

As we recently set out, the holiday parks owned by the Darwin Leisure Property Fund were closed on 23 March following UK Government guidelines in relation to Covid-19. Despite the closure, the Fund was able to record a small positive performance for March. This was both due to the measures we will outline below, which will help to soften the impact of the closure, and because the Fund's 10 year DCF valuation method incorporates expected returns over the next 120 months, minimising the effects of this short-term period of lost revenue.

### **Staff Retention**

The Darwin Escapes team are crucial to the success of our business and rather than lay off staff, 85% of the team have now been furloughed under the UK Government Coronavirus Job Retention Scheme. This means that 80% of their wages will be paid by the Government, up to a maximum of £2,500 a month. We have chosen to top up their remaining wage to ensure that they are not financially penalised during the pandemic. We believe this is the right thing to do for our team members and demonstrates our commitment to them. This is particularly important because when business returns to normal we expect there to be strong demand across the holiday park portfolio and we will need a motivated and experienced team ready to return to action.

Whilst furloughed staff are unable to carry out any work functions, they are able to participate in training and we are ensuring that all team members are receiving remote training and communications from Darwin Escapes management to ensure that they are fully briefed on the best working practices in relation to Covid-19, how to spot symptoms amongst fellow staff members or guests and what restrictions will be in place once the parks are able to re-open.

The remaining staff are carrying out either head office functions remotely, carrying out essential security and maintenance roles or are ineligible for furlough, if for example they are on maternity leave or joined after the cut-off date. The furloughing rules do allow us to furlough workers for at least 3 weeks and then bring them back as necessary, for example for one week, before then furloughing them again. We will be implementing this to carry out some functions such as grounds work.

### **Business Rates Relief**

The furloughing scheme is extremely important to us in helping to reduce cash outflows whilst the parks are closed and, in addition, the UK and Welsh Governments have also introduced a business rates holiday for retail, hospitality and leisure businesses in England and Wales for the 2020/21 tax year. All of the holiday parks are able to take advantage of this, and it will save the overall business around £1m over the forthcoming year.

### **Cancelled Bookings**

Holiday rental customers who have been impacted by the closures have been provided with vouchers by our holiday booking agent, Hoseasons, rather than refunds, and 70% of people have already rebooked for later this year and into next year. We have heard from Hoseasons that they have seen a good number of customers who had originally booked with competitors moving their bookings to Darwin Escapes, generating additional revenue.

### **Holiday Home Sales**

Some of our sales team have been working remotely whilst the parks have been closed and have completed on two sales in this time, with a number of other potential sales in the pipeline. It is highly encouraging that we are able to generate sales revenue during this period, and that demand for holiday home ownership appears to remain strong.

### **Future Operations**

Since the closure of the parks, we have been planning for their re-opening. We will of course follow Government guidance as to when this will be and how we can re-open but at present we are expecting that we will be able to open our accommodation to start with, whilst central facilities such as swimming pools, spas, bars and restaurants will need to remain closed. We expect to be able to open all parks at full holiday rental capacity, but this will again be dependent on meeting Government guidance.

We will put operational rules in place for staff to follow, based on the 'Health & Safety Executive' guidance and medical advice at the time, but these will include measures such as safe distancing and when to wear PPE such as gloves and face masks. Guests will also be expected to follow rules relating to social distancing and health and safety measures such as using hand sanitiser in order to protect both them and our staff. It is our intention to put hand sanitiser units at the entrance to every lodge and to have additional units within central areas.

Our aim is to minimise the number of people within our facilities buildings and we are planning on implementing new check in procedures which will see guests being directed straight to their lodge on arrival and being checked in using a paperless and contactless procedure by a team member from a safe distance. Check in times will be staggered to facilitate this. We will also be making changes to our usual provisions in our lodges and removing non-essential items such as board games, Play Stations, tea & coffee trays and toiletries to reduce the touch points within each lodge. All of these measures, including the closure of central facilities where relevant, will be communicated to guests in advance of their arrival. We will look at moving our check-out to an hour earlier to allow additional time for cleaning between guests and a seal will be placed on each lodge door after cleaning to demonstrate that no-one has entered since, to offer additional comfort to guests.

Whilst restaurants and bars are closed we will look at offering take-away and delivery services and will also open our on-site shops, ensuring social distancing measures are implemented. Our Holiday Home Sales Team will also need to implement social distancing measures during sales meetings and viewings and we will aim to offer virtual tours of central facilities which are closed.

Any staff who are unable to carry out their usual job after re-opening, such as restaurant and entertainment staff, will be redeployed in other areas, assisting with housekeeping and check-in, for example. Whilst we don't expect most of our leisure facilities to be able to open straight away, we will be tasking our Go Active team members with modifying existing activities or developing new ones to ensure that they can be carried out safely and at suitable social distances.

# Darwin Leisure Property Fund

## Briefing Note – Covid-19



As we have previously outlined, we are expecting strong demand once the parks re-open, particularly given the uncertainty over foreign travel at present. Holiday bookings for the peak summer period were already very strong and with this in mind our pricing strategy remains unchanged and we are not planning on discounting our prices.

The Darwin Escapes team are working hard to ensure that we can open in a safe manner and they will ensure that whilst things may be different for our guests and owners, they will continue to have the same high quality experience for which we are renowned.

As at 22 April 2020

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