



# Prospectus relating to the Darwin Leisure Property Fund

(an open-ended unit trust established under the laws of Guernsey)

This Prospectus is dated 26 October 2021

This Listing Document includes particulars given in compliance with the Listing Rules of The International Stock Exchange ("TISE") for the purpose of giving information with regard to the Darwin Leisure Property Fund. The directors of the Manager, whose names appear in Section 5.1, accept full responsibility for the information contained in this Listing Document and confirm, having made all reasonable enquires, that, to the best of their knowledge and belief, the information contained in this Listing Document is in accordance with the facts and there are no other facts, the omission of which would make any statement in this Listing Document misleading.

Neither the admission of Units to the Official List of the TISE nor the approval of the Listing Document pursuant to the Listing Rules shall constitute a warranty or representation by the TISE as to the competence of the service providers to, or any other party connected with, the Fund, the adequacy and accuracy of the information contained in the Listing Document or the suitability of the Fund for investment or any other purpose.

Any person relying on information contained in this Prospectus, which is current at the date shown above, should check with the Manager that the document is the most recent version and that no revisions have been made or corrections published to the information contained in this Prospectus since the date shown.

Prospective investors must determine for themselves what reliance (if any) they should place on such statements views or projections or forecasts. Prospective investors are strongly advised to conduct their own due diligence including without limitation the legal and tax consequences for them of investing in the Fund. If you are in any doubt about the contents of this document you should consult your financial adviser.

This document constitutes the scheme particulars for The Darwin Leisure Property Fund (the "Fund") prepared in accordance with The Authorised Collective Investment Schemes (Class B) Rules 2013 (the "Rules") as issued by the Guernsey Financial Services Commission pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "POI Law").

The Fund has been authorised by the Guernsey Financial Services Commission as a Class B Scheme under the Rules. In giving this authorisation, the Commission does not vouch for the financial soundness of the Fund or for the correctness of any of the statements made or opinions expressed with regard to it.

Investors in the Darwin Leisure Property Fund are not eligible for the payment of any compensation under the Collective Investment Schemes (Compensation of Investors) Rules 1988 made under the POI Law.

No broker, dealer or other person has been authorised to issue any advertisement or to give any information or to make any representations in connection with the offering, subscription or sale of Units other than those contained in this Prospectus and, if issued, given or made, neither such advertisement, information or representations nor the offer, allotment, sale or issue of any of the Units shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

The distribution of this Prospectus and the offering of Units in the Fund in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. Prospective purchasers should inform themselves as to (a) the legal requirements within their own countries for the purchase or holding of the Units, (b) any foreign exchange restrictions which they might encounter and (c) the income and other tax consequences which may apply in their own countries relevant to the purchase, holding or disposal of Units. This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

### **Restrictions on US investors**

The Units have not been nor will they be registered under the United States Securities Act of 1933, as amended (the "1933 Act") and, subject to certain exceptions, may not be offered, sold, transferred or delivered, directly or indirectly, in the United States of America or to, or for the account of, U.S. Persons. The Fund will not be registered under the United States Investment Company Act of 1940. Terms used herein have the meaning given to them by Regulation S under the 1933 Act.

## For United Kingdom investors

For United Kingdom law purposes, the Fund is classified as an unregulated collective investment scheme and so may only be promoted to restricted categories of persons. Interests in the Fund may not be offered or sold by an authorised person in the United Kingdom by means of this document other than as permitted by the Financial Services and Markets Act 2000 ("FSMA 2000") and the regulations made thereunder for the promotion of interests in an unregulated collective investment scheme. Consequently, interests in the Fund may be promoted to those persons within the exemptions set out in the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended), for example to investment professionals (as described in Article 14) or high net worth companies (under Article 22). In addition, interests may be promoted by a UK authorised person to certain categories of investor pursuant to COBS 4.12 of the Financial Conduct Authority's Conduct of Business Sourcebook (for example, to a UK authorised person's clients for whom the authorised person considers the Fund to be suitable; to those who have recently invested in substantially similar schemes; and to professional clients (as defined in the FCA Rules)). Units in the Fund are available in the UK only to such investors; other persons should not rely or act upon this document, and there are in place administrative and other systems and procedures designed to prevent any other persons from acquiring Units in the Fund. The Investment Adviser in promoting the Fund will be restricted to carrying on its operational activities in compliance with such provisions.

The financial promotion constituted by this document is an exempt advertisement. Transmission of this document to any other person in the United Kingdom is unauthorised and might contravene the Financial Services and Markets Act 2000.

Neither the Fund nor the Manager is authorised in the United Kingdom. Prospective investors are advised that the protection that is afforded by the United Kingdom regulatory system may not apply to any investment in the Fund and that compensation will not be available under the UK Financial Services Compensation Scheme. The rules made by the UK's Financial Conduct Authority under the FSMA 2000 for the protection of retail clients (including those conferring rights of cancellation or withdrawal) do not apply, and the Financial Services Compensation Scheme will not be available, in relation to an investment in the Fund. However, the Trustee and the Manager are licensed by the Guernsey Financial Services Commission in Guernsey and the Fund is authorised by the Guernsey Financial Services Commission as a Class B Scheme as explained above. Also, the Investment Adviser is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

## Risks of investment

Buying Units in the Fund may expose the individual to a significant risk of losing all the amounts invested. Any individual who is in any doubt about such investment should consult an authorised person specialising in advising on investments of this kind. Investors' attention is drawn to the risk warnings which appear in Section 4. "Risk Factors".

## Relationship with Trust Instrument

In the event of any conflict between the contents of this Prospectus and the terms of the Trust Instrument, the terms of the Trust Instrument shall prevail.

**This Prospectus is based on information, law and practice as at the date hereof. The Manager cannot be bound by an out-of-date information document when it has issued a revised version and investors should check with the Manager that this is the most recently published version of the Prospectus for the Fund, if they are in any doubt. This Prospectus will be revised to reflect any significant change which occurs in the matters stated in it and such revision may take the form of a complete substitution of the previous document or of a supplement to that document.**

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## 1. Directory

### **Manager of the Fund**

Darwin Property Investment Management (Guernsey) Limited  
11 New Street  
St Peter Port  
Guernsey  
GY1 2PF

### **Investment Adviser**

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

### **Administrator, Registrar and Listing Sponsor**

Vistra Fund Services (Guernsey) Limited  
11 New Street  
St Peter Port  
Guernsey  
GY1 2PF

### **Trustee of the Fund**

Butterfield Bank (Guernsey) Limited  
PO Box 25  
Regency Court  
Gategny Esplanade  
St. Peter Port  
Guernsey GY1 3AP  
Channel Islands

### **Principal Bankers**

Butterfield Bank (Guernsey) Limited  
PO Box 25  
Regency Court  
Gategny Esplanade  
St. Peter Port  
Guernsey GY1 3AP  
Channel Islands

### **Bankers & Lenders**

Lloyds Banking Group plc  
25 Gresham Street

London  
EC2V 7HN

**Property Manager**

Darwin Contract Management Limited  
c/o Talacre Beach Caravan Park  
Station Road  
Talacre  
Clwyd, Wales  
CH8 9RD

**Property Valuer**

JLL  
30 Warwick Street  
London  
W1B 5NH

**Business Valuer**

Smith and Williamson Ltd  
25 Moorgate  
London  
EC2R 6AY

**Auditor**

Grant Thornton Limited  
PO Box 313  
Lefebvre House  
Lefebvre Street  
St Peter Port  
Guernsey  
GY1 3TF

**Legal Advisers to the Fund**

as to English law:  
Borges Salmon LLP  
One Glass Wharf  
Bristol  
BS2 0ZX

as to Guernsey law:  
Collas Crill  
Gategny Court,  
PO Box 140

Glategny Esplanade  
St Peter Port  
Guernsey GY1 4EW

**Investor Relations Website**

<https://www.darwinleisurepropertyfund.com/>

## 2. Principal Features of the Fund

This summary is derived from, and should be read in conjunction with, the full text of this Prospectus.

<b>Structure</b>	Guernsey open-ended unit trust authorised by the Guernsey Financial Services Commission as an authorised Class B open-ended Collective Investment Scheme
<b>Investment Objective</b>	To maximise total return in Sterling terms through a combination of growth and income.
<b>Investment Policy</b>	<p>To invest primarily in a portfolio of interests in UK and Irish based holiday caravan parks, which includes land, buildings and static caravans, acquiring and owning such parks with a view to enhancing value through strategic selection and interventionist asset management. Static caravans are moveables as defined in the Caravan Sites and Control of Developments Act 1960 (United Kingdom). The Fund may invest in such property, directly, or indirectly, through one or more Property Holding Vehicles or other Intermediate Vehicles.</p> <p>The Fund may also invest in other collective investment schemes, listed and unlisted securities, joint ventures and partnerships, where the Manager considers there is a link with the leisure industry.</p> <p>Due to the nature of the Fund's assets and lead times to complete purchases, there may be periods where liquidity levels are relatively high. During such periods, uninvested liquidity will be held in cash deposits, Treasury Bills and other government and public securities, money market instruments, or investment funds or any combination of these at the discretion of the investment manager provided that any such assets shall hold a AA or better rating.</p>
<b>Eligible Investors</b>	Investors who satisfy the eligibility conditions described Section 8.1.4 "Eligible Investors".
<b>Subscriptions</b>	Monthly, on the first Business Day in each month and/or such other and/or additional day or days as may from time to time be

determined by the Manager after consultation with the Administrator.

### **Minimum Investment and Holding**

Minimum initial subscription and holding level: £10,000 for Class "A" Units, £10,000 for Class "E" Units, £10,000 for Class "J" Units, €10,000 for Class F Units, US\$10,000 for Class "G" Units, Singapore \$10,000 for Class "I" Units, £100,000 for Class "C" Units, £7,000,000 for Class "D" Units and £20,000,000 for Class "M" Units and £5,000,000 for Class "K" Unit per investor. The Manager may at its discretion, accept a lower minimum initial subscription and holding level for the aforementioned Class Units.

Minimum subsequent subscription level: £10,000 for Class "A", "C", "J" and "M" Units, £5,000 for Class "E" Units, €5,000 for Class "F" Units, US\$5,000 for Class "G" Units, Singapore \$5,000 for Class "I" Units and £1,000,000 Class "D" Units per investor. The Manager may at its discretion, accept a lower subsequent subscription amount for the aforementioned Class Units.

### **Redemptions**

Monthly, on the first Business Day in each month, and/or additional day or days as may from time to time be determined by the Manager after consultation with the Administrator. Redemption requests must be received not less than 20 Business Days prior to the Dealing Day for Class "A" Units, Class "C" Units, Class "D" Units, Class "E" Units, Class "F" Units, Class "G" Units, Class "I" Units, Class J Units, Class "M" Units and Class "K" Units. Please note that redemption is subject to the redemption policies and procedures set out in Section 8.3 "Redemption of Units" which include the possibility of suspension of dealing and temporary deferral of redemptions.

### **Distributions**

Substantially all the net income of the Fund will be allocated on a quarterly basis and, in the case of income Units, paid out. In the case of accumulation Units, the income allocated shall be transferred to capital and shall be reflected in the value of the accumulation Units. Further information is set out in Section 9.

**Taxation**

It is intended to manage the Fund so that it is not subject to tax in Guernsey or the UK on its capital gains. The Fund has obtained certification as a distributing fund for each period to 30 September 2011 and as a reporting fund thereafter. The Fund is a Garland style unit trust so that Unitholders' source of income is the Fund and not the underlying assets of the Fund. Unitholders will be subject to tax on income and on any capital gains they realise on disposals of Units under the laws of the country in which they are resident or domiciled.

The Government has announced proposals that could result in non-UK residents becoming subject to tax on gains arising from direct and indirect disposals of UK land. This may affect the tax treatment of the Fund and any non-UK resident Property Holding Vehicle. In addition, it is proposed that rental income received by non-UK resident companies will become subject to UK corporation tax. Please see Section 11. "Taxation" for further information.

**Dealing & Base Currency**

Dealing will be in the relevant currency of the Unit Class. Please see Section 8. "Investing in the Fund" for further information. The base currency of the Fund is Sterling.

**Listing**

Classes of units of the Fund may be listed on The International Stock Exchange.

**Year End**

30 September

**LEI Number**

213800DQLX8750G13444

The above principal features are extracted from the Trust Instrument for general guidance. Potential investors should however only view this summary of the principal features as an introduction to the full text of this document. Any investment decision should be based on consideration of this document as a whole, and potential investors should refer to the Trust Instrument for its full terms. In the case of any inconsistency between the terms of this Prospectus and the Trust Instrument, the terms of the Trust Instrument will prevail.

## 3. The Fund

*Darwin has established the Fund in Guernsey in order to provide a flexible regulated fund in a respected offshore fund jurisdiction.*

### 3.1. Constitution

The Fund is a multi-class open-ended unit trust established under the laws of Guernsey. The Fund is constituted by a Trust Instrument dated 5 December 2007, and as further amended and restated by supplemental trust instruments dated 16 September 2009, 20 December 2011, 6 August 2012 and 28 March 2017 between the Manager and the Trustee (Butterfield Bank (Guernsey) Limited). On 28 March 2017 the Trustee replaced the Fund's original trustee, Kleinwort Benson (Guernsey) Limited.

The Fund is an authorised Class B open-ended collective investment scheme under the Authorised Collective Investment Schemes (Class B) Rules, 2013, as issued by the Guernsey Financial Services Commission pursuant to the POI Law.

The base currency of the Fund is Pounds Sterling of the United Kingdom. The accounts of the Fund and the Net Asset Value calculation of the Fund are in Sterling and are converted at the exchange rate prevailing at the Valuation Date in respect of the relevant currency Unit Classes. The Net Asset Value of the Unit Classes, prices of Units and dealings in Units are in the relevant currency of the Unit Class.

### 3.2. Investment Objective

The Fund's investment objective is to maximise total return in Sterling terms through a combination of growth and income.

### 3.3. Investment Policy

In order to achieve the Investment Objective, the Fund's policy is to invest primarily in a portfolio of interests in UK and Irish based holiday caravan parks, which includes land, buildings and static caravans, acquiring and owning such parks with a view to enhancing value through strategic selection and interventionist asset management. Static caravans are moveables as defined in the Caravan Sites and Control of Developments Act 1960 (United Kingdom). The Fund may invest in such property, directly, or indirectly, through one or more Property Holding Vehicles or other Intermediate Vehicles.

The Fund may also invest in other collective investment schemes, listed and unlisted securities, joint ventures and partnerships, where the Manager considers there is a link with the leisure industry.

Due to the nature of the Fund's assets and lead times to complete purchases, there may be periods where liquidity levels are relatively high. During such periods, uninvested liquidity will be held in cash deposits, Treasury Bills and other government and public securities, money market

instruments, or investment funds or any combination of these at the discretion of the investment manager provided that any such assets shall hold an AA or better rating.

### **3.4. Investment Powers and Restrictions**

The current investment restrictions, which have been set by the Manager, are set out below:

#### **3.4.1. Property Investment Limits**

- No more than 25% of the Net Asset Value of the Fund shall be invested directly or indirectly in any one property, caravan park or the issued securities of either as at the date of acquisition of the relevant asset.
- The property must be situated in the UK or Ireland.
- No more than 30% of the Gross Asset Value of the Fund may be invested in listed securities.
- No more than 20% of the Gross Asset Value of the Fund may be invested in government or other public securities as at the date of acquisition of the relevant asset.
- No more than 10% of the Gross Asset Value of the Fund may be invested in the listed securities of a single issuer.
- No more than 10% of the Net Asset Value may consist of Units in collective investment schemes (as defined in Section 235 of the UK Financial Services and Markets Act 2000) at the point of investment.

When acquiring any property assets, the Manager must take reasonable care to determine that the title to the property is good and marketable. It must have received a report from the Property Valuer which contains a valuation on a market value basis and the property must be bought or agreed by enforceable contracts to be bought within 6 months of receipt of the Property Valuer's report at a price which, having regard to such report, the Manager considers not to be unreasonable.

#### **3.4.2. Collective Investment Schemes**

The Fund may invest in collective investment schemes, which may include collective investment schemes of which a Darwin Company or an associate of a Darwin Company is the manager. No more than 10% of the Net Asset Value of the Fund may be invested in collective investment schemes as equity committed.

#### **3.4.3. Geography**

All Property Assets must be located in the UK or Ireland. The Fund will also seek to diversify the Property Assets by region, undertaking hub and spoke strategies to reduce costs and maximise efficiencies at the park level, thereby ultimately leading to greater returns for investors.

#### **3.4.4. Property Sectors**

The Fund will invest primarily in caravan parks but will also seek to invest in other leisure assets. There will be no investment outside the leisure sector other than for the purposes of holding un-invested liquidity or funding investments.

#### **3.4.5. Risk Profile**

The nature of holiday parks is that they have stable cash flows arising from annual pitch fees from caravan owners, tariff income, income on sub-lets of caravans for hire and retail sales from activities on the park.

Additionally, holiday parks have robust demand characteristics. When the economy is strong, owners tend to trade up to more expensive caravans. In times of weakness, people switch to caravan holidays as opposed to other types of holiday, driving tariff income higher; and existing owners, who have a significant amount invested in their caravans, are more likely to retain their investment in caravans either by retaining their existing caravan or downgrading to a less expensive caravan.

#### **3.4.6. Development**

The Manager has the power to manage, develop or redevelop and dispose of any property and to construct, extend, alter or demolish any building within any property as it thinks fit.

In order to decrease the portfolio risk, however, there will be a limitation on redevelopment. Development per se is a higher risk than holding properties which have already been developed and are well established and will only be undertaken on a risk controlled basis and not on a speculative basis.

For example, the Fund will, when it is prudent to do so, undertake development where a planning gain can be made or where an existing planning approval is used to convert an existing caravan park to a lodge development.

#### **3.4.7. Borrowing**

The Fund may borrow to provide finance in relation to its investments, provided that at the time of each new acquisition, aggregate external borrowings may not exceed 100% of the Fund's value.

The Fund is not intended to be geared. There are two principal reasons for the borrowing provisions. They are:

- to fund redemptions; and
- for investment purposes.

Due to the illiquid nature of property assets the most likely use for borrowing is to fund redemption payments. The cost of such borrowing will be recouped from the Redemption Charges borne by the redeeming Unitholders.

Normally up to 30% of the total borrowing allowed for the Fund is to be used for investment purposes by the Fund or Intermediate Vehicles, being:

- to fund additional acquisitions;
- to provide a working capital facility; and/or
- to provide a redevelopment facility.

The Manager's current intention is that up to 15% of the total borrowing allowed for the Fund is to be used for investment purposes by the Fund or Intermediate Vehicles.

For the avoidance of doubt, the power to borrow up to 100% of the Fund's value refers to the aggregate of borrowing which may arise for the Fund and any relevant Intermediate Vehicles. The Manager must ensure that the overall borrowing position is reviewed on a look through basis so as to ensure that the aggregate borrowings in respect of the Fund's property investments do not exceed this figure.

The title deeds to assets against which such borrowing may be secured will be under the control of the lenders.

### **3.4.8. Currency**

As the Fund's base currency is in Sterling, holders in the non-base currency unit classes may be exposed to currency exchange risk. Accordingly, hedging of relevant currency exchange risk may be undertaken by the relevant currency unit classes of the Fund. The basis of the hedging is to take the NAV of the relevant currency class, add the relevant class specific subscriptions, deduct any class specific redemptions and class specific deferred marketing charge payable. The date for the contract is therefore not placed until such time as the NAV is finalised. Any costs or liabilities related to a specific currency unit class in respect of currency conversion and hedging will be met by that specific currency unit class.

Because the Fund is established with one pool of assets only, the allocation of costs and liabilities to one or more classes of clients in respect of hedging arrangements is done as an internal accounting exercise and until paid to the hedge counterparty the relevant cash remains the property of the Fund as a whole. Due to the protocols put in place with the hedge counterparty, currency losses and profits will not affect holders of base currency unit classes except in extremis currency collapses. Should there be significant adverse currency movement at the aggregate level there may be a negative impact on the Fund's value

The hedging is therefore of a passive nature.

### **3.4.9. Manager's discretionary management powers**

The Manager has full discretionary asset management powers under the terms of the Trust Instrument to manage the investment of the Trust Property in accordance with the Investment Policy with a view to seeking to achieve the Investment Objective. It will manage the investment of the Trust Property in accordance with the Investment Powers and Restrictions set out above.

Further guidelines to some policies may be determined and altered by the Manager at its discretion.

Darwin Alternative Investment Management Limited has been appointed to provide a range of investment advisory services to the Manager.

### **3.5. Investment Arrangements**

As indicated by the Investment Policy, the Fund may be invested directly or indirectly via various Intermediate Vehicles. Those Intermediate Vehicles may include Property Holding Vehicles, which will be special purpose vehicles.

Where there is direct investment in real property, the discretionary responsibilities will remain with the Manager in Guernsey. Only day to day property administration work will be carried out in the UK or Ireland, subject to the terms of a property administration agreement entered into by the Manager with the appropriate property manager it selects.

Please note that, where indirect holdings through Intermediate Vehicles are utilised, management and administration arrangements will be put in place accordingly. If caravan parks are, for example, leased by a UK or Irish operating company, the day to day property management of the caravan parks may be carried out either by the Investment Adviser, who will be appointed directly by that operating company, and/or by a property manager (which may be an associate of the Investment Adviser) appointed by that operating company or the Investment Adviser in the UK or Ireland respectively. The Property Manager is a wholly owned subsidiary of the Fund and is currently the appointed property manager for these operating companies.

Surplus free cash flow generated from the caravan park businesses in an operating company, after the market rent is paid (which is wholly for the benefit of the Fund) and other expenses, will be distributed on the following basis: 80% to the benefit of the Fund and 20% to Park Management and advisers (which may include Darwin Companies). The purpose of this is to incentivise the Park Management and advisers, not to have a detrimental effect on the return to the Fund.

While the Property Manager remains Darwin Contract Management Limited, it is not intended that the Property Manager will make profits from providing services to the Fund, but will provide those services at cost. Furthermore, no director or employee of the Manager or Investment Adviser has or will receive any remuneration or fees from the Property Manager.

### **3.6. Amendment of Investment Objective, Investment Policy and Investment Powers and Restrictions**

The Manager currently intends that the Investment Objective, Investment Policy and Investment Powers and Restrictions will apply throughout the life of the Fund but reserves the right to make alterations when it thinks it appropriate and in the best interests of the Fund and its Unitholders. No departure may be made from the Investment Objective or Investment Policy without the approval of an Extraordinary Resolution of Unitholders. Any change to the Investment Powers and Restrictions disclosed above may be made if not less than 60 days' written notice is given to Unitholders. In any such case the Prospectus will be duly updated. Any such change would be one proposed by the Manager.

### **3.7. Classes of Units of the Fund listed on The International Stock Exchange**

It is a requirement of the listing on the TISE that for a minimum of three years from the date of Admission to the TISE material changes to the Fund's investment objective and policy may only be made with the approval of a majority of Unitholders.

## 4. Risk Factors

***Before making any investment decision with respect to the Units, any prospective investors should consult their professional advisers and carefully review and consider any decision to invest in the Fund in light of the risk factors discussed below.***

Attention is drawn to the following specific risk factors. This is not, and does not purport to be, a comprehensive summary of all the risks associated with investment in the Units or in respect of the Fund generally. Rather, the following are only certain particular risks to which the Fund is subject that the Manager wishes to encourage prospective investors to discuss in detail with their professional advisers.

### 4.1. General Risks

The information contained in this Prospectus is based upon legislation current as at the date of this Prospectus, which may be subject to change in the future and which may affect the overall value of the net assets of the Fund.

### 4.2. Business Risks

#### 4.2.1. Risks of Property Investment

Investments in property are subject to various risks, including but not limited to: adverse changes in economic conditions; adverse local market conditions; the financial conditions of tenants, buyers and sellers of properties; changes in the availability of debt financing; changes in interest rates, property tax rates and other operating expenses; changes in environmental laws and regulations, zoning laws and other government rules and fiscal policies; environmental claims arising in respect of property acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established; changes in energy prices; changes in the relative popularity of property types and locations; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials; and acts of God, uninsurable losses and other factors which are beyond the control of the Manager. These risks, either individually or in combination, may cause either a reduction in the income or an increase in operating and other costs which may materially affect the financial position and returns of specific Fund investments and the Fund generally.

Having regard to the availability of property investments in the market, only a limited number of investment opportunities will arise. There is therefore the possibility that a portion of the monies in the Fund will remain uninvested.

The underlying investments within the Fund will consist principally of UK and Irish caravan parks. As such it may be difficult to realise an investment because the real property concerned may not be readily saleable, and the value of the real property will be a matter of an external valuer's opinion.

#### **4.2.2. Leasing Risks**

In certain circumstances, the Fund may acquire property where plots have not been leased out or where the leases on plots held by the Fund may expire or terminate. As the value of the property held by the Fund may depend to a significant degree on the leasing income it generates, if the Fund holds unleased investment properties, this may cause the valuation of properties acquired for the Fund to decrease. If investment properties cannot be leased or are leased at a lower rent than anticipated, there is a risk that the returns from such investments will be low or that the investment may need to be sold, potentially at a loss.

Although it is anticipated that rental growth will take place, it must be recognised by a potential Unitholder that rent default could have an adverse impact on the value of the assets of the Fund.

#### **4.2.3. Renovation Risks**

Whilst the Fund does not engage in any speculative development, properties acquired for the Fund may require renovation in order to meet the investment objectives of the acquisition. Renovation activities involve the risk that construction may not be completed within budget or on schedule because of cost overruns, work stoppages, shortage of building materials, the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications or other factors. Any delay in completing the renovation of a property may result in increased interest and construction costs and potential loss of previously identified tenants.

#### **4.2.4. Abort Costs**

The nature of property acquisitions and disposals means that considerable expense may be incurred without the completion of an acquisition or disposal of a property. In addition, conditions precedent may not be satisfied and the transaction may be aborted after material expense has been incurred. All such expenses will be borne by the Fund and may reduce the returns that would otherwise be received by a Unitholder.

#### **4.2.5. Currency Risk**

The Fund will compute its Net Asset Value in Sterling and the NAV of Unit Classes other than Sterling Unit Classes will be notionally converted to the relevant currency of the Unit Class at the exchange rate prevailing on the Valuation Date. There is, therefore, a currency exchange risk, which may affect the value of the Units and of any income arising from them. It is intended that this risk may be mitigated by the use of hedging arrangements funded by the relevant Unit Classes.

#### **4.2.6. Lack of public markets for investment purchases**

The Fund may invest in unlisted securities, which in general are subject to greater price fluctuations, less liquidity and greater risk than for those which are admitted to trading on an investment exchange, including the greater uncertainties experienced by smaller or less well established companies. Unquoted securities may lack a liquid secondary market and it may be difficult for the Fund to realise its entire investment or to realise any part of such investment at fair value. Generally, less public information is available in respect to issuers of such securities. The valuation of the companies whose securities are unquoted may be very difficult and may depend on the subjective valuations of incumbent owners or management.

#### **4.2.7. Leverage**

Although the Fund is not intended to be a geared vehicle, the Fund has the power to borrow. The Fund may use a substantial amount of indebtedness in connection with its investments and may borrow up to 100% of the value from time to time of the Fund. This indebtedness will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deterioration in the condition of the investment or its corresponding market. In the event that an investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Fund's equity investment in such an investment could be significantly reduced or even eliminated. The facilities granted by any bankers to the Fund or Intermediate Vehicles may be terminated in circumstances including the following:

- a) the amount of sums drawn exceeding specified proportions of the realisation value of the properties secured in favour of the bank; and
- b) a change in control of the beneficial ownership of the Fund (which in the opinion of the banker, may have an adverse effect on its position); and
- c) any event occurs which will in the reasonable opinion of the bank adversely affect the business, assets or financial condition of the Fund or its ability to comply with its obligations to the bank.

### **4.3. Fund Operational Risks**

#### **4.3.1. Discretionary management powers**

It must be recognised that the Manager has discretionary investment management powers. Unitholders will not have an opportunity to evaluate the investments to be made in properties forming the Portfolio, and must rely solely upon the judgement of the Manager and the assistance of the Investment Adviser in advising with respect to the investment and management of the Fund's monies.

#### **4.3.2. Retention of key individuals**

The success of the Fund will depend to a large extent upon the ability of the Directors of the Manager and the individuals providing advice from the Investment Adviser filling their respective roles in the investment management and investment advice process. There can be no assurance that the Manager and the Investment Adviser will be able to retain such individuals who are or may be critical to those processes. If any of these individuals ceases to participate in those processes, the operations, objectives and activities of the Fund may be adversely affected.

#### **4.3.3. No assurance of achieving Investment Objective**

Neither the Trustee, the Manager nor the Investment Adviser gives any guarantee or assurance that the Fund will meet the Investment Objective set out in this Prospectus.

Neither the Trustee, the Manager, the Investment Adviser nor any of their directors can give or make any guarantee or assurance or is prepared to give any indemnity in respect of any default by all or any Unitholders in respect of their interest or interests in the Fund.

### **4.4. Risks of Investing in the Fund**

#### **4.4.1. Market risk**

Unitholders should be aware that the value of their investment and the income therefrom may go down as well as up. In addition, there is no guarantee or assurance that the market price of any of the assets within the Fund will fully reflect their underlying net asset value.

#### **4.4.2. Limited market for Units in the Fund**

Units represent illiquid investments and investors may not be able to resell their Units at all. Units should not be acquired by investors who are seeking to commit to investment in the Fund in the short term only.

#### **4.4.3. Redemption**

Due to the illiquidity of investment properties held by the Fund and because the Fund's investment strategy does not contemplate the maintenance of a large pool of liquidity, the cash resources immediately available to meet Unit redemption applications accepted by the Fund may be limited. If redemption requests on any Dealing Day exceed the cash resources available, properties may need to be sold in order to redeem Units. Land and buildings may be difficult to sell and, as a consequence, there may be times when the Units cannot be redeemed or settlement of redemptions cannot take place immediately even if the Manager accepts applications to do so. Redemption arrangements including the possibility of temporary deferral of redemptions and compulsory redemptions, settlement procedures and the power to levy a redemption charge are explained in Section 8.3 "Redemption of Units".

## 5. Management and Administration

*The Fund has been established to provide access to a pooled investment vehicle which will enable investors to benefit from the investment expertise of the team assembled by Darwin.*

### 5.1. The Manager

The Manager is responsible for the management of the Fund pursuant to the Trust Instrument. Its responsibilities include:

- **Investment management**

The Manager may request investment advice from Darwin Alternative Investment Management Limited, which has been appointed as Investment Adviser to the Manager.

The Manager and the Investment Adviser will meet at least on a quarterly basis in Guernsey to review and consider the performance and activity of the Fund.

The Investment Objective, Investment Policy and Investment Powers and Restrictions set out in Sections 3.2 to 3.4 will be reviewed not less frequently than on an annual basis.

- **Fund administration**

The Manager is responsible for the administration of the Fund, including Unit pricing, dealing in Units and Fund accounting.

The Manager has appointed the Administrator to fulfil this role as a delegate of the Manager.

The Manager was incorporated in Guernsey on 6 December 2007 (Company No. 48163) with limited liability and is licensed by the GFSC to act as Manager of the Fund. Its registered office and principal place of business is at 11 New Street, St Peter Port, Guernsey, GY1 2PF.

The following individuals are directors of the Manager:

- **Anthony Esse (British Resident)**

Anthony Esse is the CEO of Darwin Alternative Investment Management Limited, which is investment adviser to the Darwin Leisure Property Fund. Mr Esse has worked in the investment management profession for 32 years and held directorships with Hermes, Newton (part of the Bank of New York Mellon Group) and GT Management Plc. At Hermes, he built up a third party business designing and offering products to global pension funds

that leveraged from the core competencies that the company held. The operating profits from third party business grew from zero to £17m. He was involved in the acquisition of MEPC plc – the joint venture between Hermes and GE Capital. Mr Esse was part of the core team that successfully won the management contract for the Scottish Widows Property Unit Trust (now the Hermes Property Unit Trust). Mr Esse was also an executive director of a life company, Hermes Assured Limited.

In 2003, Mr Esse founded The Darwin Group, a strategic consulting boutique providing investors with strategic research into how major quoted companies compete and create value, and helping smaller quoted companies raise long-term capital directly from internally managed pension funds.

At the end of 2004, Mr Esse entered the holiday caravan market. Through his development company, Darinian Limited, he has acquired parks with RREEF and assisted Rockspring Property Investment Management in acquiring a large portfolio of caravan parks in the Lake District, Peak District and Yorkshire Dales.

Mr Esse holds the Investment Management Certificate and is a member of the Chartered Institute of Marketing.

- **James Penney (British Resident)**

James Penney is Chairman of Darwin Alternative Investment Management Limited, which is investment adviser to the Darwin Leisure Property Fund. Until 2013, he was the owner and Managing Director of Darwin Consulting, a strategy consulting firm he cofounded in 1997. Darwin provided strategic advice to directors and investors in a range of industries, including financial services, private equity and media. From 2007 to 2014, Mr Penney was Vice-Chairman of MAXBANK, a retail bank specialising in micro-credit and SME finance in Batangas Province and Oriental Mindoro in the Philippines. Mr Penney was chairman of the credit committee, the audit committee and member of the corporate governance committee.

Prior to this, Mr Penney helped set up the Darwin Group, a business providing investors with strategic research into how major quoted companies compete and create value, and helping smaller quoted companies raise long-term capital directly from internally managed pension funds.

Prior to founding Darwin, Mr Penney had an academic career, which included undergraduate and postgraduate research at Trinity College, Cambridge, followed by six years as Principal Lecturer at Westminster College, Oxford. After Oxford, Mr Penney was a Sloan Fellow at London Business School from which he has an MSc in Management Studies.

- **Robin Smith (Guernsey resident)**

Robin Smith is a Fellow of the Chartered Association of Certified Accountants (FCCA) who was educated in Guernsey and studied accountancy at Bristol Polytechnic and Derby University. He completed his professional training with Deloitte, Haskins & Sells in London. He was for 13 years the Financial Controller for the Havelet Group and director of the principal operating subsidiaries of that Group based in Guernsey including the Group's Fund Administration operation. In 1997 he left Havelet to become one of the founders of the Nerine Group. He has since then been the Group Finance Director for Nerine with board appointments on its principal Guernsey based operating subsidiaries including its fiduciary and fund administration companies. The Nerine Group was acquired by the PraxisIFM Group on 6 December 2018 and Mr Smith retains his responsibilities with regard to Nerine subsidiaries as well as a Directorship with PraxisIFM Treasury Services Limited. He is also a member of the Society of Trust and Estate Practitioners (STEP).

He has considerable experience from these roles which at various times, has given him responsibility for a wide range of functions beyond the obvious group financial reporting role being, compliance, fund accounting, operations, information technology, company secretarial and personnel.

- **Ian Burns (Guernsey resident)**

Ian Burns is a fellow of both the Institute of Chartered Accountants in England & Wales and a member of STEP. He is the founder and Executive Director of Via Executive Limited, a specialist management consulting company and the managing director of Regent Mercantile Holdings Limited, a privately owned investment company. He is licensed by the Guernsey Financial Services Commission as a personal fiduciary.

Mr. Burns is currently a non-executive director and audit committee chairman of Twenty Four Income Fund Limited and chairman of AIM listed SEED Innovations Limited. He is also a non-executive director of Curlew Capital Guernsey Limited.

- **Martin Tolcher, (Guernsey resident)**

Martin Tolcher has been involved in the fund administration industry in Guernsey for over 30 years. Mr Tolcher has worked at senior levels for three Guernsey subsidiaries of Bermudan and Canadian international banks, gaining considerable experience in a wide variety of offshore fund and private equity structures. Mr Tolcher joined Legis Fund Services Limited in 2005 and was appointed managing director at the beginning of 2007, a position he held until the end of 2010. Mr Tolcher remained a director of that company until September 2011. Since November 2011, Mr Tolcher has been self-employed as an independent non-executive director and holds directorships within a number of structures

domiciled in Guernsey, including ones listed on the London Stock Exchange and the International Stock Exchange. Mr Tolcher is a Chartered Fellow of the Chartered Institute for Securities & Investment. Mr Tolcher is a British citizen and is a resident of Guernsey.

## **5.2. The Investment Adviser**

Darwin Alternative Investment Management provides investment advice in respect of the Fund's investments to the Manager. In respect of particular Property Assets of the Fund the Investment Adviser may also be appointed by one or more of the Intermediate Vehicles holding the Property Assets to provide appropriate property management and advisory services.

The Investment Adviser was incorporated in England and Wales on 11 June 2012 (Company No. 08100415) with limited liability and is authorised by the UK Financial Conduct Authority to act as an investment adviser to collective investment schemes. Its registered office is at Empire House, 175 Piccadilly, London W1J 9TB.

The following individuals are directors of the Investment Adviser:

- **James Penney (Executive Chairman)**

James Penney is also a director of the Manager, and information about his expertise is set out in the section relating to the Manager.

- **Anthony Esse (Chief Executive)**

Anthony Esse is also a director of the Manager, and information about his expertise is set out in the section relating to the Manager.

## **5.3. Interests in the Fund**

Mr Esse holds indirectly 159,642 Class C Accumulation units of the Fund.

Mr Penney holds indirectly 177,149.4426 Class C Accumulation units of the Fund.

Mr Smith holds indirectly 26,429.9818 Class C Accumulation units of the Fund.

Smoke Rise Holdings Limited, a company controlled by Mr Burns holds 6,578.913 Class C Accumulation units of the Fund.

No other party has any direct or indirect interests in the Fund.

#### 5.4. The Trustee

Butterfield Bank (Guernsey) Limited is the Trustee of the assets of the Fund.

Butterfield Bank (Guernsey) Limited was incorporated in Guernsey on 26 July 1989 and is licensed under the Protection of Investors (Bailiwick of Guernsey) Law 1987 as amended to conduct restricted investment activities. The Trustee's registered office is Regency Court, Glatigny Esplanade, St Peter Port, Guernsey.

The principal activities of the Custodian include the provision of banking, safe-custody and trustee services to private and corporate clients.

The Trustee has no responsibility for investment policy or for the purchase or sale of individual properties for the Fund, which is a matter for the Manager, but the Trustee is responsible for taking reasonable care to ensure that the Fund is properly managed by the Manager in accordance with the Trust Instrument and the Class B Rules and the most recently published Prospectus, and further to discharge its duties under the Trust Instrument and the Class B Rules.

In particular, the Trustee is entitled at any time and at its sole discretion to give notice to the Manager that it is not prepared to accept the transfer of any investment which, in its opinion, infringes the terms of the Trust Instrument, the Class B Rules or any applicable investment restrictions.

Under the Class B Rules the Trustee shall take reasonable care to ensure that the methods used by the Manager in calculating prices at which the Units are issued and redeemed are in accordance with the Trust Instrument and this Prospectus.

The Trustee is responsible for taking into its custody or under its control all the Trust Property and holding it in trust in accordance with the provisions of the Trust Instrument and the Class B Rules. The Trustee may entrust documents of title or documents evidencing title to all or part of the Trust Property for safe-keeping to some other person (not being the Manager) and may arrange for such person to become the registered holder of Trust Property, the title to which is in registered form, provided that the Trustee is satisfied, at the outset and after making reasonable enquiries, (and continues thereafter, after repeating those enquiries at reasonable intervals, to be satisfied) that the custodian is a fit and proper person to be such a custodian; and also that the arrangements have been and continue to be made with the custodian to protect the rights of the Trustee in priority to other creditors of the custodian which the Trustee is satisfied are sufficient under the law of the country or territory where the documents or property will be kept to safeguard the interests of investors in the Fund.

## **5.5. The Administrator**

Vistra Fund Services (Guernsey) Limited (a company incorporated under the laws of Guernsey with registered number 19606) has been selected by the Manager to provide administration services to the Manager in respect of the Fund.

The Administrator is responsible, as a delegate of the Manager, for the provision of administrative services in respect of the Fund, including carrying out the valuation processes of the Fund, processing subscriptions for and redemptions of Units, preparing valuations, calculating issue and redemption prices and maintaining the accounts and records of the Fund.

The Administrator also acts as Registrar to the Fund and is responsible for secretarial duties and for preparing returns to comply with Guernsey law. The register of Unitholders may be inspected at the office of the Administrator in Guernsey.

The performance of these activities by the Administrator will be subject to ongoing review by the Manager.

## **5.6. The Auditor**

Grant Thornton Limited has been appointed as the Auditor of the Fund. Its principal place of business is PO Box 313, Lefebvre House, Lefebvre Street, St Peter Port, Guernsey, GY1 3TF.

## **5.7. Valuers**

### **5.7.1. Property Valuer**

The Manager is obliged to ensure that any immoveable property in the Fund (whether directly or indirectly via Intermediate Vehicles) is valued by a valuer appointed by the Manager at the outset and upon any vacancy. Any valuer must be independent of the Manager, Trustee, the Investment Adviser and any property agent who is acting for a party other than the Fund, the Trustee, the Manager or the Investment Adviser in respect of that immoveable property. Any appointed valuer must be a person who has knowledge of, and experience in, the valuation of immoveable property of the relevant kind in the relevant areas and has not engaged himself or any of his associates in relation to the finding of the immoveable property for the Fund or the finding of the Fund for the immoveable property.

The Manager has appointed JLL to act as the Fund's independent valuer to value the Property Assets.

JLL is a leading firm of chartered surveyors and real estate consultants.

### 5.7.2. Business Valuer

Holiday parks are commercial businesses and, the Manager has determined that it is appropriate and prudent to have the operating assets assessed by independent business valuers. The Manager has appointed Smith & Williamson to undertake this role.

Smith & Williamson scrutinise the operating assets by using a ten-year Discounted Cash Flow (DCF) model, which incorporates management projections of revenues and costs for each of the parks. Smith & Williamson provide an independent assessment review of the methodology and the underlying assumptions. The inputs for the DCF model are drawn from the management accounts. Smith & Williamson is responsible for the review of the discount factor for the Fund, which is used for discounting future cash flows and then used to value the Fund. Smith & Williamson provide a key findings report on the valuation that is sent directly to the Fund Administrator. This is used by the Administrator to calculate the NAV of the Fund, which is then released to The International Stock Exchange.

## 6. Fees, Charges and Expenses

*The fees, charges and expenses set out below may be paid out of the property of the Fund or, where appropriate, reimbursed by Unitholders. These fees may only be increased after Unitholders have been in receipt of at least one dealing days' notice prior to the increase in or introduction of any fees.*

### 6.1. Initial charge

The Manager may make an initial charge in the case of Class A, C, D, J, M and K Units of up to 5.26% of the Unit Price at which the Units are to be issued, which shall be payable by the investor in addition to the Unit Price. The initial charge may be waived in whole or in part at the discretion of the Manager. The Manager may pay some or all of the initial charge to introducing intermediaries. However, in respect of the "E Initial Charge" Accumulation Unit Class, "F Initial Charge" Accumulation Unit Class, "G Initial Charge" Accumulation Unit Class, and "I Initial Charge" Accumulation Unit Class the Manager will make an initial charge of up to 5.26% of the Unit Price at which the Units are to be issued, which shall be payable by the investor in addition to the Unit Price. The Manager may pay some or all of the initial charge to introducing intermediaries. For the avoidance of doubt the "E Exit Penalty Charge" Accumulation Unit Class, "F Exit Penalty Charge" Accumulation Unit Class, "G Exit Penalty Charge" Accumulation Unit Class, and "I Exit Penalty Charge" Accumulation Class will not pay an initial charge but will pay a Deferred Marketing Charge as set out in the table in Section 6.7.

The Initial Charge Units are offered to investors currently in the respective "exit charge" units upon the expiry of the 5 year sliding scale charges. Investors may transfer to the Initial Charge Units at no charge. Section 8.6.1 "Conversions" highlights this as follows.

"E Exit Penalty Charge" Accumulation Unit Class, "F Exit Penalty Charge" Accumulation Unit Class, "G Exit Penalty Charge" Accumulation Unit Class, and "I Exit Penalty Charge" Accumulation Unit Class may convert without charge to the equivalent Initial Charge Unit class following the full amortisation of the Deferred Marketing Charge, being a period of 5 years from the date of subscription.

The Initial Charge Units are not being marketed to other parties hence there is no reference to them in Section 6.1 "Initial charge" of the Prospectus. Further to Section 6.2 "Management Remuneration", the Initial Charge Units will incur the same management fee as the classes they have transferred from, 1.75% per annum.

### 6.2. Management remuneration

The following paragraphs set out the fees which will be charged either directly or indirectly to the Fund by way of remuneration for management and operation of the Fund.

### 6.2.1. Periodic Fee

A management fee which is, in the case of Class "A" accumulation Units, at the rate of 1.5% per annum, in the case of Class "C" income or accumulation Units and Class "J" income Units, at the rate of 1% per annum, in the case of Class "D" income or accumulation Units, at the rate of 0.8% per annum and in the case of Class "E" Initial Charge and Exit Penalty Charge accumulation Units, Class "F" Initial and Exit Penalty Charge accumulation Units, Class "G" Initial and Exit Charge accumulation Units, and Class "I" Initial and Exit Penalty Charge accumulation Units at the rate of 1.75% per annum, in the case of Class "M" income Units at the rate of 0.85% per annum and in the case of Class "K" income or accumulation Units at the rate of 0.07% per annum. Such fee shall be calculated by reference to the Gross Asset Value of the Fund attributable to the relevant Units and shall be calculated and accrue at each Valuation Date and be payable monthly in arrears.

In the case of Class "E" Initial Charge or Exit Penalty Charge accumulation Units, Class "F" Initial and Exit Penalty Charge accumulation Units, Class "G" Initial and Exit Penalty Charge accumulation Units, and Class "I" Initial and Exit Penalty Charge accumulation Units, 28.57% of the 1.75% management fee (i.e. 0.50%) may be used to pay trail commissions to intermediaries.

### 6.2.2. Performance Fee

As a means to incentivise the Manager further to enhance the performance of the Fund for the investor a performance fee will be payable, in addition to the periodic fee. The performance of the Fund will be measured against a benchmark for each performance period, the benchmark being initially set as SONIA\* plus 1%. The performance fee becomes due in event of their performance; that is if the increase in the Net Asset Value (the "NAV") per Unit over the performance period exceeds the movement in the benchmark over that same period. The performance period is initially set at one month, being the period from the first Business Day in each month to the first Business Day of the next following month.

The performance fee is set at 15 per cent of the outperformance as explained above. 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. The high-water mark will be the highest NAV per Unit falling on a Valuation Date, since and including the first Valuation Date of the Fund. The only exception to this will be where an individual Unitholder's Units were purchased below or after the Fund's high-water mark was achieved. In this case a fee will be attributable to that individual Unitholder with respect to the performance of their Units.

The performance fee will be payable monthly, based on the NAV of the Fund as a whole at each Valuation Date, before factoring in subscriptions and redemptions for the following Dealing Day.

All or part of such fees may, at the option of the Manager, be paid from an Intermediate Vehicle directly to the Manager.

\*SONIA replaces LIBOR which was phased out in 2021.

### **6.3. Administrator and Registrar's Fee**

In respect of the administration of the Fund, the Administrator shall be paid a fee of 0.2% per annum of Net Asset Value of the Fund up to £50 million of the Net Asset Value and 0.15% per annum of the Net Asset Value up to £350 million and 0.05% per annum of the Net Asset Value above £350 million, subject to a minimum annual fee of £15,000. Such fee shall be calculated and accrued at each Valuation Date and be payable monthly in arrears.

Such fee shall be payable out of the Fund to the Administrator.

The fees of the Administrator will be reviewed on an annual basis.

### **6.4. Trustee's Fee**

The Trustee shall receive an annual fee to cover core custodian trustee activities of £10,000 and there shall also be an annual trustee fee of

0.05% on the first £50 million and  
0.03% on £50 million + to £350 million and  
0.02% on £350 million +

based on the NAV of the Fund and subject to a further annual minimum fee of £25,000.

#### **6.4.1. Exit Fees**

Should the Fund close or move to another Custodian this will be charged per transaction as per this agreement plus on a standard time spent basis subject to a minimum fee of £25,000. Any third party costs including legal fees shall be passed on to the Fund.

#### **6.4.2. Third Party Bank Accounts**

A fee of £500 will be charged for the set up/opening of any third party bank account in the name of the Bank as Custodian to the client. Thereafter a fee of £20 will be charged for processing each individual transaction.

#### **6.4.3. Settlement only Transaction Fees**

A fee of £2,000 per property transaction or similar plus any legal or third party charges incurred.

For traditional assets a fee of £100, exclusive of any agent's charge and/or sub-custodian fees, is levied when the bank is responsible solely for the settlement of a transaction, or in respect of the transfer of stock to or from the bank for no consideration

#### **6.4.4. Dealing Fees**

Available upon request.

#### **6.4.5. Tax Reporting**

Should the Trustee be required as Trustee and/or banker to provide any tax reporting, charges will be advised.

#### **6.4.6. Other charges**

All sub-custodian charges, broker charges, standard banking charges, legal expenses and out of pocket expenses incurred in the set-up, running of or closure of the accounts will be passed onto the Fund.

All fees are subject to annual review.

### **6.5. Expenses**

The Fund will bear all out-of-pocket expenses of the Trustee, the Manager and the Investment Adviser and all other operating expenses, including, without limitation:

- regulatory costs and fees in Guernsey and listing fees and expenses of the Fund;
- any costs incurred in modifying the Trust Instrument or Prospectus or in respect of meetings of Unitholders;
- expenses incurred in connection with the collection and distribution of income;
- the costs of preparing, printing and publishing prospectuses and annual and interim reports;
- the cost of publishing the price of Units;
- the fees of the auditors to the Fund and of legal and other advisers, managers, agents, research firms and consultants;
- any fees, other costs and expenses incurred by the Manager, the Trustee, the Investment Adviser or any other associated party of any of these entities, in connection with the research and acquisition of assets for the Fund;
- the day to day operational expenses relating to the Property Assets and other investments, including the day to day fees of property agents; and
- all other fees and expenses authorised by the Trust Instrument.

### **6.6. Set-up Costs**

The fees and expenses incurred in connection with the establishment of the Fund and the initial issue of Units, which amounted to £254,743, were amortised for valuation purposes over the first five years of the Fund.

## 6.7. Redemption charge

The Manager may at its discretion levy a Redemption Charge which will be payable by the Unitholder in question. The primary purpose of such Redemption Charges is to mitigate the cost of borrowing by the Fund in circumstances where the Manager may be unable, in the short term, to liquidate assets in order to finance redemptions.

A redemption of any Units by a Unitholder within five years of that Unitholder acquiring them may incur a Redemption Charge for the benefit of the Fund on a sliding scale, based on a percentage of the value of the redemption on the Dealing Day on which the redemption is effected.

For the avoidance of doubt the “E Initial Charge” Accumulation Unit Class, “F Initial Charge” Accumulation Unit Class, “G Initial Charge” Accumulation Unit Class, and “I Initial Charge” Accumulation Unit Class, will not pay a Redemption Charge but will pay an Initial Charge as detailed on page 26.

The scale Redemption Charge rates are as follows:

Time of redemption from acquisition	Percentage Charge
Within one year	5%
Within two years	4%
Within three years	3%
Within four years	2%
Within five years	1%
Thereafter	0

Any Redemption Charge levied will be paid into the Fund’s assets and contribute to the Fund’s Net Asset Value.

The percentage redemption charge stated above will be waived in whole or in part at the sole discretion of the Manager, with the exception of the of the Exit Penalty Charge classes, where the redemption fee (the Exit Penalty Charge described below) would always be payable by a Unitholder if they redeemed within five years of that Unitholder acquiring them as detailed in Section 6.7 “Redemption Charge”.

On a redemption, there may be a transfer of Units in respect of which the Manager has the discretion to make a charge to cover the cost of providing assistance in relation to the matched transaction, which charge shall accrue to the Manager.

### 6.7.1. Deferred Marketing Charge and Exit Penalty Charge

In the case of the “E Exit Penalty Charge” Accumulation Unit Class, “F Exit Penalty Charge” Accumulation Unit Class, “G Exit Penalty Charge” Accumulation Unit Class, and “I Exit Penalty Charge” Accumulation Class, a marketing charge amounting to up to 5% of the value of any

subscription will be levied from the aforementioned unit classes and will be payable to introducing intermediaries or distributors in respect of promotional activities of the aforementioned unit classes (the “Deferred Marketing Charge”).

For the purpose of calculating the Net Asset Value of the “E Exit Penalty Charge” Accumulation Unit Class, “F Exit Penalty Charge” Accumulation Unit Class, “G Exit Penalty Charge” Accumulation Unit Class, and “I Exit Penalty Charge” Accumulation Class, the Deferred Marketing Charge will be deferred and amortised back to the relevant Unit Class at an even annual rate of 1% per annum over a period of 5 years from the date of subscription .

In the event that an investor redeems their holding within 5 years of subscription, the Exit Penalty Charge as noted above will be deducted from the redemption amount. The Exit Penalty Charge, is equivalent to the Redemption Charge noted in Section 6.7 “Redemption Charge”.

For the purposes of the statutory accounts, such costs will be written off as incurred and a reconciliation to the Net Asset Value of the relevant Unit Class will be contained in the statutory accounts.

#### **6.7.2. Lock-In Units**

A redemption of Class "D" Income or Accumulation Units by a Unitholder within ten years of that Unitholder acquiring them may only be accepted if either the Manager or Adviser are dismissed for cause in accordance with the provisions of their respective appointment agreements.

#### **6.7.3. Class “K” Investment Restrictions**

Class "K" Income and Accumulation Units are available exclusively to existing institutional unitholders wishing to make additional investments into the Fund and will only be open to such investors for an initial period of 6 months from 1 October 2020 This timeframe can be extended subject to Board approval.

## 7. Units of the Fund

***The Fund is a unit trust which issues Units of one or more classes at prices which are related to the Net Asset Value of the relevant Units.***

### 7.1. Unit classes

The Fund may issue a number of classes of Units, characterised by different charging structures and/or currency denomination, as determined by the Manager from time to time. Currently there are the following Unit classes available:

- Class "A" accumulation Units;
- Class "C" income and accumulation Units;
- Class "D" income and accumulation Units;
- Class "E Initial Charge" accumulation Units;
- Class "E Exit Penalty Charge" accumulation Units;
- Class "F Initial Charge" accumulation Units;
- Class "F Exit Penalty Charge" accumulation Units;
- Class "G Initial Charge" accumulation Units;
- Class "G Exit Penalty Charge" accumulation Units;
- Class "I Exit Penalty Charge" accumulation Units.
- Class "I Initial Charge" accumulation Units.
- Class "J" income Units.
- Class "M" income Units.
- Class "K" income and accumulation Units.

The Manager may introduce other Unit classes with the prior approval of the GFSC.

The Trust Income allocated to income Units is distributed to holders of income Units as described in Section 9. "Distributions". The Trust Income allocated to accumulation Units is accumulated to those accumulation Units and reflected in the value of those Units.

Unitholders in the Fund have a beneficial interest under a trust. Where there is only one class of Unit in issue, each Unit represents one undivided share in the Trust Property. Where more than one type of Unit is in issue, Proportionate Interests are calculated in connection with Unit pricing

and for the purposes of calculating fees and allocating fees and expenses. Proportionate Interest Accounts are maintained in accordance with the terms of the Trust Instrument.

Units in the Fund are available to all types of investors who are Eligible Investors (as described in Section 8.1.4 "Eligible Investors"), subject to a minimum initial subscription and holding levels.

The Manager, may at its discretion, accept a lower subsequent subscription level amount for Class Units.

Title to Units will be evidenced solely by entry in the register of Unitholders. Certificates will not be issued.

## **7.2. Valuation and prices**

### **7.2.1. Valuation**

The Net Asset Value will be calculated as at the close of business on the last Business Day in each month and/or any other Business Day which the Manager shall choose after consultation with the Administrator.

Operating assets will be valued by using a ten-year Discounted Cash Flow (DCF) model. A calculation of the weighted average cost of capital is then used as the discount factor for the DCF model, resulting in a net present value, which is used to value the Fund.

Non-operating assets are valued in accordance with the RICS Valuation – Professional Standards and on the basis of Existing Use Value.

The valuations will utilise the annual revaluation of the Fund's Property Assets and periodic updates to be made by the Property Valuer and the Business Valuer (and such other qualified valuer/s as may be appointed by the Manager from time to time) and the valuation of the other investments in the Portfolio ascertained as provided in the Trust Instrument.

Property Assets will be valued either on the basis of the open market value or (where the Manager considers such a basis of valuation to be inappropriate in the interests of the Unitholders) on the basis of a forced sale (in accordance with the valuation principles contained in the Appraisal and Valuation Standards (commonly known as the "Red Book") of the Royal Institute of Chartered Surveyors, which dictate the general market practice on the valuation of real estate in the United Kingdom).

Investments, other than Property Assets and operating assets whose valuation methodology is described in the paragraphs above, will be valued at their mid market value. For this purpose the Manager is normally required to use (where applicable) prices quoted or dealt in on an investment exchange on which the investment is traded. In the case of collective investment schemes, the Manager may rely on prices or valuations provided by the manager or operator of the scheme concerned.

### 7.2.2. Unit pricing

For the purposes of Unit pricing, the Unit Price of a new Unit of a particular class shall be determined by the Manager on the basis of the value of the Property Assets attributable to the Unit Class plus the value of cash and cash instruments and other assets of the Class of the Fund less any liabilities whether existing or contingent and including such provision for future liabilities as the Administrator in consultation with the Manager may determine and any accrued performance fee. The Net Asset Value per Unit of each Class of the Fund shall be determined by dividing the Net Asset Value by the number of Units issued in the relevant Class of the Fund at the Valuation Point and the price produced will be rounded to four decimal places utilising natural roundings. The NAV of Unit Classes other than Sterling Unit Classes will be notionally converted to the relevant currency of the Unit Class at the exchange rate prevailing on the Valuation Date.

The Manager may however, at its discretion, adjust this price for the purpose of reducing any dilution in the Fund or to recover any amount which has already been paid or is reasonably expected to be paid in the future in relation to the issue or cancellation of Units as at a particular Dealing Day, or to reflect any costs or liabilities attributable to the Units of a given class (such as hedging costs and liabilities). Any such adjustment to the mid market price should be no more than the dealing and associated costs of reducing or increasing the fund for the relevant valuation period. The monetary value of any such adjustments to the price shall be disclosed in the Fund report and accounts.

Under this swinging price procedure (known as "single swinging pricing"), the mid market price is adjusted (up or down) to reflect dealing costs. So for example if the Unit Price is adjusted upwards from 100 mid market to say 101 this would be because over the relevant period the value of Unit purchases exceeded redemptions. Those who redeem at 101 would normally get a small benefit. Similarly, if the price is adjusted downwards because there are net redemptions, any buyer of Units would normally get such a benefit. However, by this mechanism, in a simple and transparent way the same price would apply to all investors whether buying or selling Units. All investors will be making transactions tending to increase the net purchase or net redemption position and will bear a proportionate share of the costs arising. Further, continuing investors should tend to be better protected than under alternative systems to the extent that the Manager will apply this procedure on this known basis, rather than if the Manager were to exercise a discretion as to whether to apply a dilution levy or adjustment on a particular Unit transaction.

Investors should be assured that the adjustments to the Unit Price will be designed to be reasonable. The adjustment to the mid market price should be no more than the dealing and associated costs of shrinking or growing the fund for the valuation period in question.

In the event that a Redemption Charge is to be applied in respect of redemptions of Units on a particular Dealing Day (as described further in Section 6.7 "Redemption Charge"), the amounts of the Redemption Charge shall not be factored into the adjustments to the swinging single Unit Price.

The result is that such Redemption Charge shall be borne solely by the relevant redeeming Unitholders.

Investors should note that there will be other charges and duties payable by an investor which are separate from the price. These are separately specified in Section 6. "Fees, Charges and Expenses".

## 8. Investing in the Fund

***Although, due to the nature of the assets of the Fund, there will be particular policies put in place to accommodate the illiquidity of the portfolio, the intention is that the Fund will be an open-ended fund which will offer to issue and redeem Units on a monthly basis at prices calculated by reference to Net Asset Value. To deal in Units, investors and prospective investors should contact the Manager.***

### 8.1. Issue of Units

Applications for Units may be made to the Manager by Eligible Investors in accordance with the provisions set out below. Units may be subscribed for on any Dealing Day at the Unit Price calculated next after each Dealing Day in the manner described in Section 7.2 “Valuation and Prices”. An Initial Charge may be levied as provided in Section 6.1 “Initial Charge” above.

The Manager reserves the right to reject any subscription in whole or in part.

#### 8.1.1. Issue of Units

The Unit Price at which Units may be purchased will be calculated in the manner described in Section 7.2 “Valuation and Prices” and is available upon request from the Manager. Unit allocations will be calculated to four decimal places.

#### 8.1.2. Minimum subscriptions and holdings

Initial subscriptions for Units by any investor should be for Units with a minimum value of £10,000 for “A” accumulation Units, £10,000 for “E” accumulation Units, €10,000 for “F” accumulation Units, US\$10,000 for “G” accumulation Units, Singapore \$10,000 for “I” accumulation Units, £100,000 for “C” income and accumulation Units, £7,000,000 for “D” income and accumulation Units, £10,000 for “J” income Units, £20,000,000 for “M” income Units and £5,000,000 for “K” income and accumulation Units. The Manager, may at its discretion, accept a lower minimum initial subscription level for the aforementioned Class Units.

Subsequent subscriptions by any investor should be for Units with a minimum value of £10,000 for “A” accumulation Units, “C” income and accumulation Units, and “J” and “M” income Units, £5,000 for “E” accumulation Units, €5,000 for “F” accumulation Units, US\$5,000 for “G” accumulation Units, and Singapore \$5,000 for “I” accumulation Units, £1,000,000 for “D” income and accumulation Units and £5,000,000 for “K” income and accumulation Units. The Manager, may at its discretion, accept a lower subsequent subscription level amount for the aforementioned Class Units.

There is also a minimum holding level of £10,000 for “A” accumulation Units, “E” accumulation Units and “J” income Units, €10,000 for “F” accumulation Units, US\$10,000 for “G” accumulation Units, Singapore \$10,000 for “I” accumulation Units, £100,000 for “C” income and accumulation Units, £7,000,000 for “D” income and accumulation Units, £20,000,000 for “M” income Units and

£5,000,000 for "K" income and accumulation Units. The Manager, may at its discretion, accept a lower minimum holding level amount for the aforementioned Class Units.

### 8.1.3. Application process

Applications for Units should be made on the Application Form provided (additional copies of which are available from the Manager) and should be sent to the Manager, c/o the Administrator at the Administrator's address. Such applications and any other supporting information and declarations required by the Manager, together with cleared funds, must be received by 5.00pm in Guernsey on the Business Day preceding the Dealing Day.

Applications may, at the discretion of the Manager, be made by fax, email, pdf, or in writing or by such other method as the Manager or Administrator, in its discretion may accept, with originals to follow, identifying the Fund as "Darwin Leisure Property Fund".

Applications should be for, in the case on initial subscriptions, a minimum of £10,000 for "A" accumulation Units, "E" accumulation Units and "J" income Units, €10,000 for "F" accumulation Units, US\$10,000 for "G" accumulation Units, Singapore \$10,000 for "I" accumulation Units or £100,000 for "C" income and accumulation Units, £7,000,000 for "D" income and accumulation Units, "£20,000,000 for "M" income Units and "£5,000,000 for "K" income and accumulation Units. The Manager may at its discretion, accept a lower minimum subscription amount for the aforementioned Class Units.

For subsequent subscriptions, a minimum amount of £10,000, for "A" accumulation Units, "C" income and accumulation Units, "J" income Units and "M" income Units, £5,000 for "E" accumulation Units, €5,000 for "F" accumulation Units, US\$ 5,000 for "G" accumulation Units, , Singapore \$5,000 for "I" accumulation Units, £1,000,000 for "D" income and accumulation Units and £5,000,000 for "K" income and accumulation Units (the aforementioned amounts may be at the discretion of the Manager and should be sent to the Manager and include the following information:

- the amount of cash to be invested or the number of Units for which application is made;
- the name and account number or Unitholder number (if available) of the applicant and the name and address to which the contract note is to be sent;
- confirmation that the application has been made in compliance with the terms and conditions of the Prospectus and the Trust Instrument; and
- the information referred to in Section 8.1.6. Subscription Payments below.

Requests by investors or existing Unitholders for subscriptions by way of in specie transfer will be considered by the Manager on a case by case basis.

The Manager will send, within 7 business days of the relevant subscription transaction, to each Unitholder at its address shown on the register of Unitholders, or to the Unitholder's agent through whom the order was placed, a contract note in respect of each subscription of Units for its account.

The Manager reserves the right to reject an application or to accept any application in part only or to treat as invalid any applications which do not fully comply with the terms and conditions set out in this Prospectus or the Application Form. If any application is not accepted, the amount paid on application will be returned, without interest, by post to the first address given in the application at the applicant's risk.

#### **8.1.4. Eligible Investors**

An "Eligible Person" is any person, trustee or partnership:

- (a) who is able lawfully to hold Units without requiring the Fund to register or seek exemption from registration under the laws of any jurisdiction other than Guernsey (and, in the opinion of the Trustee, it would not be in the interests of Unitholders and the Fund as a whole to so register or seek such exemption); and
- (b) who may lawfully hold Units without violating laws of any jurisdiction including those of Guernsey; and
- (c) who can lawfully be bound by the terms of the Trust Instrument.

The Manager reserves the right to refuse applications from any applicant for Units who:

- (a) is not an "Eligible Person", as defined above; or
- (b) is excluded by the restrictions established by the Manager for the purpose of ensuring that no Units are acquired or held by any person in circumstances which:
  - (i) constitute a breach of law or governmental regulation (or any interpretation of the law or regulation by a competent authority) of any country or territory; or
  - (ii) which would, if other Units were acquired or held in like circumstances, result in the Fund incurring a liability to taxation or suffering any other adverse consequence including a requirement to register under any securities or investment or other similar laws or governmental regulation of any country or territory; or
  - (iii) which constitute a breach of the Trust Instrument or the Prospectus; or
  - (iv) which would cause the Fund to be disqualified or terminated as a unit trust or cease to be able to be eligible to maintain its authorisation with the Commission as a Class B Scheme; or

- (v) would result in a person who is acquiring or seeking to hold the Units and is doing so in respect of an individual arrangement which is or relates to an investment regulated pension scheme (such as a SIPP), as a result of such transaction, either: making a loan to the Fund; or (together with one or more related persons) holding directly or indirectly 10% or more of the voting rights in the Fund; or having the right to receive, directly or indirectly, 10% or more of the income of the Fund; or having an interest in the Fund which would give that person an entitlement to 10% or more of the assets of the Fund on a winding up or in any other circumstances; or having an interest in the Fund which gives rise to income or gains from a specific property held directly or indirectly by the Fund.

### **8.1.5. Anti-money laundering procedures**

To comply with the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended) and the regulations and guidelines issued thereunder, the Manager will take steps to verify the identity of applicants and the source of funds. If satisfactory information and evidence is not produced, applications will be rejected. If an application is rejected, any subscription monies received shall be returned without interest, less any charges, to the remitting bank, to the account of the remitter quoting the applicant's name. Funds remitted by bank draft will be returned by post at the applicant's risk by bank draft to the paying bank without interest, less any charges, for the account of the drawer, quoting the applicant's name.

### **8.1.6. Subscriptions payments**

Settlement for subscriptions shall be made in accordance with the procedures set out in the application form. At the discretion of the Manager, Units will not be issued until such payment in cleared funds has been received by the Registrar.

Payment in the relevant currency of the Unit Class must be made to the Registrar by telegraphic transfer (or as otherwise acceptable to the Manager) accompanied by the information and payment instructions set out in the application form.

Subscriptions monies received in currencies other than Sterling will be converted into Sterling at the exchange rate prevailing at the date dealing is processed as supplied by the Fund's Bankers.

Investors are requested to instruct their bankers to advise the Administrator of the remittance of funds, such advice to include the applicant's name, Unitholder number (if available) and the "Darwin Leisure Property Fund" reference for identification purposes. Failure to do so will cause delay in the processing of the transaction.

Investors should be aware that subscription applications which are not settled by the due date may be cancelled and any costs of cancellation passed on to the investor.

### 8.1.7. Contract notes

Contract notes confirming the issue of Units will be sent by post or email within 7 business days of the relevant Dealing Day.

Certificates will not be issued in respect of any Units. Conclusive title to Units is evidenced by reference to entries in the register of the Unitholders maintained by the Registrar.

## 8.2. Admission to Trading and Dealing Arrangements

Application was made to the TISE for admission of any dealing in an unlimited number of Units of the following classes, and admission on the daily Official List of the TISE occurred as follows:

CLASSES	DATE	DELISTED
Class A Accumulation	20/06/2013	19/06/2020
Class C Accumulation	21/12/2009	N/A
Class C Income	23/11/2011	N/A
Class M Income	12/01/2015	N/A
Class D Accumulation	30/11/2016	N/A

Application may be made for the admission of and dealing in an unlimited number of units of other Classes on the daily Official List of the TISE.

No application is being made for any Units to be admitted to listing or to be dealt in on any other exchange.

## 8.3. Redemption of Units

Applications to redeem Units may be made to the Manager in accordance with the provisions set out below. Investors should note that the Manager may apply restrictions on redemption in order to protect the Fund and its continuing investors, as explained below, and a Redemption Charge for the benefit of the Fund may be imposed in certain circumstances.

### 8.3.1. Notice of redemption request

In order to effect a redemption, a Unitholder must send a redemption notice via fax, email pdf or in writing to the Administrator. Redemption requests must be received not less than 20 Business Days prior to the Dealing Day for Class "A" Units, Class "C" Units, Class "D" Units, Class "E" Units, Class "F" Units, Class "G" Units, Class "I" Units, Class "J" Units, Class "M" Units and Class "K" Units. If the redemption notice is received less than 20 Business Days before the relevant Dealing Day the Manager has the right to defer, and will normally defer, the redemption of such Units until the next Dealing Day. A redemption notice request must state the number of Units to be redeemed and state the Unitholder's name as registered with the Registrar.

The intention is that Units may be redeemed on any Dealing Day at the Unit Price calculated as described in Section 7.2 Valuation and Prices. Unitholders may redeem all or part of their holding provided that, if the request would reduce the number of Units held below the minimum holding of Units having a value of £10,000 for a holder of Class "A" Units, Class "E" Units and Class "J" Units, or €10,000 for a holder of Class "F" Units, or US\$10,000 for a holder of Class "G" Units, Singapore \$10,000 for a holder of Class "I" Units or £100,000 for a holder of Class "C" Units or £7,000,000 for a holder of Class "D" Units or £20,000,000 for a holder of Class "M" Units Units or £5,000,000 for a holder of Class "K" Units the request will be treated as a request to redeem the entire Unitholding, unless otherwise determined at the sole discretion of the Manager. Redemption proceeds will be paid as provided in Section 8.3.5 "Redemption payments".

### **8.3.2. Redemption charge**

An early Redemption Charge imposed for the benefit of the Fund may be levied on an early redemption of Units as provided in Section 6.7 "Redemption charge".

### **8.3.3. Temporary deferral of redemptions**

In order that existing Unitholders are protected from untimely redemptions, the Trust Instrument contains powers to allow the Manager amongst other things to defer redemptions (see below) and to borrow to fund redemptions (subject to the restrictions in Section 3.4.7 "Borrowing").

In particular the Manager may defer redemptions of Units if, on any Dealing Day, the value of Class Units to be redeemed (including those for which redemption has already been deferred) exceeds 5% of the total value of Class Units in issue. Upon exercising its power to defer, the Manager will determine the value of Units which it can redeem without prejudicing the interests of the Fund or the interests of continuing Unitholders and will then effect such redemptions on a pro rata basis, except that the Manager shall give priority to Unitholders whose redemption requests have already been deferred, in date order that such redemption requests would otherwise have been effected. The Manager will then notify the remaining affected Unitholders not later than seven Business Days after the relevant Dealing Day of the number of their Units in respect of which it proposes to defer redemption. A Unitholder who is notified of a deferral may withdraw his redemption request (in whole or in part) by request in writing submitted within seven Business Days of such notice. Redemptions will be deferred until the next Dealing Day where the procedures may be repeated, provided that a request for redemption may not be deferred for more than one year from the original redemption request. Payment will be at the Unit price calculated for the Dealing Day on which the Units are actually redeemed, less any applicable Redemption Charge.

### **8.3.4. Settlement Procedures**

If a redemption request is accepted by the Manager, the Manager will, within seven Business Days of the relevant redemption transaction, send to each Unitholder at his address shown on the register of Unitholders, or to the Unitholder's agent through whom the order was placed, a contract note in respect of each redemption of Units for his account. Requests by Unitholders for redemption by way of in specie transfers will be considered by the Manager on a case by case basis and the

Manager may, where it deems appropriate, offer to Unitholders the option to receive an in specie transfer in settlement of their redemption request. The Manager has the right to distribute assets in specie for redemptions in excess of 2% of Net Asset Value.

### **8.3.5. Redemption payments**

An investor must, when subscribing for Units, indicate in his Application Form (or other written instructions) a designated account at a bank or other financial institution acceptable to the Manager to receive proceeds of redemptions. Redemptions will not be settled by cheque.

Proceeds of redemptions, which in the case of Unit Classes other than Sterling Unit Classes will be converted from Sterling at the exchange rate prevailing on the payment date as supplied by the Fund's Bankers, will normally be telegraphically transferred to the Unitholders' bank account where the subscription funds originated at the Unitholder's cost within thirty Days of the relevant Dealing Day or receipt of duly executed instruments and authorisations to effect redemption, whichever is the later. An investor may change instructions with regard to a designated bank account previously given by sending a written notice to the Manager. Authentication and supporting documentation may be required and a delay in payment of the redemption proceeds may be incurred. Similarly, changes in any Unitholder's name or address must be requested in a form satisfactory to the Manager.

### **8.4. Compulsory Redemption**

The Manager has the power, at its discretion, to redeem compulsorily on any Dealing Day the Units of any investor who at that time has ceased to be an "Eligible Person" as defined in Section 8.1.4 "Eligible Investors" or alternatively is within the excluded categories of persons set out in Section 8.1.4 "Eligible Investors" to whom the Manager may refuse to issue Units.

### **8.5. Suspension of Dealings**

The Manager is empowered to suspend, after consultation with the Trustee, or if the Trustee requires, at any time the calculation of the Net Asset Value and the issue and (where applicable) the redemption of Units on any Dealing Day if in the opinion of the Manager or the Trustee (as the case may be) there is good and sufficient reason to do so having regard to the interests of all Unitholders or potential Unitholders, including (but not limited to):

- (a) where a breakdown has occurred in the means normally employed in ascertaining the value of the Fund's assets; or
- (b) for any other reason, the value of a substantial part (in the Manager's opinion) of the assets of the Fund cannot reasonably be ascertained; or
- (c) circumstances exist as a result of which (in the Manager's opinion) it is not reasonably practical for the Fund to realise or dispose of assets of the Fund or to determine the Net Asset Value of the Fund or the disposal or valuation of the Fund's investments is not

reasonably practicable without this being seriously detrimental to the interests of the Unitholders; or

- (d) the remittance of funds which will or may be involved in the realisation of, or in the payment for, investments or the issue, sale, purchase or redemption of Units cannot (in the Manager's opinion) be carried out without undue delay and at normal rates of exchange; or
- (e) such other circumstances exist as a result of which (in the Manager's opinion and if certified by the Trustee in writing to be the case) such suspension is desirable and necessary.

No issue of Units or redemption of Units will take place during any period when the calculation of the Net Asset Value is suspended. The Manager reserves the right to withhold payment to persons whose Units have been redeemed prior to such suspension until after the suspension is lifted, such right to be exercised in circumstances where the Manager believes that to make such payment during the period of suspension would materially and adversely affect the interests of continuing Unitholders. If the request is not withdrawn, the Units will be redeemed on the first Dealing Day following termination of the suspension at the Redemption Price calculated for that Dealing Day, less any applicable Redemption Charge.

Notice of any suspension or postponement in the calculation of the Net Asset Value of the Fund will be published within 10 Business Days of such suspension or postponement.

## **8.6. Transfer of Units**

Units may be transferred by a Unitholder provided that such transfer will not be to a person who is not eligible to hold Units. No transfers of part of a Unit are permitted. Transfers shall be made by an instrument of transfer in a form satisfactory to the Manager signed by the transferor and the transferee and deposited at such place as the Administrator may specify for registration. The Registrar shall refuse to register any transfer which is a transfer which is prohibited as described above. It will be the responsibility of the transferor and transferee to deal with any taxes, duties, imposts or levies payable on or in consequence of a transfer of Units.

If the Manager is able to match a redemption request against a subscription or subscriptions, there may be a transfer of Units in respect of which the Manager has discretion to make a charge, which shall accrue to the Manager, to cover the cost of providing assistance in relation to the matched transaction.

All transfers are subject to the provisions of the Trust Instrument and this Prospectus. In particular no transfers may be made to a person who is ineligible to hold Units, and the transferee will be required to provide information about its identity to comply with the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended) and associated regulations and guidelines

and procedures explained in Section 8.1.5 “Anti-money laundering procedures” and to confirm their eligibility to hold Units.

### **8.6.1. Conversions**

Conversion between Classes is not usually permitted, however, at the Manager’s discretion, Unitholders may be permitted to convert their Units in one Class for Units in another.

Conversion requests should be received by the Manager no later than two Business Days before the next Dealing Day.

Unitholders should note that conversions may be treated as a realisation for the purposes of the taxation of capital gains in some jurisdictions. The valuation for transactions involving converting from one Class to another will be by reference to:

- (a) the Redemption Value for the Units of the existing Class; and
- (b) the Subscription Price for the Units for the new Class.

The subscription will take place on the Dealing Day on which the redemption is completed. Under no circumstances will the Unitholder who converts between Classes be given a right to reverse the transaction except as a new transaction.

Converting between the Classes may be subject to a charge of up to 1% of the Redemption Value of Units of the existing Class, which is payable to the Manager. The Manager may share such charge with any other person.

“E Exit Penalty Charge” Accumulation Unit Class, “F Exit Penalty Charge” Accumulation Unit Class, “G Exit Penalty Charge” Accumulation Unit Class, and “I Exit Penalty Charge” Accumulation Unit Class may convert without charge to the equivalent Initial Charge Units Class following the full amortisation of the Deferred Marketing Charge, being a period of 5 years from the date of subscription.

## 9. Distributions

### 9.1. Distribution Policy

The net distributable income of the Fund will be available to be allocated at the end of each calendar quarter in an Accounting Period which ends on 31 December, 31 March, 30 June and 30 September. In the case of Income Units, any such income allocated will be distributed within 50 Business Days of the relevant quarter date.

The Trustee shall be entitled, before making any distribution of net income, to reimburse itself from the amount to be so distributed or amounts distributable to any relevant Unitholder for: any expenses which, under the terms of the Trust Instrument, the Unitholder is to bear; any sums which the Trustee is required to deduct, withhold or pay in respect of any income or other taxes, charges or assessments by the applicable law of any country in which such distribution or payment is made; and the amount of any stamp duties or other governmental taxes or charges payable by the Trustee or for which the Trustee might be made liable in respect of any such distribution or any documents signed in connection therewith.

Where there is more than one class of Units in issue, the income available for allocation will be allocated between the classes of Units based on the respective Proportionate Interests represented by the Units in those classes on a daily basis. The net distributable income will be paid in the relevant currency of the Unit Class at the exchange rate prevailing on the date the net distributable income is paid as supplied by the Fund's Bankers.

Any unclaimed distributions of Trust Income shall not be invested or otherwise made use of by the Manager for the benefit of the Fund but such amount and all interest on such amount shall be retained in an income account for the benefit of the recipient. Any unclaimed distributions of capital shall be invested or otherwise made use of by the Manager for the benefit of the Fund. Any payments of income or capital which remain unclaimed after six years from the date of termination of the Fund shall be forfeited and shall be applied by the Trustee for such charitable purposes as the Trustee determines.

In the case of Accumulation Units, the income allocated shall be transferred to capital and shall be reflected in the value of the Accumulation Units.

## 10. Information for investors

### 10.1. Publication of Unit Prices

The most recent Unit Prices for those classes of Units listed on TISE will be made available on the TISE's website as soon as practicable after calculation. Unit Prices for the unlisted classes are available from the Manager, Administrator and Bloomberg.

### 10.2. Reports

The Fund's accounting date is 30 September in each year. Each Unitholder and the TISE will normally receive an annual report containing the audited accounts of the Fund within six months of the relevant accounting date. The Fund's accounts are prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

### 10.3. Unitholder Meetings

A meeting of Unitholders duly convened and held in accordance with the terms of the Trust Instrument shall be competent by Extraordinary Resolution:

- to sanction any modification, alteration or addition to the provisions of the Trust Instrument (except any such modification, alteration or addition which does not involve any Unitholders or potential Unitholders in any material prejudice, which may be effected by supplemental instrument entered into by the Trustee and the Manager);
- to approve any change in the Investment Objective or Investment Policy of the Fund;
- to terminate the Fund;
- to remove the Manager or the Trustee for Cause; or
- to approve an arrangement for the reconstruction or amalgamation of the Fund with another body or scheme whether or not that other scheme is a collective investment scheme.

Details of the Unitholder meeting procedure are explained in Section 12.5 "Unitholder meeting procedure".

### 10.4. Updating this Prospectus

This Prospectus shall be updated from time to time and at least on an annual basis. The intention is that it should include all material information which investors and their professional advisers would reasonably require, and reasonably expect to find in the scheme particulars for the Fund for the purposes of making an informed judgement about the merits of investing in the Fund and the extent of the risks accepted by so investing, and which is within the knowledge of directors of the Manager (or which the directors would have obtained having made reasonable enquiries).

This Prospectus shall be revised to reflect any significant change which occurs in the matters stated in the last published Prospectus.

## 11. Taxation

*This summary is based on the Manager's understanding of the taxation law and practice in force at the date of this document, but prospective investors should be aware that the relevant fiscal rules and practice or their interpretation may change, sometimes retrospectively. The comments below are of a general nature, are not a full description of all relevant tax considerations and may not be applicable to certain categories of investor. The following information does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding or disposing of Units in the Fund under the laws of any jurisdictions in which they may be subject to tax.*

### 11.1. General

The taxation of income and capital gains of both the Fund and Unitholders is subject to the fiscal law and practice of Guernsey, the UK and any other jurisdictions in which Unitholders are subject to tax. The following is a summary of the anticipated tax treatment in the UK and Guernsey. It applies only to UK resident and domiciled persons holding Units as an investment.

Prospective investors should consult their own professional advisers as to the implications of making an investment in, holding or disposing of Units and the receipt of distributions (whether or not on redemption) with respect to such Units.

### 11.2. Guernsey

Under current law and practice in Guernsey, the Fund is eligible for exemption from Income Tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (the "Ordinance"). Under the provisions of the Ordinance, the Fund will pay an annual fee to the States of Guernsey Income Tax Office which is currently fixed at £1,200, but the Fund will not be liable to income tax in Guernsey save in respect of income arising in Guernsey (other than bank deposit interest). It is the intention of the Manager to conduct the affairs of the Fund so as to ensure it retains such exempt status which is granted on an annual basis.

Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a dwelling profits tax, which is currently suspended), gifts, sales or turnover, nor are there any estate duties save for an ad valorem fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Units.

Unitholders other than residents for income tax purposes in Guernsey, Alderney or Herm are not subject to any tax in Guernsey in respect of any Units owned by them. Guernsey income tax will not be deducted from any distributions payable in respect of Units held by or on behalf of residents for income tax purposes in Guernsey, Alderney, or Herm.

However, particulars of any such distributions will be furnished to the Administrator of Income Tax in Guernsey. No other deductions will be made in respect of tax.

### 11.3. United Kingdom

#### 11.3.1. Taxation of the Fund

The Directors of the Manager intend that the affairs of the Fund are conducted in such a manner that neither the Fund nor any Property Holding Vehicle incorporated in Guernsey (a "**Guernsey Property Holding Vehicle**") becomes resident in the UK for taxation purposes. Accordingly, the Fund and any Guernsey Property Holding Vehicle will not (under current rules) be subject to UK corporation tax on their income or chargeable gains provided that neither the Fund nor the Guernsey Property Holding Vehicle:

- carries on a trade in the UK through a permanent establishment situated therein; or
- carries on a trade of dealing in or developing UK land.

Where UK land is disposed of by a non-UK resident person which is carrying on a trade of developing or dealing in UK land, the profits of that trade may be subject to UK corporation tax. As set out in this Prospectus, it is not intended that the Fund nor any Guernsey Property Holding Vehicle should carry on such a trade and it is therefore not anticipated that this provision should apply.

Any company incorporated and resident in the UK, including any United Kingdom operating company (a "**United Kingdom Operating Company**"), will be subject to UK corporation tax.

Interest and other income received by the Fund or by any Guernsey Property Holding Vehicle which has a UK source may be subject to UK withholding taxes. Rental income from UK situated property received by non-UK residents is generally (under current rules) liable to UK income tax. The Manager intends to minimise this tax liability as far as reasonably possible.

The UK Government has implemented changes and extended the existing non-resident capital gains tax regime. With effect from 6 April 2019, non-UK tax residents that make that any gains arising from direct or indirect disposals of interests in UK land will be subject to UK corporation tax or capital gains tax as applicable. An indirect disposal would include the disposal of an interest in a "property rich" entity by a non-resident who satisfies a relevant ownership test. In order that only gains made after the 5 April 2019 would be subject to tax all interests whether direct or indirect are rebased under the new regime unless the interest was already within the scope of the existing non-resident capital gains tax regime. In light of these changes with effect from April 2019, the Fund and any Guernsey Property Holding Vehicle would be subject to UK capital gains tax or corporation tax on chargeable gains arising from relevant direct or indirect disposals of interests in UK land.

Furthermore from 6 April 2020 all non-resident companies in receipt of UK rental income will be brought within the charge to corporation tax instead of the existing non-resident company income tax regime. This change will see the headline rate of tax on rental income fall from the current 20% to 19%.

It is expected that there will be UK tax payable ("tax leakage") both at the level of any Guernsey Property Holding Vehicle and at the level of any United Kingdom Operating Company. As regards any relevant Guernsey Property Holding Vehicle, it is expected that it may have an excess of rental income paid to it by a United Kingdom Operating Company over deductible expenses in respect of which the Guernsey Property Holding Vehicle may be liable to UK income tax. As regards each United Kingdom Operating Company, it is expected that it may have an excess of profits over deductible expenses in respect of which the United Kingdom Operating Company may be liable to UK corporation tax.

With effect from April 2015, a new tax was introduced in the UK called the "diverted profits tax" which may be charged on relevant "diverted profits". HMRC has confirmed that it would not usually seek to apply diverted profits tax where there is no overall loss of UK tax as a result of property being held offshore where the offshore entity is liable to pay UK income tax on rents either by direct assessment or as a result of UK withholding tax (in this case under the Non-Resident Landlord Scheme). So it is not expected that the diverted profits tax will apply in relation to the Fund or any Guernsey Property Holding Vehicle.

### 11.3.2. Reporting Fund Status

In relation to the Offshore Funds Regulations (please see further below), the reporting fund status of certain classes of Units in the Fund is as follows:

Class A Accumulation	GG00B29MKD37	01/10/2011
Class C Accumulation	GG00B29MQ577	01/10/2011
Class C Income	GG00B58VGL28	01/10/2011
Class D Accumulation	GG00B87JQM91	02/04/2012
Class D Income	GG00BNNTWG4	24/08/2021
Class E "Exit Penalty Charge" Accumulation	GG00B7K3QR67	01/10/2012
Class E "Initial Charge" Accumulation	GG00B8HB8Z22	03/09/2012
Class F "Exit Penalty Charge" Accumulation (Euro)	GG00B88NF343	01/10/2012
Class G "Exit Penalty Charge" Accumulation (USD)	GG00B836BK77	01/10/2012
Class I "Exit Penalty Charge" Accumulation	GG00B7ZKGC70	01/10/2013
Class J Income	GG00BJ360743	01/10/2013
Class K Accumulation	GG00BMBX6W56	11/08/2020
Class K Income	GG00BMBX6V40	11/08/2020
Class M Income	GG00BJ360966	01/10/2013

### 11.3.3. Taxation of Unitholders

Unitholders will be treated as investing in an "offshore fund" within the meaning of section 355 Taxation (International and Other Provisions) Act 2010 and the attention of prospective investors is drawn to the Offshore Funds (Tax) Regulations 2009 (the "**Offshore Funds Regulations**").

### 11.3.4. Taxation of Income

The Fund is intended to be a Garland style unit trust such that in general terms the source of income for Unitholders would be the Units in the Fund and not the underlying assets of the Fund.

Subject to their personal circumstances, Unitholders resident in the UK for taxation purposes may be liable to UK income tax or corporation tax in respect of the income arising on their Units in the Fund and (if the Fund or applicable class of units in the Fund is a "reporting fund" under the Offshore Funds Regulations) on the amount (if any) by which any reported income exceeds the distributions received. Certain types of Unitholders, such as any pension scheme registered for the purposes of section 153 FA 2004 (a "**registered pension scheme**") that holds Units for the purposes of the scheme, may be exempt from income tax on income arising on or in respect of their Units in the Fund.

### 11.3.5. Taxation of Gains

Unitholders who are resident in the UK for tax purposes may be liable to capital gains tax or, if a company, corporation tax in respect of chargeable gains arising from the sale or other disposal of Units (subject to any applicable exemptions and reliefs). A gain accruing to a person on a disposal of an investment held for the purposes of a registered pension scheme is not a chargeable gain.

Unitholders should note, however, that in certain circumstances, the Offshore Funds Regulations may apply to tax gains made on the disposal of an interest in an offshore fund as income and not as a capital gain. It is not expected that the Fund will be treated as a "transparent fund" for the purposes of the Offshore Funds Regulations. On that basis, unless the Fund (or applicable class of units in the Fund) is accepted by HM Revenue & Customs and remains a "reporting fund" under the Offshore Funds Regulations, gains accruing to Unitholders upon the sale, redemption or other disposal of their Units will generally be taxed as income (as "offshore income gains") and not as a capital gain (subject to any applicable exemptions or reliefs). If a registered pension scheme disposes of an interest in a non-reporting fund, any gain arising will generally be exempt from the charge to tax in respect of offshore income gains.

The attention of prospective investors is drawn to the provisions of Section 13 of the Taxation of Chargeable Gains Act 1992. Section 13 could potentially apply to apportion chargeable gains realised within the Fund to Unitholders if the Fund would be a "close" company for UK taxation purposes if it were resident in the UK. Section 13 will only apply, however, if the amount apportioned to a Unitholder and persons connected with the Unitholder is more than 25% of the

relevant gain and if certain exemptions do not apply. A registered pension scheme will generally be exempt in respect of any chargeable gain apportioned to it under Section 13.

### **11.3.6. Stamp Taxes**

Stamp duty land tax will normally be payable on purchases of real property in the UK (other than Scotland and Wales). Land and Buildings Transaction Tax will normally be payable on purchases of real property in Scotland. Land Transaction Tax will normally be payable on purchases of real property in Wales.

No UK stamp duty or stamp duty reserve tax will arise on the issue of Units. No UK stamp duty will need to be paid on a transfer or redemption of Units and no liability to stamp duty reserve tax will arise on agreements to transfer Units provided the Trustee is resident outside the UK and the Units are not registered in a register kept in the UK by or on behalf of the Trustee.

Certain taxes may apply in respect of the acquisition, holding or disposal by certain types of non-resident entities of UK residential property. It is not intended that the Fund will acquire UK residential property.

### **11.3.7. Information Reporting**

Unitholders should be aware that pursuant to various laws and regulations, including to implement agreements for the automatic exchange of information between tax authorities, information about certain Unitholders and their investments may be required to be reported and exchanged with the tax authorities in the jurisdiction in which the Unitholder is resident. In order to comply with such laws and regulations, Unitholders may be required to certify relevant information to the Trustee and/or Manager, including as regards their status and the jurisdiction in which they are resident for tax purposes.

## 12. Other Information

### 12.1. Material agreements

The following material contracts have been entered into in respect of the Fund:

- (a) an Investment Advisory Agreement, under which the Manager has appointed the Investment Adviser to provide investment advisory services to the Manager; and
- (b) an Administration Agreement with the Administrator, under which the Manager has appointed the Administrator to provide administration and registrar services to the Manager in respect of the Fund.

#### 12.1.1. Investment Advisory Agreement

The following are the main terms of the Investment Advisory Agreement:

- The Manager appoints the Investment Adviser exclusively to act as the investment adviser to the Manager in respect of the assets of the Fund.
- The Investment Adviser shall provide, *inter alia*, the following services in respect of the Fund:
  - advising the Manager in relation to the exercise by the Manager of its powers to determine all Investments of the Fund including sourcing such investments and negotiating the terms for any transaction in respect of such investments including advice in relation to the Manager:
    - (a) exercising discretion as to the acquisition of, retention of, disposal of, or exercise of rights in relation to, Investments; and
    - (b) instructing, as agent, brokers and intermediaries to purchase and sell Investments or purchase Investments from or sell them to such brokers and intermediaries;
  - proposing, evaluating and keeping under review the asset acquisition and investment policies and strategies for the Fund and proposing to the Manager changes in those policies and strategies as the Investment Adviser considers necessary or desirable;
  - carrying out reviews of the Investments whenever the Investment Adviser deems it necessary, or when required to do so by the Manager;
  - advising the Manager as to the exercise of any rights which the Fund may have in relation to the Investments.

- The Investment Adviser has also been appointed to promote the Fund. The Manager has agreed not to appoint any other person to be a promoter for the Fund without the prior consent of the Investment Adviser. The Investment Adviser will be responsible for overseeing all relevant promotional literature, although the Manager will retain responsibility for preparation of the Prospectus.
- The Investment Adviser's liability is limited to the same amount as the Manager is liable for under the Trust Instrument and applicable law. The Investment Adviser shall indemnify the Manager against all losses, costs and liabilities that may be suffered by the Manager resulting or arising in any way from a breach of the Investment Advisory Agreement by the Investment Adviser or the fraud, negligence or wilful default of the Investment Adviser or its delegate.
- The Manager shall indemnify and hold harmless the Investment Adviser against all losses, costs and liabilities that may be suffered by the Investment Adviser resulting or arising in any way from the provision by the Investment Adviser of its services except any such losses, costs and liabilities resulting from the Investment Adviser's or its delegate's fraud, negligence, wilful default or breach of the terms of the Investment Advisory Agreement.
- The Investment Adviser may terminate its appointment:
  - by giving not less than ninety days' notice in writing to the Manager;
  - if the Manager commits any material breach of its obligations under the Investment Advisory Agreement and fails, within ten days of receipt of notice served by the Investment Adviser requiring it so to do, to make good the breach;
  - at any time if the Manager is insolvent or goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Investment Adviser) or if a receiver is appointed over any of the assets of any such other party or if any such other party makes or proposes any arrangement or composition with its creditors or class of creditors or some event of equivalent effect occurs.
- The Manager may terminate the appointment of the Investment Adviser:
  - if the Investment Adviser commits any material breach of its obligations under the Investment Advisory Agreement and fails, within ten days of receipt of notice served by the Manager requiring it so to do, to make good such breach; and

- at any time without such notice referred to above, by giving notice in writing to the Investment Adviser if the Investment Adviser is insolvent or goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed of any over the assets of the Investment Adviser or if the Investment Adviser makes or proposes any arrangement or composition with its creditors or class of creditors or some event of equivalent effect occurs.
- The appointment of the Investment Adviser shall terminate automatically on the completion of the winding up of the Fund.

### **12.1.2. Administration Agreement**

The following are the main terms of the Administration Agreement:

- The Manager has delegated to the Administrator certain of its administrative duties and functions such that the Administrator is responsible for the day-to-day administration and secretarial functions of the Fund. The Administrator is also responsible for performing certain duties in relation to the issue, transfer and redemption of Units, their pricing and settlement.
- In the absence of actual fraud, wilful default or negligence the Administrator shall not be liable for any loss or damage suffered by the Manager, the Trustee, the Fund or any Unitholder arising directly or indirectly out of any error of judgement or oversight or mistake of law on the part of the Administrator made or committed in good faith in the performance of the duties of the Administrator hereunder, nor shall the Administrator in the absence of actual fraud, wilful default or negligence be responsible for any loss or damage which the Manager, the Trustee, the Fund or any Unitholder may sustain or suffer as the result of or in the course of the discharge of such duties and the Administrator shall be indemnified and held harmless out of the property of the Fund against all claims and demands (including costs and expenses arising therefrom or incidental thereto) which may be made against the Administrator or any such person in respect of any loss or damage sustained or suffered or alleged to have been sustained or suffered by any third party, otherwise than by reason of the actual fraud, wilful default or negligence of the Administrator or any such person as aforesaid.
- The Administrator shall have the right to retire by giving not less than 90 days' notice in writing to the Manager expiring at any time.
- The Administrator may be removed by notice in writing of not less than 90 days' given by the Manager to the Administrator expiring at any time. The Administrator shall upon such termination be entitled to receive from the Manager a termination

fee at a reasonable level to be agreed. In addition the Manager may terminate the appointment of the Administrator with immediate effect by notice in writing in the event of:

- if the Administrator commits any material breach of its obligations under this Agreement and fails, within ten days of receipt of notice served by the Manager requiring it so to do, to make good such breach; or
- the commencement of winding-up proceedings in respect of the Administrator (except for a summary winding-up for the purposes of reconstruction or amalgamation upon terms previously approved by the parties in writing); or
- following any other event of bankruptcy, *desastre*, or any event of insolvency with respect to the Administrator; or
- the Administrator ceasing to be qualified to act as such pursuant to the POI Law.

## **12.2. Dealings by the Manager**

The Manager may deal in Units in the Fund, but neither the Manager nor any of its associates shall be liable to account for profits received in connection with its activities relating to the Fund.

There are no loans by the Fund to the directors of the Manager outstanding and no guarantees have been provided by the Fund for the benefit of the directors of the Manager.

## **12.3. Duration of the Fund**

The Fund will terminate at the latest on the 100th anniversary of the date of the Trust Instrument or earlier on the occurrence of any one of the following events:

- if the Fund ceases to be authorised as a Class B Scheme in Guernsey (unless otherwise directed by the Commission) or such other class of scheme as applies from time to time; or
- when an Extraordinary Resolution is passed by the Unitholders for the termination of the Fund; or
- the Trustee ceasing to be trustee of the Fund and no new Trustee being appointed; or
- the Manager ceasing to be manager of the Fund and no new Manager being appointed; or
- if any change in law renders the Fund illegal or if in the opinion of the Trustee it becomes impracticable or inadvisable to continue the Fund.

The Manager may, at its discretion, determine that the Trust shall terminate on or after the second anniversary of the end of the Initial Offer Period if the Gross Asset Value shall on each of six

consecutive Dealing Days be less than £30 million and, if it so determines, it shall give not less than four weeks' notice to Unitholders.

On termination for any such reason:

- the Trustee shall cease to create and cancel Units in the Fund;
- the Manager shall cease to issue and redeem Units in the Fund; and
- the Trustee shall proceed with the winding up of the Fund.

As soon as is practicable after the Fund falls to be wound up, the Manager (in consultation with the Trustee) shall realise the property of the Fund and, after paying or providing for out of the proceeds of such realisation all liabilities properly payable or reasonably anticipated and retaining provision for the costs of the winding up and for such contingent liabilities as the Trustee and the Manager may consider necessary, shall distribute the proceeds of the realisation of the property of the Fund to the Unitholders as soon as is reasonably practicable and proportionately to their respective interests as at the date of termination.

#### **12.4. Modification of the Trust Instrument**

The Trustee and the Manager may modify the Trust Instrument as they may consider expedient. However, any such modification must be approved by an Extraordinary Resolution of the Unitholders unless the Trustee has certified in writing that in its opinion such modification does not materially prejudice the interests of Unitholders and does not operate to release the Trustee or the Manager from any responsibility to Unitholders, or the change relates to a change of the Investment Powers and Restrictions of the Fund, of which notice has been given to Unitholders in Section 3.4 "Investment Powers and Restrictions".

Furthermore, no modification may be made which:

- imposes on any Unitholder any obligation to make further payment to the Fund beyond the amount of its commitment to subscribe for Units or which otherwise adversely affects (or may reasonably be expected adversely to affect) the rights and interests of all or any of the Unitholders; or
- alters, or result in the alteration of, or otherwise prejudice the status of the Trust for United Kingdom tax purposes; or
- be a variation to any provision of the Trust Instrument which requires consent to any matter by any Unitholder,

without the consent of the Unitholders adversely affected or who may reasonably be expected to be so affected thereby.

## 12.5. Unitholder meeting procedure

The Manager may convene a meeting of Unitholders or a meeting of the holders of Units of a particular class (a "Class Meeting") whenever it thinks fit. The Manager is obliged to call a meeting of Unitholders if requested to do so in writing by Unitholders holding not less than 25% of the Units in issue, and to call a meeting of the holders of Units of a particular class if requested to do so in writing by Unitholders holding not less than 25% of the Units in issue of that Class.

Twenty Business Days' notice of every meeting shall be given to relevant Unitholders and the quorum shall be Unitholders present in person or by proxy representing 10% of the value of the Units (or, in the case of a Class Meeting, Units of the relevant class) for the time being in issue. If however any matter being voted upon is one in which the Manager or any associate of them has an interest, then the quorum shall be two Unitholders, excluding any such interested Unitholder.

At any meeting of Unitholders or Class Meeting, resolutions may be passed by a show of hands at the meeting unless a poll is requested. On a show of hands every Unitholder has one vote.

A poll may be demanded by the chairman of the meeting or not less than two Unitholders entitled to vote at that meeting or the Trustee. On a poll the voting rights of each Unit shall be proportionate to the Proportionate Interest attributable to that Unit at the date selected by the Manager, being a reasonable period before the date of dispatch of the notice of the meeting. A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. Only Unitholders, their corporate representatives, or their proxies may vote at meetings of Unitholders.

Where the Manager or any associate of them has an interest in a matter which is the subject of a vote of Unitholders, they shall not be entitled to vote on that matter.

A Unitholder may appoint a proxy to attend any meeting of the Unitholders. An instrument appointing a proxy shall be in writing and executed by or on behalf of the appointor. Such Instrument shall give the proxy power to vote as he thinks fit on behalf of the appointor on any

matters coming before the meeting. Such instrument and the power of attorney or other authority (if any) under which such instrument is executed shall be delivered to the Manager at its registered office not less than 48 hours before the time appointed for the holding of the meeting.

## **12.6. Appointment and removal of the Manager and Trustee**

The trust instrument constituting the Fund provides that the Trustee may be removed for Cause by the Manager, or by extraordinary resolution of the Unitholders. The Trustee may not retire voluntarily except upon the appointment of a new Trustee. Upon removal or retirement of the trustee, the Manager is obliged to use its best endeavours to find a new Trustee based in Guernsey and approved by the GFSC. Any such Trustee shall be appointed by the Manager.

The Manager or a Trustee may be removed for Cause or by extraordinary resolution of the Unitholders.

For the purposes of removal of the Manager or a Trustee, "Cause" is defined as follows:

- a) any act causing material loss to the Trust resulting from the gross negligence, bad faith or breach of trust by that person not being capable of remedy or which is not remedied within a reasonable time of that person being asked to do so;
- b) any act of fraud or material wilful misconduct by that person;
- c) (where relevant) it being or becoming unlawful for that person to continue to be the manager or trustee (as appropriate) of the Trust; and
- d) the inability of that person to pay its debts as and when they fall due or the making by that person of any composition with its creditors or the appointment of a receiver, administrative receiver, administrator or other similar official in relation to all or any of the assets of that person or any analogous event in any relevant jurisdiction.

## **12.7. Liability and Indemnities**

### **12.7.1. Indemnity out of the Trust Property**

The Trustee and the Manager, and their officers, employees and delegates, are indemnified out of the Trust Property in respect of all liabilities incurred in the execution or purported execution of their rights, powers, duties, authorities or discretion under the Trust Instrument, and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted to be done by them and any sums to which they are entitled under the Trust Instrument, other than where they arise out of the fraud, negligence, wilful misconduct, bad faith, reckless disregard for or breach of the duties and obligations of such person in relation to the Fund.

### 12.7.2. Exclusions of liability

The Trust Instrument provides that the Trustee and the Manager shall not be liable for certain matters including the following:

- the Trustee and the Manager shall not be liable for any error of law or any matter or thing done or suffered or omitted to be done by them in good faith in relation to the Trust other than in the case of fraud, negligence, wilful misconduct, bad faith, reckless disregard for or breach of its duties and obligations in relation to the Fund;
- the Trustee and the Manager shall not be liable to account to any Unitholder or otherwise for any payment made or suffered by the Trustee and the Manager in good faith and without breach of any of the provisions of this Instrument to any duly empowered fiscal authority for taxes or other charges in any way arising out of or relating to the Fund, the Trust Property or any other transaction of whatsoever nature pursuant to the Trust Instrument, notwithstanding that any such payment ought not to or need not have been made or suffered;
- the Trustee and the Manager may act upon any advice or information obtained from the Auditors or any bankers, accountants, brokers, lawyers, agents or other persons acting as agents or advisers of the Trustee or the Fund and the Trustee and the Manager shall not be liable for anything done or omitted or suffered in good faith in reliance upon such advice or information. The Trustee and the Manager shall not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of the Auditors or any such banker, accountant, broker, lawyer, agent or other persons acting as agents or advisers of the Trustee or the Fund.

Under the terms of the Trust Instrument the Trustee and Manager are each entitled to sub-appoint third parties to exercise its rights, privileges, powers and discretions and to perform their respective duties and obligations under the Trust Instrument. However, where such appointee is not an associate of the Trustee or Manager, the Trustee and the Manager shall not be bound to supervise their respective sub-appointees nor shall in any way be responsible for any loss incurred by reason of any misconduct or default on the part of any such sub-appointee, if it is reasonable for the sub-appointee to be employed for the function in question and it was reasonable for the Trustee or the Manager (as applicable) to believe that the sub-appointee was and remains competent to undertake the function in question. However, where the Trustee appoints a custodian of the Trust Property, where that custodian is an associate of the Trustee, the Trustee shall be responsible for all acts and omissions of the custodian as if these were acts or omissions of the Trustee.

### **12.7.3. Unitholder indemnities**

Each Unitholder at termination of the Fund shall indemnify the Manager and the Trustee, their nominees and employees against any and all costs, claims, demands, expenses and liabilities which may be suffered or incurred by the Manager, the Trustee or their nominees or employees, jointly or severally, in respect of, or arising out of the acquisition, holding or disposal of any assets of the Fund save to the extent that such costs, claims, demands, expenses and liabilities arise out of gross negligence, wilful default or fraud of the Manager or Trustee constituting a breach of duty or trust by the Manager or Trustee respectively. Each Unitholder also indemnifies the Trustee, the Manager and the Fund in respect of any liability arising from a Unitholder holding Units in circumstances giving rise to a right to compulsorily redeem those Units under the provisions of this Prospectus. No Unitholder will be required to indemnify the Manager, the Trustee, their nominees and employees to a value in excess of the value of such Unitholder's Units at the date on which such Units were redeemed.

### **12.8. Legal and Arbitration Proceedings**

There have been no legal or arbitration proceedings (and no such proceedings are threatened of which the Manager is aware) which have had or may have a significant effect on the Fund's financial position.

### **12.9. Complaints**

Any formal complaint by a Unitholder should be made to the Compliance Officer of the Manager.

### **12.10. Governing law**

The Fund is constituted and governed by the law of Guernsey.

### **12.11. Documents available for inspection**

Copies of the Trust Instrument and Prospectus relating to the Fund, including any amending documents, the Material Agreements summarised in Section 12.1 "Material agreements" and of the most recent annual report may be inspected at and copies may be obtained from the offices of the Administrator at 11 New Street, St Peter Port, Guernsey, GY1 2PF. Details of the directorships held by the directors of the Manager in the past five years will also be made available to any potential holder at the offices of the Administrator.

### **12.12. Alternative Investment Fund Managers Directive (AIFMD)**

The Alternative Investment Fund Managers Directive (AIFMD) applies to alternative investment fund managers based in EU member states ("EU AIFMs") who: 1) manage one or more alternative investment funds ("AIFs") (irrespective of domicile) and 2) market their AIFs to EU professional investors. EU AIFMs became subject to the full rigour of AIFMD from 22 July 2013. These AIFMs had

until 22 July 2014 to apply for authorisation under AIFMD and to continue to market AIFs in the EU under national private placement regimes (NPPRs).

Non-EU AIFMs, including Darwin Property Investment Management (Guernsey) Limited, may continue to market AIFs in the EU under NPPRs, subject to the AIFMD private placement overlay (PPO), which includes transparency requirements for annual reports, disclosures to investors and reporting to regulators and cooperation agreements between the regulators of the states in which marketing is to occur, the third country of the non-EU AIFM and the third country of the non-EU AIF. These regulators can and, in some cases do, impose their own registration requirements. There is no uniform approach.

The Fund is promoted only in the UK at present. It is important to note that the investment adviser and fund promoter, Darwin Alternative Investment Management Limited, is a Financial Conduct Authority (FCA) regulated entity, and as such, considers itself twice obligated to comply with regulatory requirements.

Within the UK, a non-EU AIFM may market under Article 42 of the Directive (NPPR) and Regulation 59, where a notification to the FCA and a self-certification as to compliance with certain conditions and cooperation agreements are in place. The Manager has completed the self-certification form for the UK, with the full support of the FCA-regulated Investment Adviser. This form was processed and accepted in March 2014.

It is also important to note that while Guernsey is not part of the EU, the European Commission has acknowledged that Guernsey-based alternative investment fund managers and alternative investment funds fall within an equivalent regime for the purpose of, through the AIFMD third country regime as and when that regime comes into being (the date of which is as yet undetermined). Investors should be aware that whilst Guernsey is not part of the United Kingdom, the third country regime applicable to Guernsey Funds in the EU and/or the United Kingdom may be impacted or amended as a result of the United Kingdom's triggering its article 50 right to exit the European Union.

The GFSC has also created a parallel opt-in regulatory regime fully compliant with the requirements of the AIFMD. This regime will be optional so that existing Guernsey-based collective investment schemes such as the Fund are able if they wish, to alter their registration or authorisation by the GFSC so as to fall within that regime. The GFSC's regime, together with other information on Guernsey's relationship with AIFMD, can be found at [www.gfsc.gg/investment/pages/aifmd-faq.aspx](http://www.gfsc.gg/investment/pages/aifmd-faq.aspx).

### **12.13. The impact of the UK's exit from the European Union on the Fund**

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union ("Brexit"). Brexit has resulted and will continue to result in significant economic, political and social instability, not only in the United Kingdom and Europe, but across the globe more generally.

There are significant uncertainties in relation to the terms and timeframe within which Brexit will be affected, and there are significant uncertainties as to what the impact will be on the economic, fiscal, monetary, legal, tax and regulatory landscape in the UK some of which may have a direct impact upon the Fund and/or the assets of the Fund. The extent of the impact on the Fund is uncertain and will depend, in part, on the nature of the arrangements that are put in place between the United Kingdom and the European Union. The impact of Brexit on the UK real estate sector and, specifically, the private mid-market is likewise unknown and reliant upon the factors referred to above.

Although it is not possible to predict fully the effects of Brexit, any of these uncertainties and the method in which they are resolved, taken singularly or in the aggregate, could have a material adverse effect on the Fund and/or the assets of the Fund. In addition, such effects could potentially make it more difficult for the Fund to raise capital, both borrowings and further Unitholder subscriptions. This could impact on the Fund's ability to acquire new properties and accordingly could impact on the ability of the Fund to deliver the target returns.

#### **12.14. Covering Potential Liability Risks**

Article 9(7) of the AIFMD states that to cover potential professional liability risks resulting from activities the AIFM may carry out pursuant to the Directive, AIFs and AIFMs must have additional own funds which are appropriate to cover potential liability risks arising from professional negligence or hold a professional indemnity insurance against the liability.

It is noted that this requirement is not applicable to the Manager, as a non-EU AIFM, and as it is not delegating a management function, being one of risk management or portfolio management.

It is the case, however, that the Manager does hold professional indemnity insurance against liability arising from professional negligence.

#### **12.15. Fair Treatment of Investors**

The AIFMD stipulates that a fund manager must disclose to prospective investors how the fair treatment of investors will be achieved.

The Manager confirms that it will treat all of the investors in the Fund fairly and will not allow any investor to obtain preferential treatment, unless such treatment is first disclosed to all investors. This disclosure would be made to each investor in advance by letter.

#### **12.16. Periodic Disclosures**

Under the AIFMD, AIFMs shall, for each of the AIFs that they market in the European Union, periodically disclose to investors:

- a) The percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;

- b) Any new arrangements for managing the liquidity of the AIF;
- c) The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks.

AIFMs marketing in the EU AIF employing leverage shall, for each such AIF disclose, on a regular basis:

- a) Any changes to the maximum level of leverage which the AIFM may employ on behalf of the AIF as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement;
- b) The total amount of leverage employed by that AIF.

The Manager will disclose this information in the Annual Report and the Investment Adviser will communicate this information to investors and prospective investors via their company website to cover periods between Annual Reports.

### **12.17. United States (U.S.) Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA)**

Under the FATCA provisions of the U.S. Hiring Incentives to Restore Employment (HIRE) Act, where the Fund invests directly or indirectly in U.S. assets, payments to the Fund of U.S.-source income, gross proceeds of sales of U.S. property by the Fund and certain other payments received by the Fund will be subject to 30 per cent. U.S. withholding tax unless the Fund complies with FATCA. FATCA compliance can be achieved by entering into an agreement with the US Secretary of the Treasury under which the Fund agrees to certain U.S. tax reporting and withholding requirements as regards holdings of and payments to certain investors in the Fund or, if the Fund is eligible, by becoming a “deemed compliant fund”.

Guernsey has entered into an intergovernmental agreement with the US regarding the implementation of FATCA and under which certain disclosure requirements will be imposed in respect of certain investors in the Fund who are, or being entities controlled by one or more, residents or citizens of the US. See “FATCA – US-Guernsey Intergovernmental Agreement” below for further information. Any amounts of U.S. tax withheld may not be refundable by the Internal Revenue Service (IRS). Potential investors should consult their advisors regarding the application of the withholding rules and the information that may be required to be provided and disclosed to the Fund and in certain circumstances to the Guernsey tax authorities and/or to the IRS pursuant to the US-Guernsey Intergovernmental Agreement as implemented in Guernsey by domestic law and/or where applicable, as will be set out in the final FATCA regulations.

The application of the withholding rules and the information that may be required to be reported and disclosed are uncertain and subject to change. Unitholders may be required to provide certain information to the Fund in order to enable the Fund to comply with its FATCA obligations in accordance with the Articles. If a Unitholder fails to provide the required information within the prescribed period, the Board require the relevant Unitholder to sell its Units in the Fund.

## **12.18. Multilateral Competent Authority Agreement for Automatic Exchange of Taxpayer Information**

On 13 February 2014, the Organization for Economic Co-operation and Development released the Common Reporting Standard ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement ("Multilateral Agreement") that activated this automatic exchange of FATCA-like information in line with the CRS. Additional jurisdictions have now acceded to the Multilateral Agreement. Pursuant to the Multilateral Agreement, certain disclosure requirements will be imposed in respect of certain investors in the Fund who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the United States has not signed the Multilateral Agreement.

Early adopters who signed the Multilateral Agreement (including Guernsey) pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018. Guidance and domestic legislation regarding the implementation of the CRS and the Multilateral Agreement in Guernsey are yet to be published in finalised form. Accordingly, the full impact of the CRS and the Multilateral Agreement on the Fund and the Fund's reporting responsibilities pursuant to the Multilateral Agreement as it will be implemented in Guernsey is currently uncertain.

### **12.18.1. US-Guernsey Intergovernmental Agreement**

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the U.S. (the "U.S.-Guernsey IGA") regarding the implementation of FATCA, under which certain disclosure requirements will be imposed in respect of certain investors in the Fund who are, or being entities are controlled by one or more, residents or citizens of the US. The U.S.-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form. Accordingly, the full impact of the U.S.-Guernsey IGA on the Fund and the Fund's reporting responsibilities pursuant to the U.S.-Guernsey IGA as implemented in Guernsey is currently uncertain.

The Fund does not invest in US assets and the Fund is not open to US persons and reporting obligations under FATCA will be limited or non-existent.

### **12.18.2. UK-Guernsey Intergovernmental Agreement**

On 22 October 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the UK ("UK-Guernsey IGA") under which certain disclosure requirements will be imposed in respect of certain investors in the Fund who are residents of the UK or in the case of entities, are controlled by one or more residents of the UK. The UK-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form. Accordingly, the full

impact of the UK-Guernsey IGA on the Fund and its reporting responsibilities pursuant to the UK-Guernsey IGA is currently uncertain.

Whilst the Fund will seek to satisfy its obligations under each of the US-Guernsey IGA and the UK-Guernsey IGA as implemented in Guernsey pursuant to regulations and to guidance (which is yet to be published in final form) in order to avoid the imposition of any withholdable payments and/or or any financial penalties under Guernsey law, the ability of the Fund to satisfy such obligations will depend on receiving relevant information and/or documentation about each investor and where appropriate the direct and indirect beneficial owners of the interests held in the Fund. There can be no assurance that the Fund will be able to satisfy such obligations.

### **12.18.3. Privacy Policy**

In order to carry out its operations the Fund's service providers will need to process the personal data of individual investors (and certain employees and owners of corporate investors). This will be done in accordance with the Trustee and Administrator's privacy policies and applicable local and international data protection legislation.

## 13. Appendix

### 13.1. Definitions

The following definitions apply throughout this document unless the context otherwise requires:

<b>"Accounting Period"</b>	the period commencing on 1 October and ending on 30 September in the next year
<b>"Administrator"</b>	Vistra Fund Services (Guernsey) Limited or its successor as Administrator appointed by the Manager from time to time
<b>"Admission"</b>	admission of that Class in respect of a Class of Units, the Official List of the TISE
<b>"Auditor"</b>	Grant Thornton Limited
<b>"Business Day"</b>	a day on which banks in Guernsey and London are open for dealings and business and which is also a business day in Guernsey but excluding a Saturday, a Sunday or a bank holiday unless otherwise determined by the Manager
<b>"Business Valuer"</b>	Smith and Williamson or its successor as an independent party in relation to the valuation of the businesses appointed by the Manager to value the Fund's operating assets
<b>"Cause"</b>	in respect of any person:  (a) any act causing material loss to the Fund resulting from the gross negligence, bad faith or breach of trust by the relevant person not being capable of remedy or which is not remedied within a reasonable time of that person being asked to do so;  (b) any act of fraud or material wilful misconduct by the relevant person;  (c) (where relevant) it being or becoming unlawful for the person to continue to be

the Manager or Trustee (as appropriate) of the Fund; or

- (d) the inability of the relevant person to pay its debts as and when they fall due or the making by that person of any composition with its creditors or the appointment of a receiver, administrative receiver, administrator or other similar official in relation to all or any of the assets of that person

**"Class B Scheme"**

a scheme which is classified as a Class B scheme for the purposes of The Authorised Collective Investment Schemes (Class B) Rules 2013 made by the Guernsey Financial Services Commission in exercise of the powers conferred in it under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended from time to time

**"Commission" or "GFSC"**

the Guernsey Financial Services Commission

**"Darwin Company"**

Darwin Property Investment Management (Guernsey) Limited, Darwin Alternative Investment Management Limited (together the **"Darwin Companies"**)

**"Dealing Day"**

the first Business Day in each month and such other Business Days as the Manager may from time to time determine after consultation with the Administrator and Trustee

**"Extraordinary Resolution"**

an extraordinary resolution of the Fund passed at a duly convened meeting by Unitholders holding not less than three quarters of the aggregate Proportionate Interests represented by the Units of all the Unitholders entitled to vote on such resolution

**"Fund"**

The Darwin Leisure Property Fund, an open-ended unit trust constituted under the laws of Guernsey by the Trust Instrument

<b>"Gross Asset Value"</b>	the aggregate value of the net assets of the Fund calculated in accordance with the Trust Instrument and this document together with the total amount of debt drawn down by the Fund under any loan facility from time to time
<b>"Guernsey"</b>	the Island of Guernsey
<b>"Initial Charge"</b>	the discretionary Initial Charge referred to in Section 6.1 "Initial Charge"
<b>"Intermediate Vehicle"</b>	a Property Holding Vehicle or other form of intermediate vehicle, whether a company, limited partnership, joint venture or collective investment scheme or other form of vehicle, which the Manager (with the agreement of the Trustee) considers appropriate in order to hold property
<b>"Investment Adviser"</b>	Darwin Alternative Investment Management Limited
<b>"Investment Objective"</b>	the investment objective of the Fund as stated in Section 3.2 "Investment Objective"
<b>"Investment Policy"</b>	the investment policy for the purpose of achieving the Investment Objective, as stated in Section 3.2 "Investment Objective".
<b>"Investment Powers and Restrictions"</b>	the investment powers and restrictions of the Fund as set out in Section 3.4 "Investment Powers and Restrictoins" (as may be amended from time to time, provided any changes are notified to Unitholders and this Prospectus is updated accordingly)
<b>"Manager"</b>	Darwin Property Investment Management (Guernsey) Limited or its successor as manager of the Fund from time to time
<b>"Net Asset Value" or "NAV"</b>	the net asset value of the Fund or per Unit (as the context requires) calculated in accordance with the Trust Instrument

<b>"Ordinary Resolution"</b>	an ordinary resolution of the Fund passed at a duly convened meeting by Unitholders holding more than 50% of the aggregate Proportionate Interests represented by the Units of all Unitholders entitled to vote on such resolution
<b>"Park Management"</b>	individuals whose role it is to manage the parks on a day-to-day basis
<b>"Performance Fee"</b>	the fee payable out of the Trust Property to the Manager calculated by reference to the performance of the Portfolio in the manner described in Section 6.2.2 "Performance Fee"
<b>"POI Law"</b>	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
<b>"Pound", "Sterling" or "£"</b>	Pounds sterling, the lawful currency of the United Kingdom
<b>"Portfolio"</b>	the Property Assets and the other investments of the Fund
<b>"Property Asset"</b>	an interest in property held by the Fund directly or indirectly through one or more Property Holding Vehicles
<b>"Property Holding Vehicle"</b>	a special purpose vehicle in which the Fund has an economic and beneficial interest, which shall be held by the Trustee as part of the Trust Property for the purpose of acquiring and holding directly or indirectly one or more of the Property Assets
<b>"Property Manager"</b>	Darwin Contract Management Limited, a wholly owned subsidiary of the Fund, or its successor as appointed property manager from time to time, is the property manager appointed on behalf of the Fund and sub-contracts the day-to-day operations to specialist companies
<b>"Property Valuer"</b>	a person or persons appointed by the Manager after consultation with the Administrator and the

	Trustee, for valuing immovable property or immovable property related assets pursuant to the terms of the Trust Instrument
<b>"Proportionate Interest"</b>	in respect of a Unit, the proportionate interest ascertained in accordance with the Trust Instrument for the relevant class of Units in the assets and liabilities of the Fund and divided by the number of Units of that class in issue at the relevant time
<b>"Redemption Charge"</b>	the redemption charge referred to in Section 6.7 "Redemption Charge".
<b>"TISE"</b>	The International Stock Exchange
<b>"Trustee"</b>	Butterfield Bank (Guernsey) Limited or its successor as trustee of the Fund from time to time
<b>"Trust Income"</b>	the dividends, interest, earnings and other receipts attributable to the Trust Property and any other receipts the Manager (after consultation with the Auditor) determines are in the nature of income
<b>"Trust Instrument"</b>	the Instrument of Trust constituting the Fund dated 5 December 2007, as supplemented 16 September 2009 and as amended and restated on 20 December 2011, 6 August 2012 and 28 March 2017 and made between the Manager and the Trustee, as amended or supplemented from time to time
<b>"Trust Property"</b>	the proceeds of any subscription for Units and all other property and assets held directly or through Property Holding Vehicles or other Intermediate Vehicles held or deemed to be held by the Fund from time to time, including for the avoidance of doubt but without limitation, economic interests in Property Assets (including through Property Holding Vehicles or other Intermediate Vehicles) and including, for the avoidance of doubt, Trust Income;

<b>"Unanimous Resolution"</b>	a unanimous resolution of the Fund passed at a duly convened meeting by Unitholders holding 100% of the Proportionate Interests represented by the Units of all Unitholders entitled to vote on such resolution
<b>"Unit"</b>	a unit in the Fund and including any fraction of a unit
<b>"Unit Price"</b>	the price of a Unit calculated as explained in Section 7.2 "Valuation and Prices"
<b>"Unitholder"</b>	the person for the time being entered on the register of Unitholders as the holder of a Unit including (where the context so admits) persons jointly so registered
<b>"Valuation Date"</b>	the last Business Day in each month or such other date as the Manager may from time to time determine after consultation with the Administrator and the Trustee