.

**Martin Dalby, CEO:**

Good afternoon everyone and thank you for joining the call.

Further to our announcement on 20 March, we wanted to provide an update to bondholders with regards to the impact of COVID-19 on our business and how we are responding to it. While we will not be opening the line for Q&A, we have received a number of questions from our bondholders recently, which we intend to address today to the extent possible.

Just to set the agenda for the call, I will cover where we stand today. Colin will then cover our liquidity position and the mitigating actions we are or can take as part of our prudent management of the business, and the impact of government initiatives. Zach from Brookfield Asset Management will also discuss Brookfield’s ongoing support for and commitment to the business.

To recap, we previously announced that our Longford Forest Holiday Village in Ireland, which sits outside the WBS structure, would be closed between Friday 13 March 2020 and Sunday 29 March 2020. This followed an announcement on 12 March 2020 from the Government of the Republic of Ireland, of, amongst other things, a ban on indoor public gatherings exceeding 100 people and outdoor gatherings exceeding 500 people until 29 March 2020. Yesterday we have extended that closure date to Thursday 16 April 2020.

On 16 March 2020 the UK Government announced wide ranging measures to limit all non-essential social contact, it advised against non-essential travel, asked the public to avoid pubs, clubs, restaurants, theatres and social venues and set out a range of other measures and guidance. Following the guidance and advice issued by the UK Government, we took the decision to close our 5 UK Holiday Villages with effect from Friday 20 March 2020 until Thursday 16 April 2020. We will monitor Government guidance and take such further measures that are necessary and appropriate to our business. With the Government guidance severely restricting non-essential travel and social contact, we believe that it is in the best interests of the country and all our stakeholders, specifically our guests and colleagues, to close our Holiday Villages for the immediate future.

Guests who have a break booked during the closure period are being contacted to discuss the options available to them. In accordance with our terms and conditions, if we cancel breaks, we will offer guests a date change or a refund. We are offering a financial incentive of £100 per accommodation unit for guests who opt for a date change rather than a full refund.

COVID-19 presents a significant and unprecedented challenge to the global economy and people across the world. The situation is changing rapidly hour by hour, day by day. Governments, advised by medical and scientific advisers, continually update the guidance they are issuing to deal with an everchanging landscape. COVID-19 presents specific challenges to businesses in the leisure, hospitality and retail sectors. We are taking appropriate steps to ensure that we reflect Government guidance in our operations and so we have taken the decision to close our Holiday Villages with the interests of our guests and colleagues taking precedence. Whilst it is not clear how long it will take for the

pandemic to recede, we are taking immediate, decisive and reasonable steps to manage our business and cost base to maintain cashflow.

In the UK the Government has announced a series of support measures for business. Center Parcs will be eligible to participate in a number of these and Colin will expand further shortly.

Having had the honour of serving the business and our customers over the past 25 years and in the role of CEO for the past 20 years, we have faced many challenges along the way, including the closure of the Elveden village for 15 months in the early 2000's. Whilst the current pandemic is undoubtedly the greatest challenge over this period, not just for our business, but the global community, I have the upmost confidence that we have the best management team in place to help us navigate through the current crisis and that we will re-emerge with our unique short break offering that has allowed us to build our extraordinarily loyal customer base.

With that, I'd like to hand over to Colin to discuss our liquidity position.

**Colin McKinlay, CFO:**

Thanks Martin.

Regarding liquidity, the company has access to a £90m committed undrawn liquidity facility, which is available to pay certain senior expenses and the Class A Note interest. We also had approximately £35m of cash on the balance sheet as at Friday 20 March 2020.

The Class A Notes contain one financial covenant which is that the ratio of free cash flow to Class A debt service charges (the Class A FCF DSCR) does not fall below 1.10x. They also include a Class A Restricted Payment Condition, which is that the same ratio does not fall below 1.35x. The Class B Notes contain a financial covenant requiring that the ratio of free cash flow to total debt service charge on the Class A and Class B debt (the Class B FCF DSCR) does not fall below 1.00x. These are tested semi-annually. At this point in time we feel comfortable we have sufficient headroom under these covenants, and we will monitor compliance with them closely going forward.

Ensuring the safe management of the Holiday Villages during closure and an orderly re-opening in due course, I can assure you that strict cash management procedures are in place. These include the following activities:

- Firstly, the majority of our non-payroll operating expenses for the Group are committed through an electronic purchase ordering system. The approval limits in this system were immediately changed and new rules introduced to ensure that all non-essential purchasing ceased. I have personal oversight of this process.
- Then, in the same way and using the same controls we have reviewed and rephased non-essential capital projects.

Expanding on Martin's earlier comments regarding Government support, we are anticipating that the following initiatives may be available to Center Parcs:

- Firstly, a 12-month Business Rates holiday. Center Parcs' annual rates cost is approximately £24m, payable monthly.
- Next, we will be deferring corporation tax payments. Subject to the impact of the COVID-19 incident we anticipate this is approximately £3m over the next 3 months.

- Also, we have agreed a three-month holiday on VAT / PAYE / NI Payments. This is circa £12m and we will consider applying for the Government's "time to pay" initiative for a further three-month deferral of payments.

Turning specifically to payroll costs, on Friday 20 March 2020 the Government announced that it would provide a financial incentive to UK businesses for those employees who are not working as a result of the incident. Detailed guidelines for the implementation of this scheme are being drawn up by the Government and we have set up an internal working group to implement the initiative. We are obviously still working through this and we expect the initiative to apply to a percentage of Center Parcs' colleagues. To confirm, the annual total payroll cost in the UK business is approximately £100m.

Whilst the villages are closed, the anticipated monthly cash requirement of the business will depend on the level of guest refunds, and the execution of the cash preservation measures outlined earlier. As such, it is too early to disclose this with meaningful accuracy.

As a clarification point, we have historically indicated that in the medium term there is an approximate 50:50 split of fixed / variable costs. In the immediate term, subject to fully understanding the impact of the Government's initiatives, the fixed cost percentage may be higher as we ensure that we appropriately manage the Holiday Villages while closed and allow for an efficient re-opening in due course.

Regarding the Revenue and EBITDA impact during the period of closure, for the above reasons, again it is too early to conclude this.

A final point from me regarding insurance, Center Parcs has a comprehensive insurance programme in place. Whilst our business interruption policy covers Government decree or order that leads to a closure it specifically excludes cover where the decree or order is passed to control or manage disease, virus or pandemic. Notwithstanding that the Government has declared COVID-19 a notifiable disease, our insurance policy does not cover the current impact to the business.

I'll now hand over to Zach from Brookfield.

**Zach Vaughan, Brookfield:**

Thanks Colin.

On behalf of Brookfield, I would just like to add a few points.

First and foremost, we are a long-term investor. We think in terms of years, not quarters.

If needed, we are prepared to provide interim assistance during this challenging time if it's for the long-term benefit of our investment.

There's no doubt that Center Parcs remains a key investment for Brookfield.

As one of our largest investments in our BSREP II fund at GBP 750m, Brookfield has significant uncalled capital available to support our investment if required.

And we'll deploy it if we think it's necessary.

Let me hand it back to Martin for some concluding remarks.

**Martin Dalby, CEO:**

Thanks Zach.

I hope the messages coming out from this call are clear. I would like to reiterate that Center Parcs remains a fundamentally resilient business having performed well through previous economic cycles with consistent occupancy levels of over 96% over the last 15 years, and we have strong backing from our current owner Brookfield Asset Management. Both Center Parcs and Brookfield are confident that Center Parcs will emerge out of this and resume normal business operations. We are extremely focused on getting through this challenging period and believe we are taking all the right operational and financial decisions to do so.

Thank you for your time and we will be in touch in due course.