

Newsletter

July 2015

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Accepting the award: Anthony Esse, CEO; James Penney, Chairman; Sarah Parks, Head of Marketing; Jonathan Curry, Finance Director; Mike Kew, Sales Director

Darwin Triumph at 2015 European Pension Awards

We are thrilled that our awards success continued recently when Darwin Property Investment Management (Darwin) was named 'Alternatives Investment Manager of the Year' at the 2015 European Pension Awards.

The European Pensions Awards, which are held in association with European Pensions Magazine, recognise outstanding achievement in the varied fields of European pension provision, honouring the investment firms, consultancies and pension providers across Europe that have exhibited the highest professional standards. An independent panel of representatives from European pension associations, pension funds, consultants and pension providers judged the awards. They assessed excellence, innovation, commitment to pension fund clients and overall dedication to improving pension provision in the pensions space.

Darwin beat a strong shortlist of managers including Blackrock, Deutsche Asset & Wealth Management and Irish Life Investment Managers to win the coveted title. Darwin is the investment adviser to the Darwin Leisure Property Fund and was recognised for the strong performance generated by the Fund and the stable income it offers its pension fund investors.

The win at the European Pension Awards comes shortly after Darwin were "Highly Commended" in the 'Alternative Investment Manager of the Year' category at the 2015 UK Pension Awards, an award Darwin won in 2014. We are also delighted to have been short listed at the Local Authority Pension Fund Investment Awards in the 'Alternative Manager' category. These awards will be presented in September.

It is a great achievement that, once again, leading industry experts have recognised our efforts to provide investors with a truly alternative investment product that generates strong and stable returns. Darwin may be a small boutique manager but we are proud to be leading the way in providing investors with genuine alternative investment opportunities.



WINNER

Alternatives Investment Manager of the Year

New park acquisition - Aberconwy Resort and Spa

We recently completed the acquisition of the Fund's 19th holiday park, Aberconwy Resort and Spa in North Wales. This is the fourth holiday park in our North Wales hub and offers a premium alternative to our more traditional holiday parks in the area: Talacre Beach, Seaview and New Pines.

Aberconwy is a 31 acre, 300 pitch holiday park set along a beautiful stretch of beach in Conwy Bay. Aberconwy offers holiday home ownership and premium leisure facilities including an indoor leisure complex with spa, hair salon and gym and the award winning 'Signatures' restaurant, which offers fine dining and entertainment. The restaurant is open to the public and the leisure facilities are accessible through a membership scheme.

Aberconwy is situated just a short distance from the A55, giving excellent access towards Liverpool and Manchester as well as being on the doorstep of the Snowdonia National Park and the Isle of Anglesey. Aberconwy was purchased from private owners who had done an excellent job in creating and maintaining this stunning park. The site will not require any major redevelopment work and will be a strong income generator for the Fund, with a strong flow of revenue from annual site fee payments as well as new sales and upgrades. We anticipate being able to increase profits at the park through economies of scale and by absorbing operations into our North Wales management hub.



RHS Chelsea Flower Show

May was an exciting time for Darwin Property Investment Management (Darwin) as we sponsored a show garden at the RHS Chelsea Flower Show. The Living Legacy Garden commemorated the 200th anniversary of the Battle of Waterloo and highlighted the Duke of Wellington's national memorial - Wellington College - as one of the world's top co-educational day and boarding schools.

Sponsoring a garden at the show helped promote Darwin on a global scale and raised our profile within the UK financial services sector, particularly at the Gala Preview evening which is attended by senior executives from across the industry.

We were also able to promote Darwin Escapes, the new group marketing name for the Fund's holiday parks, to show visitors in our garden booklet, which was distributed to 10,000 people during the week.

We were thrilled to welcome Her Majesty the Queen onto the garden, particularly as we were one of only three gardens she visited during her annual tour of the show. A whole host of sporting stars and famous faces also visited the garden and carved their names on its walls.



Investors in People Award

We are delighted to announce that we have been awarded the 'Investors in People' accreditation for our parks in North Wales - New Pines, Talacre Beach and Sea View.

The award, which is acknowledged throughout the world, recognises the success of our parks' performance in championing best practice in people management. In particular it commends the ability of a business to empower its employees to be the very best they can be, and we are proud that a number of our parks have been recognised as doing this.

This is the first time we have applied for the award, and it was a great achievement to have been successful on our first attempt. Organisations that demonstrate the Investors in People Standard achieve accreditation through a rigorous and objective assessment to determine performance. Our assessment was based on interviews by an Investors in People representative with a number of staff, who were randomly chosen from different departments

across the three parks. We will be putting forward the parks in the rest of the portfolio early next year and we hope to repeat this year's success.

As Managing Director Lindsey Bamford commented "This award means the world to us; Darwin Escapes has the best teams in the industry and we can't be the best at what we do without each and every dedicated person doing their utmost to provide customers with the best possible Darwin holiday experience. I am proud to work with such a hardworking, and passionate team and I look forward to our continued success."



Momentum Group

Darwin recently adopted a new philanthropic policy focusing on offering careers support, guidance and assistance to young people. We have recently begun an engagement programme with Wellington Academy, which, until recently, was an under performing comprehensive school in Wiltshire catering to a largely military catchment area. The Academy is now thriving and this month a group of students from their "Momentum" Group joined us for three days at Darwin.

The Momentum Group is run by volunteers with the aim of mentoring and providing valuable work experience for a select group of Academy leavers, who face a competitive assessment process to gain their places on the programme. The scheme provides guidance and advice, as well as access to, and financial support for, work experience that will help the students bolster their CVs and inform difficult career decisions.

A number of the Darwin team spoke to the students about the Fund, their areas of specialisation and the responsibilities involved in managing other people's money, whilst several of our business contacts also gave overviews of their careers. The students were also given the task of devising and presenting a marketing strategy for the launch

of two of our development parks. The students were extremely enthusiastic, and came up with a number of novel and constructive ideas, some of which may well be put into practice.

It was a pleasure to have the students visit, and it is great to see how the experience is having such a positive impact on their future. As Reece, one of the students, wrote "Looking into your company has opened doors and made finding a job clearer, your advice was priceless!". We very much look forward to the Momentum Group returning next year, and wish them all the best with what are sure to be incredibly bright futures. And if this is something which you think you and your company might want to get involved in, please do get in touch.



Redevelopments Update

Bath Mill

Construction work is progressing on schedule as we transform this tenting and touring park into a holiday rental luxury lodge park, which is due to reopen in August 2015. Work on the maintenance building and the central facilities building is nearly complete, and all the bases, plumbing and electrics are in place for the 64 lodges, which have all now been sited.



The central facilities building has been built on the site of an old water mill, and it incorporates local bath stone and traditional oak beams in order to preserve the charm of the original building. The renovated mill will house a new restaurant and bar - 'The Brook' - which will feature a large outdoor terrace and be open to the public. The building will also accommodate a dedicated conference and events space. The park will be a novel concept for the city of Bath as it provides an alternative for families, couples and business visitors to staying in expensive hotels in the city centre, which are frequently oversubscribed in peak periods. The site will support both family sized lodges as well as smaller apartment style studios which will allow us to cater to a wide variety of visitors.



Redevelopments Update

Hawkchurch

Nestled in amongst Dorset's picturesque rolling countryside, Hawkchurch is an ideal location for those after a relaxing country break in the heart of the Axe valley. The site is currently being transformed into a premium spa retreat with 130 luxury lodges which will open in October this year.

Facilities will include a bar and restaurant with a small meeting/events space along with a swimming pool, spa area and gym. The park will offer a mixture of holiday rental and privately owned lodges.

The roof for the central facilities building is now in place and most of the bases for the lodges have now been built, with the lodges currently being sited.



Woodside Bay

Woodside Bay will be completely transformed from a disused former holiday camp into a luxurious lodge resort. The park is an exciting prospect, commanding stunning views over the Solent with each of the 130 lodges being individually designed so as to get the best possible view. Work is now underway on site. Construction of the lodge plots began in early May, and has involved the recycling of rubble left from the site's holiday camp days. The tarmac roads have also been pinned out, and the foundation work for the central facilities building has now commenced. The park is scheduled to open in Spring 2016.

After the previous owners abandoned the holiday camp, the site was taken over by a rich variety of wildlife including red squirrels, dormice, slow worms and badgers. To protect and enhance the wildlife on the site, we have been working closely with a specialist team of ecologists who have successfully relocated a number of species for the duration of the build. The completed park will have a very natural feel, with the surrounding woodland being allowed to grow into the grounds itself.



Portfolio Update

Canterbury Fields

We are currently in talks with the planning authority to transform this park from a mixture of tenting, touring and static caravan accommodation into a luxury lodge park in a similar style to Mullion Cove and Woodside Coastal Retreat.

Pre application talks are currently in progress, and we hope to receive planning permission early in 2016.



New Pines

A planning application is currently in progress for 18 new plots to be installed on a field adjacent to the park which is currently unutilised. We expect to hear a result by the end of the summer. If successful this would also allow us to enhance the central leisure facilities further.



North Lakes

A pre-planning application has been submitted to install up to 177 units and a central facilities building on the site we acquired last June. We are hoping to receive feedback on this shortly before progressing with a full application. Our aim is to construct a site, which includes an outdoor activity centre that will serve as a base for visitors wishing to explore the surrounding area. We hope to begin construction in the spring of 2016, assuming the planning process is completed by then.



Pear Tree

Pear Tree was one of the first parks acquired by the Fund, and having operated successfully as a tenting and touring park since then, we are now actively seeking permission to transform the site into a luxury lodge park similar to Mullion Cove.

Discussions between our development team and the planning authority about loosening the restrictions on their green belt policy continue to take place, and we will submit a planning application as soon as we believe these discussions have been successful.



Thanet Well

The park currently has planning permission to add 18 additional plots, work on which will begin before the end of the year.

An pre-application to further increase the number of pitches was submitted and has been positively received and we hope that a formal application will result in planning permission being granted before the end of 2015.



Portfolio Map

1. Mullion Cove
2. Piran Meadows
3. Sandymouth
4. Beach Cove
5. Hawkchurch
6. Swanage Bay View
7. Pear Tree
8. Bath Mill
9. Cheddar Woods
10. Woodside Bay
11. Woodside Beach
12. Tilford Woods
13. Talacre Beach
14. New Pines
15. Seaview
16. Canterbury Fields
17. North Lakes
18. Thanet Well
19. Aberconwy



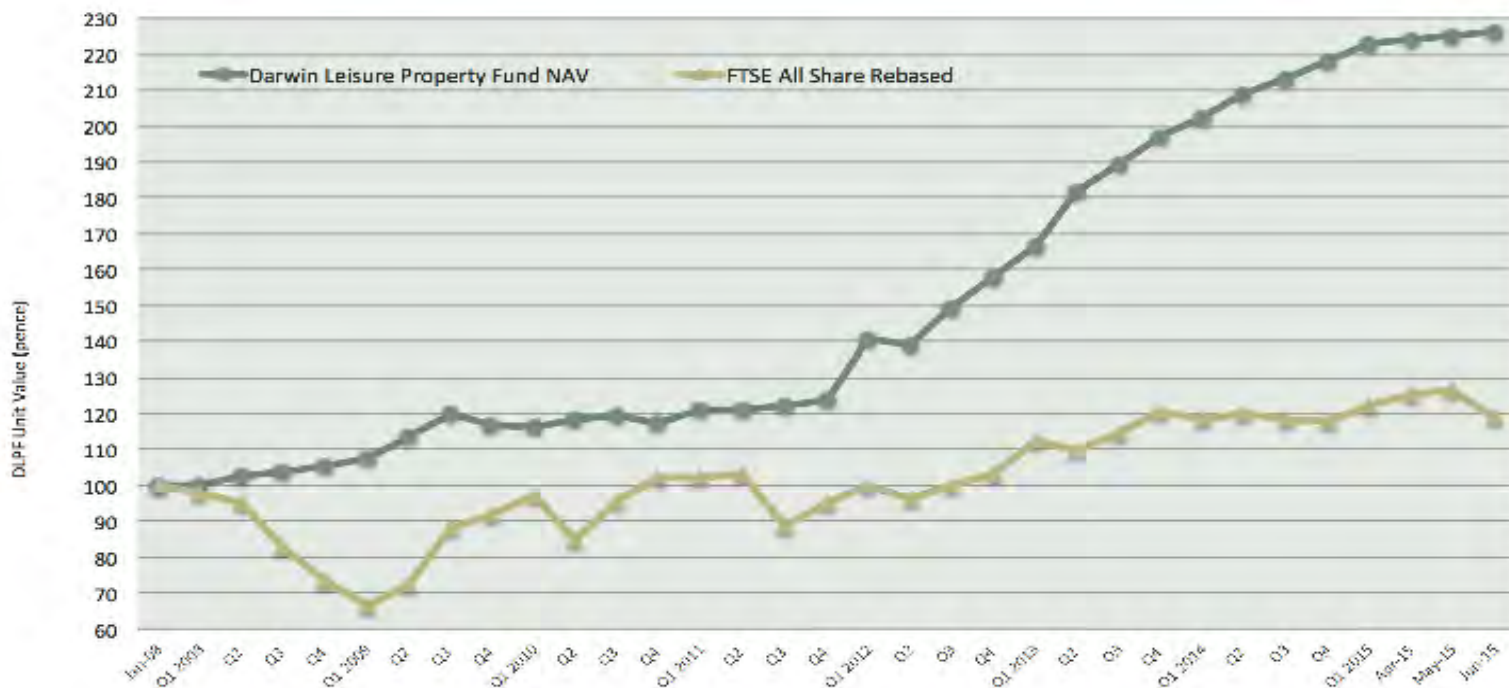
Market Update

We expect to see an increase in both rental income and particularly sales of caravans and lodges over the latter half of 2015 as market conditions continue to improve. This is largely because over the last 18 months, national earnings have continued to rise ahead of inflation, loan finance has become more widely available and petrol prices have fallen.

Over the past quarter, the Darwin portfolio has witnessed particularly strong sales on our newly redeveloped sites, where we can achieve substantially higher net profit margins due to the higher quality of offering. This is encouraging for the portfolio, and can be seen as further evidence of the trend that UK holidaymakers are willing to pay more for a more luxurious holiday experience, which the Darwin portfolio is well placed to cater to.

The Chancellor's pension reforms also kicked in on 6th April, which allows pensioners to draw down larger lump sums from their pension pots. A poll by Freedom to Go of over 1,000 over 55's suggests that 56% would prefer to holiday in the UK rather than travelling abroad, and nearly 25% would consider buying a camper van, caravan or motor home with their pension now or in the future, thus suggesting that reforms freeing up pension pots for the over 55's are likely to have a positive impact of sales of caravans and lodges across the portfolio. Furthermore we expect Stamp Duty reforms aimed at boosting residential property transactions, and £15bn worth of infrastructure upgrades, including 84 road improvement projects, to have stimulating effects on the holiday park market.

Performance as at 30 June 2015



Cumulative Performance %		
3 Months	6 Months	12 Months
+1.6	+3.9	+8.3

Annualised Performance % p.a.	
3 Year	5 Year
+17.6	+13.9

Source: Darwin PIM. As at: 30 June 2015. Darwin Leisure Property Fund performance shown is for "C" Class Accumulation Units and based on the published NAV price. The Cumulative and Annualised performance returns indicated in the tables are also based on the published NAV price. FTSE All Share and FTSE British Government All Stocks rebased to 100.

The 'DLPF Total Return' performance indicates the return that initial investors in the Fund would have received. The differential between this and the published NAV price return is due to the units held by the original investors being administered as reinvestment units and not accumulation units prior to Dec 2010.

Disclaimer: The purpose of this document is to provide summary information and does not constitute a recommendation to buy or sell units in the fund. Any decision to buy and sell shares should be made after seeking appropriate professional advice and on the basis of the Fund's Prospectus, available from the Administrator to investors in certain jurisdictions where the fund has been authorised. The fund can only be marketed to Eligible Investors as defined in the Prospectus. The Fund is not marketed or sold in any jurisdiction that is not legally permitted. Investments in property carry specific risks and may not guarantee a return, and the value and the income on them may go up or down, so that you may not realise the amount originally invested. Changes in exchange rates between currencies may cause the value of investments to go up or down. Persons in receipt of the information contained herein are required to inform themselves about, and observe such restrictions. Past performance is not necessarily a guide to future performance. The value of investments and the income from them can fluctuate and is not guaranteed. The views expressed are as at April 2014 and are subject to change. This document does not constitute investment or any advice. This document is produced by Darwin Property Investment Management Limited who are the investment adviser to the Fund and are authorised and regulated by the Financial Conduct Authority.