

On Tuesday 23rd June 2020 the UK government announced that holiday parks in England, along with other hospitality businesses including restaurants and bars, could re-open from Saturday 4th July. It had previously been announced by the Welsh Government that holiday parks in Wales could re-open from 13th July. All of the holiday parks owned by the Darwin Leisure Property Fund had previously closed on 23rd March following UK Government regulations in relation to Covid-19.

Holiday Rental Bookings

The lunchtime statement by Boris Johnson on 23rd June had a profound effect on holiday rental bookings. By the end of the day, year-on-year sales were up 270 per cent for Hoseasons, our bookings partner, and they were taking a booking every 11 seconds. In less than 24 hours, 531 bookings had been taken for Darwin Escapes holiday parks – 258 for July, 111 for August and 78 for September. Darwin Escapes parks made up 4 out of 5 of Hoseasons' best performing sites and 9 out of the top 15. A record 15,000 visits were made to the Darwin Escapes website on 23rd June, three times the previous high number.

The chart overleaf shows the impact of Covid-19 on holiday rental bookings and the upturn in bookings since the 23rd June announcement. As you will see, bookings for the peak summer period are lower than at this point last year, however, there has already been a strong increase bookings in the six days since the announcement, with over 3,600 new bookings, and we are anticipating that we will be close to full occupancy during the summer holidays. Forward bookings are also looking stronger from October onwards compared to this point last year, and whilst the lines in the chart indicate that much of this is due to transfers of cancelled bookings, it does mean that we are in a strong position going forward, particularly in terms of tariff prices.

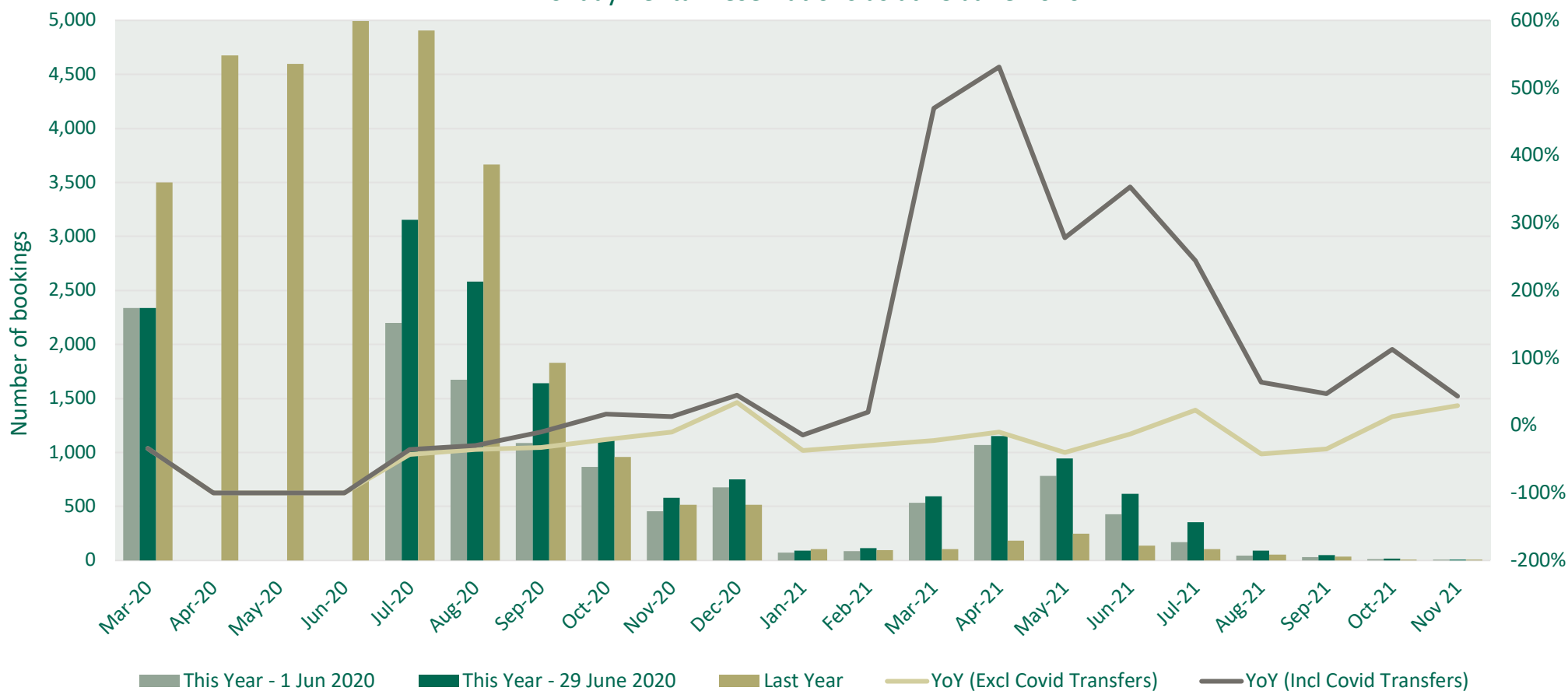
Below is a statement from Simon Altham, Chief Commercial Officer of Awaze, the parent company of Hoseasons issued on 24th June in relation to the upsurge in demand and demand going forward:

"We were expecting greater levels of interest, but the surge in demand was still surprising and we certainly hadn't expected a record day. Over the last few weeks we have seen volumes of enquires and bookings increase on a daily basis, as people begin to become more confident about booking a UK holiday.

Government confirmation seems to have just given people an extra level of certainty. All the evidence suggests that holidays remain a priority for most people, and this year more than ever the chance to get away is something customers are very much looking forward to. July and August are likely to be very busy as a result, but we are also expecting greater than usual levels of demand for September and October too as the season extends."

To help build customer confidence, Hoseasons have introduced a "Book with Confidence" policy for holiday rental bookings. Payment will not be taken until 3 weeks before a stay and if guests need to cancel the booking because of Government restrictions or if accommodation is not being provided for any reason, then they will be able to choose to take a full refund, transfer to a later date or to a different resort or choose an e-voucher to rebook.

Holiday Rental Reservations as at 29 June 2020



Source: Hoseasons, as at 29 June 2020. Data includes 2 Darwin Escapes parks owned by Darwin Leisure Development Fund.

Park Operations

All of the holiday parks will be re-opening on 4th or 13th July as appropriate. Facilities such as swimming pools, spas and gyms are not yet permitted to open, but all guests, both those who had already booked and those who have made new bookings, have been advised of this. All staff related to these areas will remain on the Government Job Retention furlough scheme for the time being, equating to around 15% of staff.

We will be opening bars and restaurants primarily for take-away to begin with. This is partly because the social-distancing requirements will make it difficult to operate in some locations but also because the social-distancing measures will make it hard for them to be profitable if a full service is offered. We will evaluate this going forward and make changes as and when we feel there will be sufficient demand to make it feasible for them to fully re-open.

As we outlined in our previous briefing note, the Darwin Escapes team have been planning for how to re-open the parks safely since the closure began. Social distancing measures will be put in place and staff will be given appropriate PPE equipment. Hand sanitiser units will be located around parks and remote, contactless check-in and check-out processes will be introduced. Government guidelines will be followed to report and manage any potential or confirmed infection cases.

Enhanced cleaning measures will be also be put in place. These will go beyond the HSE's "Safer Stays" Principles, which include:

- **Cleaned and sanitised:** Using anti-viral disinfectant for all surfaces and high touch areas.
- **Increased cleaning time:** Allowing extra time for additional cleaning during changeover.
- **Removal of non-essential items** such as board games, Play Stations, tea & coffee trays and toiletries to reduce the touch points within each lodge.
- **Sanitisation of high footfall areas:** Regular and frequent cleaning and disinfecting of high footfall areas, surfaces and high touch components.

All parks have also been equipped with electrostatic spray guns which allow touch points such as handles to be disinfected without the cleaner touching them. This would be done at the end of the cleaning process, and the lodge would then be secured and only opened by the guest when they check in.

Fund Outlook

As we have previously stated, we are very optimistic about the future of the Fund, and the sharp up-turn in bookings following the announcement that parks can re-open demonstrates the strong latent demand. We have also continued to make sales of holiday homes throughout the closure period, including 5 this past weekend, whilst feedback from other operators tells us that they have not been doing the same. This suggests that the confidence is there to purchase holiday homes, but customers are focusing more on quality and reputation than a low price.

Fund performance has remained positive since the pandemic began, albeit at a reduced rate, reflecting the long-term nature of the Fund. Analysis has shown that to recoup the income lost during the last

Darwin Leisure Property Fund

Briefing Note – Covid-19



few months, we only need to increase our holiday rental prices by 0.25% over the next 10 years, highlighting that the park closures will have had very little real impact for long-term investors.

There have also been positive moves within the overall holiday park industry, with US private equity group KKR agreeing to buy Dutch holiday parks company Roompot in a €1bn deal. The sale had been expected to fetch around €1bn last autumn, before the pandemic impacted markets and a spokesperson for Roompot said that "We didn't accept a discount because of the crisis, because we believe going forward the business will not be affected".

As at 30 June 2020

This statement is issued for informational purposes only. It has been prepared by Darwin Alternative Investment Management Limited ("Darwin"), a firm authorised and regulated by the UK's Financial Conduct Authority ("FCA"). Darwin is not responsible for any subsequent investment advice given which is based on the information supplied here. All financial investments carry risk and a complete description of the risk factors of the Darwin Leisure Property Fund is set out in the Fund Prospectus. You should seek independent financial advice and read the Fund Prospectus before making any investment.