Darwin Leisure Development Fund

The Darwin Leisure Development Fund is a further opportunity for institutional investors to invest in the lucrative UK holiday park market. The Fund was launched following the success of the Darwin Leisure Property Fund.

In 2008 Darwin identified that the UK holiday park market provided opportunities to generate long-term and stable investment returns for pension funds and launched the Darwin Leisure Property Fund. The Fund has attracted investments from some of the UK's leading local authority and corporate pension schemes and has generated an annualised 10 year performance return of 8.88%*.

The Darwin Leisure Development Fund was launched following the success of the Darwin Leisure Property Fund. As still the only investment fund focused on this sector, Darwin had seen considerable demand from investors for a further fund with gearing, in order to maximise the untapped potential of this highly fragmented market.

Consequently, in 2017 Darwin launched the Darwin Leisure Development Fund. This second fund follows a similar operating model to the Darwin Leisure Property Fund with two important differences:

First, it focuses on parks with potential for redevelopment and sites which have planning permission that has not yet been implemented.

Second, unlike the Darwin Leisure Property Fund, this fund will utilise modest gearing, at a level of around 20%, to help finance acquisitions and redevelopment.

*As at 31 December 2022 C Accumulation Units

Why invest in Holiday Parks?

Holiday parks are an important component of the UK travel industry, accounting for around 17% of Britain's entire holiday economy.

- There are currently around 6,000 UK holiday parks which in 2018 UK generated a GVA of £5.3bn.
- Holiday parks have proved relatively resilient to the economic turmoil of the past few years.
- Holiday parks account for approximately 25% of all UK holiday trips and 31% of all holiday bed nights.
- The industry employs about 130,000 people, including part time and seasonal staff.
- Tourism sector predicted to grow at an annual rate of 3.8% through to 2025 (faster than the 3% rate predicted for the overall economy).

Capital growth can be achieved through:

- The transformation of sites from lower revenue tenting and touring parks to high value static caravan and lodge parks.
- Development of brand new parks on 'greenfield' sites.

Income is typically generated through:

- Annual site fees from owners of lodges.
- Sales of lodges and pitches to new owners and a flow of upgrade sales to existing owners.
- Holiday rentals of lodges.
- Ancillary spend on food, beverage and leisure.

Source: UCCA 2019 Economic Benefits Report: Holiday Parks and Campsites UK, ABTA Holiday Habits Report 2019 , Mintel Camping and Caravanning Report 2016, IBIS World Industry Report – Caravan & Camping Sites in the UK 2016, British Holiday and Home Park Association December 2014

Benefits to Investors

Stable, consistent returns of 10 – 12% per annum*

Capital growth, rather than income, is the driver of return and is achieved though:

- Exploitation of existing planning permissions.
- Development gains from new planning permissions.
- Modest level of gearing (max 20% at Fund level).
- Proven 'operational excellence' model of management of parks post development.

** Target return*

Low risk

- Asset backed.
- Non-speculative land purchases, properties added to portfolio already zoned for holiday park use.
- Business model generates stable and predictable revenue streams, ensuring consistency of returns.

Diversification

- Uncorrelated returns from all mainstream asset classes, including real estate.

Investment Strategy

We apply a structured process to the acquisition, development and management of each of our parks in order to maximise their returns for the overall portfolio.

Targeted acquisition of parks

We have a robust acquisition process which evaluates potential purchases based on location, park attributes and opportunities for growth and development.

Exploit planning opportunities

The Fund will focus on acquiring parks with potential for redevelopment. These might be:

- 'greenfield' sites with planning permission
- existing operations with unexploited planning permission
- tenting and touring parks where planning permission might be obtained.

Capital investment to improve facilities

Parks will be redeveloped on a complete or partial basis, as appropriate, in order to improve the infrastructure and facilities and offer luxury lodge accommodation. This will eradicate any seasonality and generate higher revenues for the park.

Gearing

Redevelopments will be funded by modest gearing of up to 20% as well as by utilising cash within the Fund.

Improved management of parks

In order to maximise revenues, we will utilise our specialist, experienced management team to improve their commerciality and incorporate parks into the rest of the group to create economies of scale.

The investor and customer virtuous circles

Our philosophy is simple – to create parks which are best in their class and drive strong, stable income returns and capital appreciation. This can only be achieved by creating parks that continually attract customers and provide them with outstanding holiday experiences.

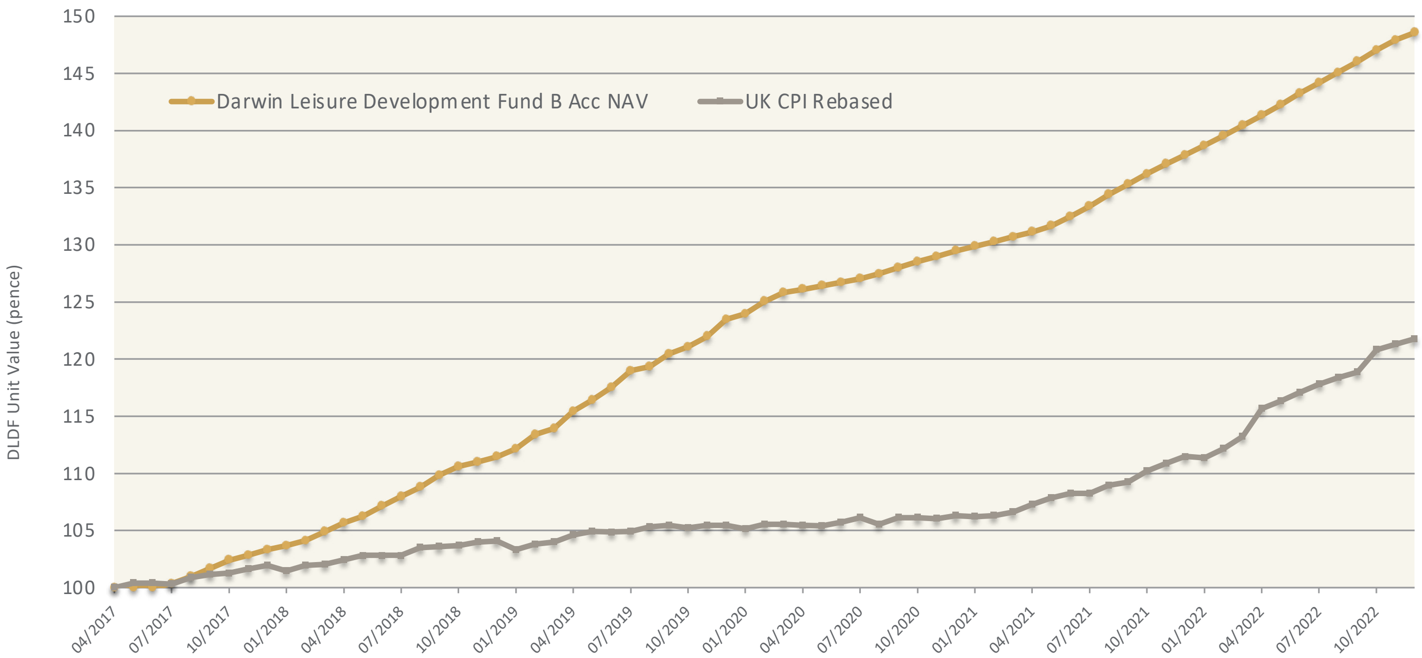
The Portfolio

The Darwin Leisure Development Fund owns 10 properties, all of which were acquired for their development potential:

- Bleathwood: Small site in rural Shropshire. Permission has been granted to transorm into a luxury lodge retreat with 45 lodges,reception, housekeeping and maintenance building.
- Blenheim Palace: Planning permission has been granted to develop a lodge retreat in the grounds of the historic stately home.
- Dundonald Links: 268 acre site featuring championship golf course. Has been transformed into a golf resort with lodge accommodation and a state of the art clubhouse.
- Kilnwick Percy: 150 acre golf and lodge resort. We aim to add more lodges to the site.
- Norfolk Woods: 15 acre site near King's Lynn in Norfolk which has been redeveloped into a family-orientated lodge park with central facilities which opened in January 2019.
- Plas Isaf: 40 acre site in North Wales with planning for 57 lodges, 11 of which are already in place.
- Rivendale: 35 acre site in the Peak District which has been redeveloped into a luxury lodge resort with restaurant and bar.
- Rosetta: 47 acre site near Peebles in Scotland, one hour south of Edinburgh. The park currently offers 252 lodges, static holiday caravans, touring caravans & tents and we aim to redevelop this into a family-orientated lodge resort.
- Southwold: 64 acre site in Suffolk which was acquired on a 'Subject to Planning' basis. Planning permission has been received to add 170 lodges to the site along with a central facilities building.
- The Springs: 133 acre site in Oxfordshire which featured a golf course and disused hotel building at acquisition. The golf facilities have been upgraded and hotel building refurbished to feature 10 hotel rooms and a spa. 33 lodges have also been added to the site.
- Stratford Armouries: 8.8 acre site near Stratford upon Avon which has been transformed into a luxury lodge retreat with 44 lodges.

Norfolk Woods, Norfolk

Performance



Fund NAV
December 2022
£228.7m

	NAV Price	Cumulative Performance %					Annual Return %	Total Return %		Annualised Return % per annum	
Unit Class	Current Month	1 Month	3 Month	6 Month	12 Month	YTD Return	2021	3 Year	5 Year	3 Year	5 Year
B Accumulation GBP Launch date: 01/04/2017	1.4856	+0.43	+1.73	+3.71	+7.77	+7.77	+6.47	+20.32	+43.80	+6.36	+7.54

Source: Darwin Alternatives. As at: 31 October 2022. Darwin Leisure Development Fund performance shown is for "B" Class Accumulation Units and based on the published NAV price. The 1 Month, Cumulative and Annualised performance returns indicated in the tables are also based on the published NAV price. UK Consumer Price Index all rebased to 100.0. CPI data for Dec 2022 not yet available.

Fund Details

The Darwin Leisure Development Fund replicates the structure of the Darwin Leisure Property Fund and the same team is responsible for investment, acquisitions, developments and the operational management of the parks.

Investment Objective	To maximise total return in Sterling terms primarily through capital growth.
Investment Strategy	To invest in UK holiday parks with latent development potential.
Fund Structure	Guernsey unit trust authorised by the Guernsey Financial Services Commission as an authorised Class B open-ended Collective Investment Scheme.
Gearing	The Fund will utilise modest gearing at a level of around 20%.
Target Investors	Designed as a long term investment for institutional investors and long-term minded professional investors.
Dealing	Monthly, on the first business day of each month.
Base Currency	Sterling
Minimum Subscription and Holding Level	£1,000,000 (minimum subsequent subscriptions £100,000)

Unit Classes		Annual Management Fee
Class "C" Income and Accumulation Units	• Available to any investor wishing to invest or acquire additional units after 31 March 2017 • No lock-in period	0.85% per annum
Class "D" Income and Accumulation Units	• Available to any investor wishing to invest or acquire additional units after 31 March 2017 • 10 year lock-in period	0.75% per annum

Performance Fee

15 per cent of the value of the outperformance above the benchmark (a 5 per cent annual increase in the Net Asset Value of the Fund).

The Manager will however, only receive the performance fee if the NAV per Unit is above the previous high water mark attained during the relevant period.

Redemption Fee

Time of redemption from acquisition	Percentage Charge
Within one year	15.0%
Within two years	12.5%
Within three years	10.0%
Within four years	7.5%
Within five years	5.0%
Thereafter	0

For further information please contact:
T: +44 (0)20 7408 1060
email@darwinalternatives.com
www.darwinalternatives.com

Darwin Alternative Investment Management Limited,
Empire House, 175 Piccadilly,
London, W1J 9EN

UK STEWARDSHIP CODE