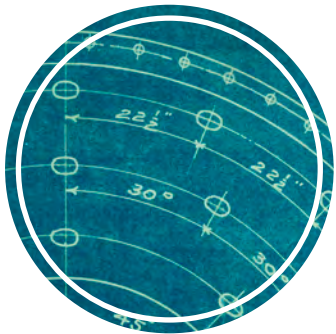
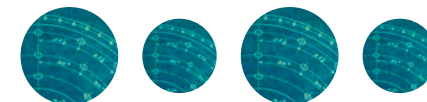


# Stewardship Report 2022

## Responsible Investing

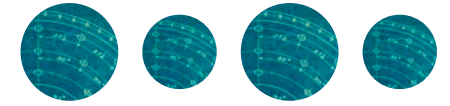


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# Introduction



Darwin Property Investment Management (Guernsey) Limited (DPIMGL) is a fund manager based in Guernsey with approximately £619m\* of assets under management (as at 31 August 2022). Founded in 2007, DPIMGL is the Fund Manager of the Darwin Leisure Property Fund (DLPF). The Fund purchases and operates a portfolio of UK Holiday Parks which offer investors:

- Predictable, stable, long-term returns.
- Capital preservation and appreciation.
- Diversification from traditional real estate portfolios and mainstream asset classes.

At Darwin our aim is to create innovative, alpha-driven investment solutions in the alternative investment sector which also uphold the highest standards in environmental enhancement and protection, positive social development and strong, robust and successful governance.

Environmental considerations are at the forefront of our ongoing holiday park operations and whenever we carry out redevelopment work. We aim to ensure that our buildings and accommodation are as energy efficient as possible, our park environments are managed in harmony with the local environment and that waste management is efficient and utilises recycling where possible.

We are very conscious of our role within the local communities in which our holiday parks operate and the social value we can offer. We have created hundreds of jobs in rural areas around the UK and our holiday parks, which are marketed under the 'Darwin Escapes' brand, now employ over 800 people on a permanent basis, with many more job opportunities available during the peak season. We offer training and development opportunities to all our staff members, and many have been promoted within the business to more senior roles.

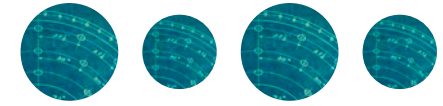
We are pleased to present our first UK Stewardship Code report which outlines how Darwin is committed to the UK Stewardship Code 2020 Principles. The Principles have recently been expanded to encompass asset classes other than traditional equity or bond investments, and this has therefore given us the opportunity to sign up to the Code.

Whilst we cannot undertake the more usual stewardship practices of voting and shareholder engagement, we do ensure that we are managing our assets in a responsible manner and hold ourselves to the same standards that we would expect to see from others running a business. We have adopted the definition of stewardship according to the UK Stewardship Code 2020 of the Financial Reporting Council (FRC), where it is defined as: "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environmental and society".



# Principle 1

## Purpose, Strategy and Culture



### Purpose

Our purpose is to provide investor clients with alternative investment solutions which will provide stable, positive long-term returns.

### Investment Approach

Our focus is on offering long-term diversified investment solutions. We understand that as well as capital growth, investors need regular streams of income that they can rely on, but we recognise that traditional sources such as cash and bonds do not always provide the best solution. Our investment solutions are designed to support investors in meeting their payment liabilities.

We believe that diversification from mainstream assets is key to generating the optimal returns for an investment portfolio. We therefore offer investment strategies that are uncorrelated with traditional asset classes. The team at Darwin specialise in identifying and establishing investment strategies in business areas which have not previously been considered by investment funds, creating new opportunities for investors to further diversify their portfolios.

#### Our strategy is to invest in businesses that are:

- Asset backed.
- Uncorrelated.
- Able to preserve capital.
- Able to deliver stable long-term returns.

#### Our focus is on 'unloved' sectors, particularly those where there is:

- A high degree of fragmentation and the opportunity for consolidation.
- A lack of 'professional' management (mostly family ownership).
- A lack of access to capital (opportunity to transform the business).

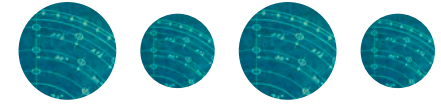
The services provided by the underlying businesses in which our Fund invests are market-leading in terms of quality and customer experience and we work hard to ensure that they will have a positive impact on the communities and environments in which they operate. At Darwin, we are committed to ensuring that a focus on Environmental, Social and Governance best practice underpins everything we do and we support 13 of the UN's 'Sustainable Development Goals' on all development projects and ongoing operations.

## SUSTAINABLE DEVELOPMENT GOALS





# Purpose



## Environmental Aims

1. Create sites which enhance local ecology.
2. Create sites which enhance local environments.
3. Utilise designs which minimise operational carbon footprints.
4. Ensure minimisation of embedded carbon costs in Darwin's supply chain.
5. Ensure energy usage is as efficient as possible.

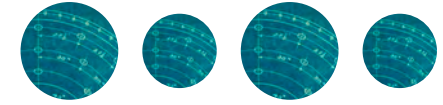
## Social Aims

1. Decrease our gender pay gap: Although Darwin performs well in this area, we can do more.
2. Be a responsible member of the community: We aim to become integrated within our local communities. We will offer support, assistance and guidance that will benefit the areas in which we operate.
3. A career, not just a job: Darwin is committed to continuing to improve our Human Capital Development. We aim to offer increased opportunities for our staff, enabling us to provide careers, not just a job.
4. Eliminate social injustice: Darwin will not use suppliers whose social values are poor, and we will work to ensure we do not inadvertently support firms who operate immorally.
5. Support locally: We will use local producers and businesses as suppliers wherever we can.

## Governance

1. Our corporate structure ensures that decision makers can be scrutinised and challenged, meaning that decisions are taken in the best interests of our stakeholders.
2. Regulatory Governance is a fundamental focus to ensure that we operate with the highest integrity, and do not act in a way which puts investors at risk. Darwin acts in full accordance with all relevant regulatory authorities.
3. DPIMGL is a signatory to the LGPS Advisory Board 'Code of Transparency'.

# Strategy



Darwin Property Investment Management (Guernsey) Limited is the Investment Manager to the Darwin Leisure Property Fund. Launched in December 2007, the Fund owns and operates a portfolio of 18 holiday resorts around the UK which are marketed under the 'Darwin Escapes' brand.

The Fund looks to acquire existing holiday park businesses that are operationally sound and cash generative and improve these through our model of operational excellence, exploiting economies of scale. In some cases there may also be substantial gains to be made through changes in planning consent and redevelopment, however this is not the primary reason for acquisition.

Over the last 14 years, Darwin has changed the face of the UK holiday park industry, transforming low-revenue tenting and touring sites into luxury lodge resorts and utilising strong management and economies of scale to increase profits at established holiday parks.

All of the holiday parks within the portfolio have benefited from either a total transformation from touring park to 5\* lodge retreat or have been enhanced to ensure that they meet with

the standards and expectations associated with the Darwin Escapes brand. A number of these have been in National Parks and Areas of Outstanding Natural Beauty and many have had very serious environmental constraints.

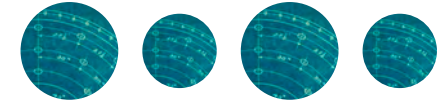
We have heavily embraced green technology in all of these developments in order to minimise our impact on the environment. Everything from Solar Roof Panels and self-insulating Grass Roofs to Wastewater & Sludge Treatment systems and Electric Car Charging Points have been incorporated where appropriate.

Lodges offer premium self-catering accommodation which, combined with our service standards, offer guests an experience to rival a five star hotel in a more spacious setting with more amenities, at an affordable price.

Darwin Escapes has become a market leader, attracting a new type of customer who may not traditionally have visited a holiday park but who are following the increasing trend of taking short staycation breaks in the UK. Darwin Escapes parks have won a host of industry accolades and awards and feedback from guests is consistently above average within the industry.



# Strategy



The Darwin Leisure Property Fund launched in 2007 at a time when we recognised that the investment market was dominated by fund managers who were aiming to beat artificial benchmarks rather than provide real returns to their clients and that, ultimately, the main beneficiaries of benchmark-driven investments had been the fund managers themselves.

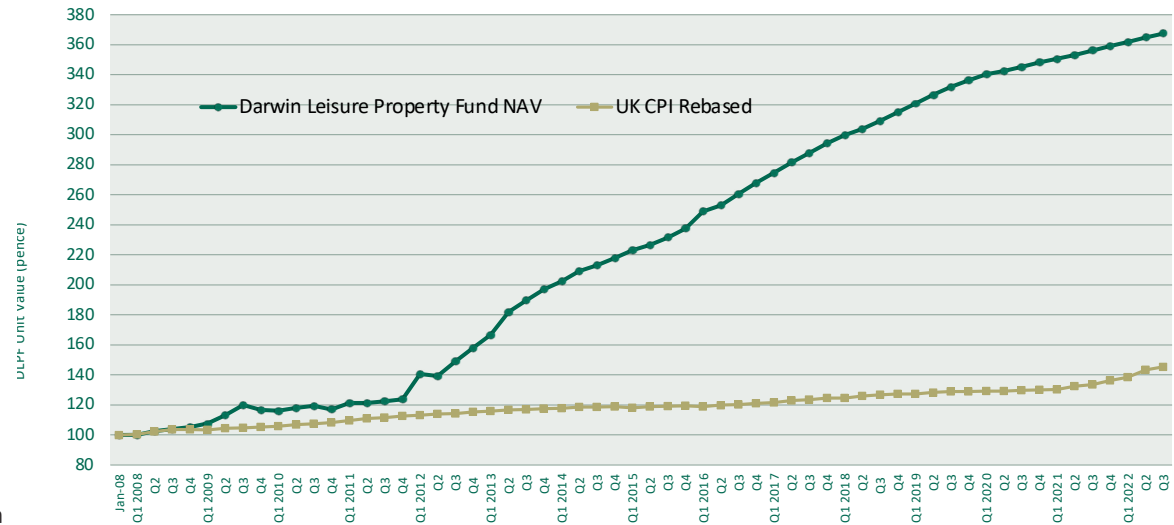
The Darwin Leisure Property Fund was specifically designed to help institutional investors meet their pension liabilities by generating stable, positive returns. Income units are available which pay out dividends on a regular basis, ensuring a stable stream of cash for pension fund investors which allow them to pay the pensions of their members.

The Fund is designed as a long-term investment and this ensures that the assets are managed with a long-term view rather than with the aim of making short-term profits, which could have a detrimental impact on staff, customers and other stakeholders.

The Fund was also designed to be uncorrelated with any other asset classes, and offers genuine diversification from mainstream equity, bond and real estate returns. The Fund is structured to ensure that it can perform well both when the economy is strong, when sales of holiday units will be higher, and during a downturn, when holiday rentals increase.

Our performance history demonstrates that the strategy has been effective in meeting the needs of our investors. Our long-term view is held by the majority of our clients which ensures that there is little turnover in our investor base which has allowed us to develop a long-term strategy and focus.

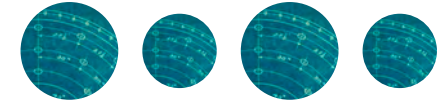
## Performance History - Darwin Leisure Property Fund



Fund NAV		NAV Price	Cumulative Performance %					Annual Return %	Total Return %		Annualised Return % per annum	
Sept 2022	Unit Class	Sept 2022	1 Month	3 Month	6 Month	12 Month	YTD Return	2021	5 Year	10 Year	5 Year	10 Year
£617.4m	C Accumulation Launch date: 1/1/08	3.6747	+0.26	+0.72	+1.58	+3.15	+2.34	+3.13	+27.63	+146.46	+5.00	+9.44

Source: Darwin Alternatives. As at: 30 September 2022. Darwin Leisure Property Fund performance shown is for "C" Class Accumulation Units and based on the published NAV price. The 1 Month, Cumulative and Annualised performance returns indicated in the tables are also based on the published NAV price. UK CPI rebased to 100.

# Culture



Darwin is committed to being a 'best in class' company, be it in employment, opportunities, social support or in ensuring that our products are sourced in the most sustainable and socially responsible way. We aim to uphold the best standards in corporate social responsibility. Our underlying businesses are all intrinsically linked to their local communities. They offer employment, support for local projects and initiatives, amenities for local residents and opportunities for local businesses. We aim to ensure that we make a positive, long-term impact within these communities.

## Responsible Employer

### Job creation

Thirteen of the Darwin Escapes resorts have been completely redeveloped, transforming sites which were previously seasonal tenting and touring parks or brown or greenfield land into modern, luxurious lodge resorts with premium self-catering accommodation that can be used all year round. Those locations which have not been completely redeveloped have seen upgrades and improvements to their accommodation and/or facilities to ensure that all of the holiday parks offer a premium holiday experience. By offering high quality accommodation and opening year-round, we are able to increase permanent employment opportunities within the local area.

Darwin Escapes employs over 770 members of staff on a permanent basis and has created over 400 jobs at sites across the portfolio, mostly at those which have undergone redevelopment.

### Apprenticeships

Apprenticeships offer participants practical, paid, on-the-job experience combined with a study programme that leads to a formal qualification. Apprentices will study for at least 20% of their working hours- usually at a college, university or with a training provider- and complete assessments during and at the end of their apprenticeship.

Darwin Escapes offers a range of apprenticeship schemes across its business. These range from Level 2, which is the equivalent educational level to GCSE's to Level 4, which is the equivalent educational level of a Foundation degree.

### Career Development

Darwin Escapes is an 'Investors in People' accredited organisation, and we aim to provide opportunities for all staff to undertake training and educational programmes which will allow them to progress in their careers. Internal up-skilling, training and ultimately promotion not only motivates our staff, but also ensures that they are upholding our brand values.

As part of our 'Investors in People' accreditation, we have established 'The Darwin Academy'; a training program which offers consistent high quality personal development, designed specifically for those working within Darwin Escapes. The training and career development opportunities we provide mean that many members of staff have been promoted within the business to managerial roles, including:

#### *Scott, Sandymouth Holiday Resort, Bude*

*Scott started his career in the hospitality industry after graduating from Okehampton College. Having worked at a local sporting hotel and at the Greene King Pub group, Scott joined Darwin Escapes in 2013 at Sandymouth Holiday Resort as a seasonal Bar Manager. He was quickly promoted to Leisure Complex Manager in 2014. Having displayed superb acumen in leading teams, ensuring the highest quality of standards were consistently met, as well as developing his skill set through various training courses (including Profit and Loss Analysis, Human Resource Training and Budgeting), he moved to Piran Meadows, and rose to the position of Deputy Resort Manager.*

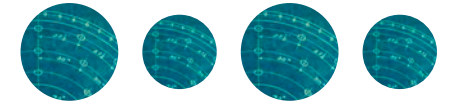
*Having honed his skills at this new park, learning different management styles and up-skilling even further with Customer Interaction Training, Team Management and Guest Experience Training, he was promoted and returned to Sandymouth as General Manager, a position which he holds today.*

#### *Lyndsey, Regional Manager, North Wales*

*Lyndsey started work in 2007 at The New Pines Holiday Home Park, originally as maternity cover in the receptionist team. Having subsequently been offered a full time role, she stayed with The New Pines, working in a variety of different roles. Following the purchase of The New Pines by Darwin in 2011, Lyndsey was successfully promoted to a customer services role.*

*Following training through the Darwin Academy, she was promoted again to General Manager at Aberconwy Resort and Spa. General Managers are encouraged to gain experience at different locations around the portfolio and she was also General Manager at Talacre Beach Resort. In 2017, she was promoted to the position of Regional General Manager for the holiday resorts in North Wales; Aberconwy, Sea View, Talacre Beach and The New Pines.*





## Community Engagement

Darwin Escapes prides itself on being able to support projects and organisations which make a real difference to local communities. By making tangible contributions they are able to ensure they take an active role in the local communities in which Darwin Escapes operates.

As well as providing employment opportunities in local communities, Darwin Escapes also works with local suppliers to source local produce within its restaurants, bars and shops. Different resorts stock everything from local gins, beers and ciders to artisan cheeses, chocolates, biscuits and toiletries. In 2021, Darwin Escapes:

- Continued its social partnership with Chester Zoo. Darwin Escapes has sponsored and supported the delivery and development of the Little Monkey's Coffee Mornings. These coffee mornings for parents and their children under 5, enable safe and highly educational interaction between children, as well as opportunities for parents to get together. Additionally, Darwin Escapes was the sponsor of Chester Zoo's Wildlife Connections Festival 2021 (postponed from 2020 due to Covid restrictions), a project led by the zoo to create safe spaces for the most protected wildlife. Both of these events focus on connecting families with wildlife, which in turn directly reflects Darwin's higher level environmental principles.
- Continued its four year partnership with the Birmingham Hippodrome. In 2021, Darwin Escapes continued to support Birmingham Hippodrome's "Relaxed Performances", including the pantomime Goldilocks and the 3 Bears, Joseph and the Amazing Technicolour Dreamcoat and Mamma Mia. These performances are open to all, but are designed for people with special needs who may find the theatre challenging, supporting them so that they can enjoy the magic of live theatre with their family and friends. This includes people with an Autistic Spectrum Condition, learning disability or sensory and communication disorder. For these special performances, the script may be adapted, bright lights and loud noises reduced, and the Hippodrome provides calm spaces in the main building with beanbags, sensory toys and a space to watch the show on screens outside of the main auditorium.
- Entered into a three year partnership with the Royal Shakespeare Company (RSC). Darwin Escapes sponsored the 2021 production of The Comedy of Errors to support the theatre in its first live production following the pandemic which took place in the specially constructed Lydia & Manfred Gorvy Garden Theatre. This additionally included the support of its Annual Summer School where over the course of one week, 111 participants engaged with a programme of talks, sessions with actors, insights and provocations from theatre makers, academics and reviewers, looking specifically at The

Comedy of Errors. Alongside this, there was also a community focused event 'Tuesday Comedy Time' which an estimated 1,976 people attended.

- In 2022, Darwin Escapes will sponsor the RSC's Henry VI productions, War of the Roses and Rebellion. These productions will see a professional cast work alongside members of the Royal Shakespeare Community including young performers from the RSC's Next Generation Act company and adults from RSC Shakespeare National participation programme. The production will also feature participants from six 'Shakespeare Nation' adult community groups and will be joined on stage by members of the Next Generation Act, a unique talent development programme made up of 25 young people from the RSC's nationwide network of 222 Associate Schools.
- Supported the Derby Book Festival, including sponsorship of the Festival Lunch with Anna Pasternak and the Afternoon Tea with Pen Vogler. The event aimed to bring Derby's residents together in a love of books and inspire a new generation of readers to appreciate the joy that books and reading bring to our lives, whilst also supporting the artistic and cultural life of Derby.
- Engaged with the British Heart Foundation to donate furniture that needs to be replaced when older units are refurbished. The British Heart Foundation will take the donations no matter what the condition and have their own workshops to bring the items to a standard where they can be sold through their charity shops or used within their own projects. During 2020/21 this has raised more than £20,000 for the charity and there are plans to continue this partnership following refurbishment projects by Darwin Escapes in 2022.
- Each Darwin Escapes resort also supports local charitable initiatives and our teams are encouraged to undertake fundraising and charity work for causes that are of importance to them or to the local community.

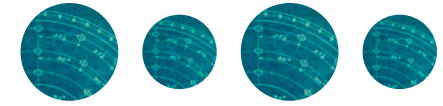


# Principles 2, 5 and 8

## Governance, resources and incentives

### Review and assurance

### Monitoring managers and service providers



We have put in place a robust governance structure for our business to ensure strong stewardship over the assets under our management.

#### Investment Manager

Darwin Property Investment Management (Guernsey) Limited (DPIMGL) is the investment manager to the Darwin Leisure Property Fund.

DPIMGL is a company incorporated in Guernsey with limited liability and is licensed by the Guernsey Financial Services Commission (GFSC) as a Controlled Investment Business. Guernsey has been a centre of international finance for decades and has a strong regulatory framework and reputation for its financial expertise.

Companies resident in Guernsey must comply with the Substance law by demonstrating that they have sufficient substance in Guernsey. Substance is demonstrated by a company through being directed and managed in Guernsey, conducting core income generating activities and having adequate people, premises and expenditure.

In order to demonstrate substance, all Board members are required to report on a quarterly basis their CPD training and undertake annually an evaluation of Board effectiveness.

DPIMGL is a privately-owned limited company. There are five board members, three of whom are experienced Guernsey resident non-executive directors: Ian Burns, Martin Tolcher and Robin Smith. All directors are registered with the GFSC.

The Board meets at least on a quarterly basis and a Chairman is appointed for each meeting, this is always one of the Guernsey-based directors and key investment decisions require a majority vote from the three Guernsey Directors.

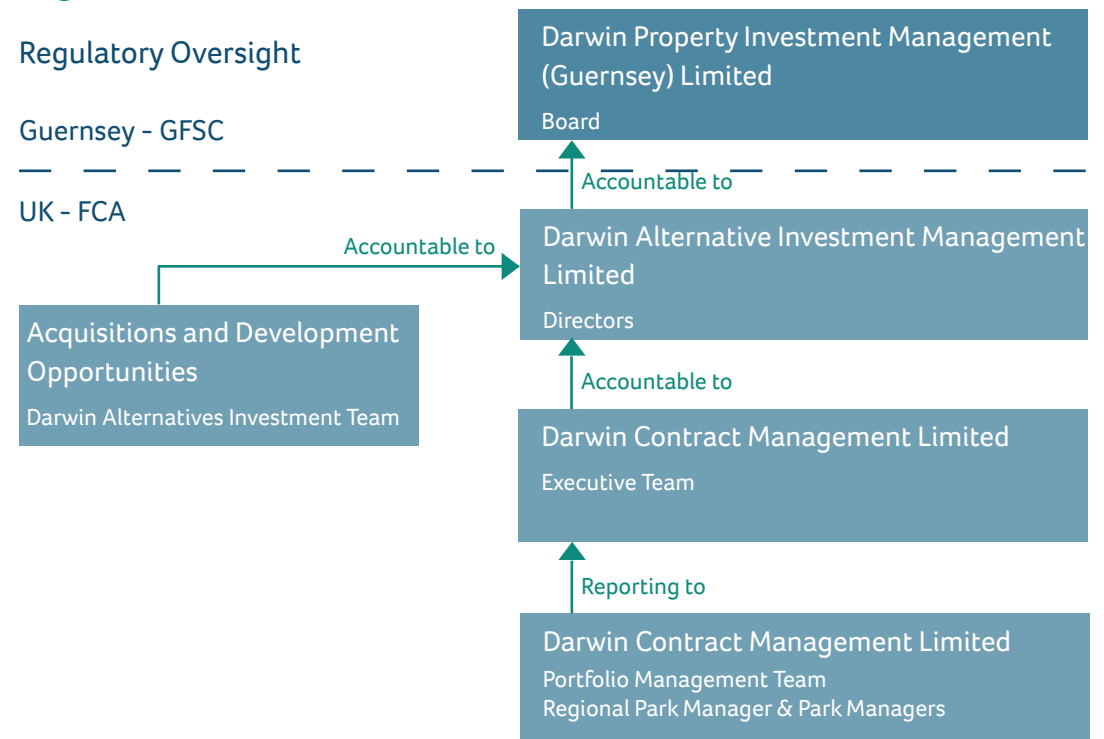
The other two board members are James Penney and Anthony Esse, who are also Chairman and Chief Executive of Darwin Alternative Investment Management Limited (Darwin Alternatives), which is the Investment Advisor to the Darwin Leisure Property Fund. Darwin Alternatives is based in the UK and is authorised and regulated by the Financial Conduct Authority.

#### Organisation Structure

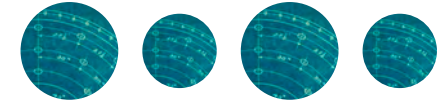
##### Regulatory Oversight

Guernsey - GFSC

UK - FCA



# Key Organisations



## Investment Advisor

The Board of DPIMGL outsources investment advice to Darwin Alternative Investment Management Limited (Darwin Alternatives). Darwin Alternatives is based in the UK and is authorised and regulated by the UK Financial Conduct Authority. Under this authorisation, Darwin Alternatives must comply with all the requirements of the Financial Services and Markets Act 2000 (FSMA).

The directors of Darwin Alternatives oversee the day-to-day operations of the underlying businesses owned by the Darwin Leisure Property Fund. They work closely with the Guernsey based NED's of DPIMGL and all decisions on how the businesses are to be operated and in relation to acquisitions or development, are taken at DPIMGL Board Meetings held in Guernsey. The DPIMGL Board reviews the Compliance Report for Darwin Alternatives on a quarterly basis.

Darwin Alternatives is also the Investment Advisor to two other funds: Darwin Leisure Development Fund and Darwin Bereavement Services Fund. The Fund Manager to both of these Funds is a separate Guernsey-based entity, Darwin Alternative Investment Management (Guernsey) Limited.

Darwin Alternatives is a small, privately owned boutique company, with 12 full-time employees who are supported by a number of strategic advisors and consultants. Our recruitment process ensures that both academic and relevant professional qualifications and experience are considered alongside the potential fit within the team.



## Operating Company

The portfolio of holiday parks owned by the Darwin Leisure Property Fund is operated by Darwin Contract Management Limited (DCM). The holiday parks trade under the brand name 'Darwin Escapes'. DCM employs approximately 770 people in permanent full and part-time roles.

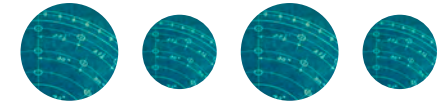
The Executive Team at DCM are accountable to the directors of Darwin Alternatives. A Portfolio Team of Heads of Departments for areas such as HR, Finance and Sales & Marketing reports to the Executive Team, as do the Regional Park Managers and Park Managers.

A formal meeting structure is in place within the organisation as well as a formal reporting process between the Executive Team and the Directors of Darwin Alternatives. The Darwin Alternatives directors have regular meetings to discuss budgeting and general business decisions with the Executive Team and the DCM Finance department, which manages the accounting for the underlying Fund investments.

There is also a constant flow of information from the management of the holiday parks through to the Portfolio Management Team and Executive Team and the Directors of Darwin Alternatives. We are in the process of implementing a new financial system within Darwin Escapes which will streamline internal processes, allowing housekeeping, finance and bookings to all be run through the same system. This will improve the information flow within the business and between Darwin Escapes and Darwin Alternatives.

The Darwin Alternatives directors provide feedback to the Board of DPIMGL about the ongoing operations at the quarterly Board meetings, and decisions on items requiring their approval will be taken then.

# Decision Making



## Investment Manager - Darwin Property Investment Management (Guernsey) Limited

### Ilan Burns, Independent Director (DPIMGL Investment Committee)

Ilan Burns is a fellow of both The Institute of Chartered Accountants and The Securities Institute as well as a member of the Society of Trust and Estate Planners. He worked at director level with trust companies in Guernsey, Jersey, Switzerland and Mauritius over the last twenty years.

### Martin Tolcher, Independent Director (DPIMGL Investment Committee)

Martin Tolcher is a Chartered Fellow of the Chartered Institute for Securities & Investment Institute (FCSI) and has been involved within the fund administration industry in Guernsey for over twenty-five years. He has worked at senior levels for three fund administration subsidiaries of Bermudan and Canadian international banks, gaining considerable experience in a wide variety of offshore funds and private equity structures.

### Robin Smith, Independent Director (DPIMGL Investment Committee)

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 has more than thirty years experience working within finance and fund administration at companies in Guernsey.

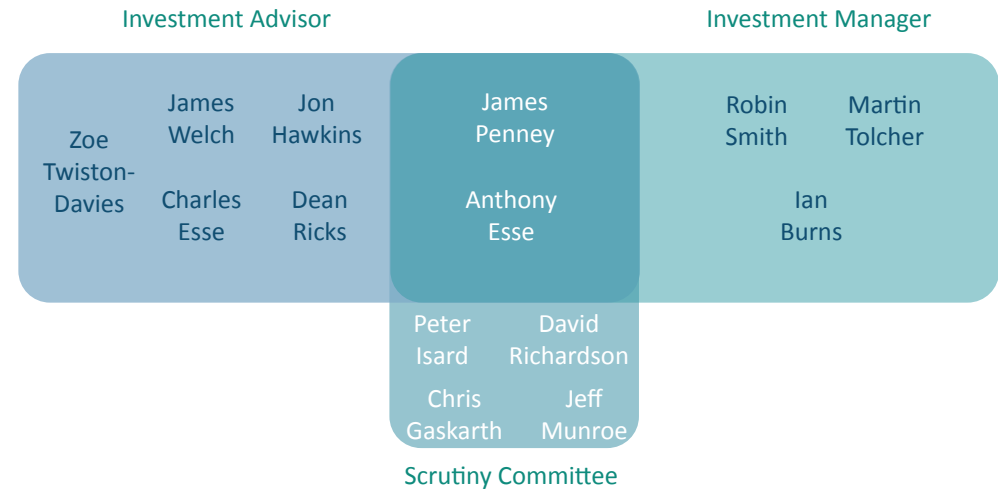
### James Penney, Director (Scrutiny Committee and DPIMGL Investment Committee)

James Penney's early career was in academia, including undergraduate and postgraduate research at Trinity College, Cambridge, followed by six years as Principal Lecturer at Westminster College, Oxford. After Oxford, James was a Sloan Fellow at London Business School.

James was previously the owner and Managing Director of Darwin Consulting, a strategy consulting firm he co-founded in 1997. This firm provided strategic advice to directors and investors in a range of industries, including financial services, private equity and media. James has also held directorships at companies within the banking and investment sectors.

### Anthony Esse, Director (Scrutiny Committee and DPIMGL Investment Committee)

Anthony Esse has worked in the investment management profession for over 30 years and held directorships with Hermes, Newton (part of the Bank of New York Mellon Group) and GT Management Plc. In 2003, Anthony co-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.



## Investment Advisor - Darwin Alternatives

As a small business, Darwin Alternatives does not have a separate Stewardship team. The investment and portfolio team are responsible for ensuring that the assets on which Darwin Alternatives advises are managed in the best interest of their owners and that they meet our Environmental, Social and Governance goals.

### Anthony Esse, Chief Executive

See above.

### James Penney, Chairman

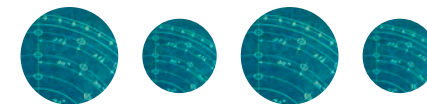
See above.

### James Welch, Investment Manager

James Welch is a qualified Chartered Accountant. He started his career at Smith and Williamson LLP (now Evelyn Partners) where he was part of the Financial Services and Markets Group, responsible for providing audit and regulatory advice to small and medium size financial services businesses.

James oversees the preparation of the fund valuation models, provides oversight to the finance departments of the underlying Fund businesses and assists with compliance and regulatory matters.





### Jon Hawkins, Investment Analyst

Jon has a background in banking having joined Lloyds Bank in 2010 on their Corporate Banking apprenticeship scheme. During his decade-long career with the bank he progressed through a range of Relationship Management positions managing a broad spectrum of clients. At Darwin Alternatives Jon supports with the fund valuation process and is involved with the review and analysis of future business opportunities as well as helping to maintain our finance relationships.

### Zoe Twiston-Davies, Investment Analyst

Zoe started her career on the graduate program in Audit at Ernst & Young, before moving into their Restructuring Team. She then moved to Granular Capital where she was responsible for the financial modelling and performing research analysis on existing and potential equities. At Darwin Alternatives Zoe she assists on the valuation of the funds and supports the Investment Team on the acquisition and management of assets in the portfolio.

### Dean Ricks, Development Director

Dean is a qualified Chartered Engineer and is a Member of the Institution of Structural Engineers. He gained extensive experience on numerous large and small scale building and infrastructure projects with WSP, across the majority of the construction sectors. As a Buildings Director for Stantec he oversaw regional operations and multi-disciplinary project delivery throughout the UK. In his role at Darwin Alternatives, Dean assists in site acquisitions, and oversees project design and construction across the funds.

### Charles Esse, Investment Associate

Charles oversees potential acquisitions for the Darwin Leisure Development Fund, as well as conducting ESG analysis of the portfolio. Charles also is part of the Client Relationship Management team, specialising in ESG reporting. Charles joined Darwin in 2013 as a Trainee Investment Manager, participating in Darwin's trainee program before being promoted to Investment Associate.

## Scrutiny Committee

The Scrutiny Committee is independent of DPIMGL. It comprises of a body of independent strategic advisors with extensive investment experience along with the Directors of Darwin Alternatives:

### Peter Isard

The Investment Committee is chaired by Peter Isard. Until recently, Peter Isard was the Head of Institutional Equities at Cenkos Securities, which he joined, shortly after its inception, in 2005. Prior to developing the Cenkos institutional business, Mr Isard had worked for over 20 years in

financial markets at such firms as Merrill Lynch, Schroders and Citigroup. During that time he has been both an analyst specialising in leisure companies and a general salesman providing advice to portfolio managers responsible for pension funds, retail funds and hedge funds.

### David Richardson

David enjoyed a career in financial services leadership roles within the U.K. spanning forty years, including as a Regional Managing Director at Lloyds Bank. David now supports Darwin leadership as required. He is a former HRH Prince of Wales ambassador for the West Midlands and held both Regional and an educational board positions within Business in the Community.

### Chris Gaskarth

Chris is the Founder Director of Institutional Investment Advisors and has broad and deep experience of treasury, capital markets and credit portfolio management, gained from Midland Bank, National & Provincial Building Society, Royal Bank of Scotland and Prudential/Egg. His involvement with Structured Credit includes financing, risk transfer and investment programmes. From late 2002 he has been a consultant, designing and delivering ALM and credit-based solutions for UK and European banks, building societies and fund managers.

### Jeff Munroe

Jeff Munroe spent 28 years at Newton. He was CIO from 2001 to 2012 before moving to a more focused investment role in the organisation, where he was Investment Leader in the Global Equities team and the lead portfolio manager for Sustainable US Equity strategies. He left the firm at the end of December 2021.

## Reward and Remuneration

All of the Directors of DAIMGL and the Directors at Darwin Alternatives have and continue to invest personally into the Darwin Leisure Development Fund and Darwin Bereavement Services Fund. This ensures that their motivations are aligned with those of the Fund investors.

Because our stewardship activities are entwined with our investment activities, the Darwin Alternatives remuneration policy does not specifically incentivise employees in relation to stewardship. Whilst Darwin Alternatives does not offer a share option scheme, employees are encouraged to choose to support the Funds through direct investment or investing through their SIPP's and the majority of the team do this.

We recognise that more could be done in this area to ensure that there is a direct link between the activities of the investment team and the responsible stewardship of the assets on which they advise, and this is something the Directors at Darwin Alternatives are currently evaluating.

# The Investment Decision Making Process

The investment decision making process is a rigorous three stage process which ensures that the Scrutiny and DPIMGL Investment Committees have the full and complete information required to make an informed decision.

## Stage 1

The investment team at Darwin Alternatives review new investment opportunities and follow a detailed acquisition process for DLPP which includes site visits, planning assessment, environmental impact and development opportunities. If the Investment Team merits that further due is appropriate, a presentation is given to the DAIMGL Investment Committee to secure funds for this.

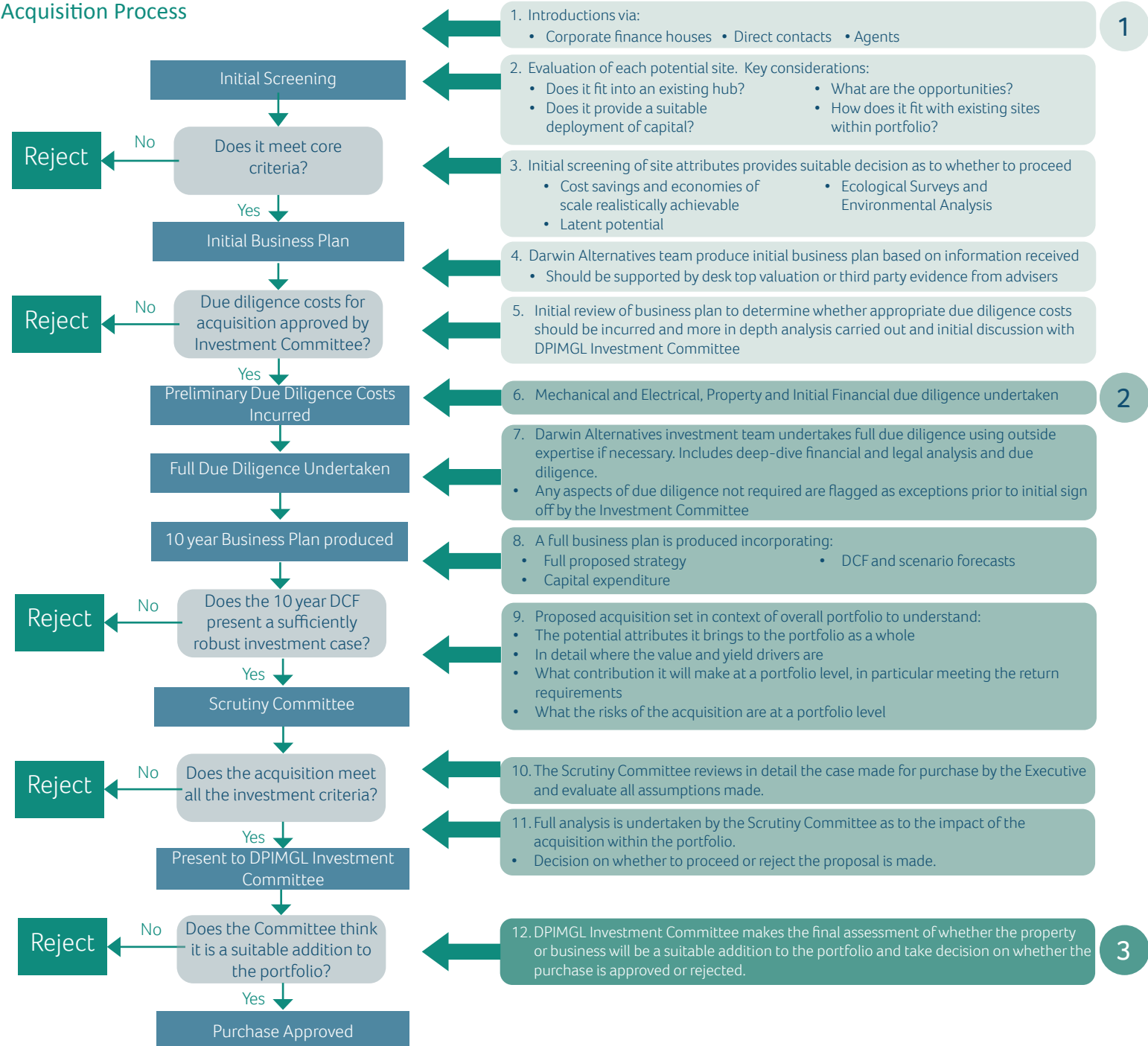
## Stage 2

The team work with third party advisors and a detailed investment recommendation note is prepared and presented to the Scrutiny Committee, which includes the Directors of Darwin Alternatives and a number of independent advisors. At the end of this stage, propositions which have successfully completed due diligence are formally presented to the independent Scrutiny Committee for approval.

## Stage 3

A final decision on whether to proceed with an acquisition is made by the DAIMGL Investment Committee, with a majority of the three Non Executive Directors having to approve the acquisition.

## Acquisition Process



## Decision Making in Practice

The robust investment process that has been put in place for the Darwin Leisure Property Fund has ensured that we have built a portfolio of holiday parks that meets the investment goals of the Fund and provides our investors with the stable returns they are looking for. We have rejected many potential sites because we established that they would not be a suitable investment opportunity, including:

### Case Study 1- Established caravan and lodge park in Lancashire

The North West of England had been identified by the investment team at Darwin Alternatives as an area which would add value to the portfolio through geographical diversification, product diversification and a lack of cannibalisation of cashflows with any existing portfolio sites.

The site was presented to Darwin Alternatives through a direct agent as an off-market opportunity. Having passed Stage 2 of the Initial Screening, a subsequent site inspection showed that the site needed significant capital to update and redevelop the significant central facilities buildings, as well as upgrade the existing site infrastructure.

In addition, the existing operators had various licence agreements with individual holiday home owners which would have prevented any uplift in site fee income, limiting the financial return opportunities for the site. The site would also have been competing with a nearby holiday park which offered substantial competition.

Fundamentally, the deployment of capital required was not sufficiently off-set by the future earnings potential, potential cost savings and benefits from economies of scale. The site was therefore rejected before presentation to the Investment Committee.

### Case Study 2- Established holiday park in Hampshire

Darwin Alternatives was introduced to an on-market potential acquisition in a popular Coastal area in Hampshire on the South Coast of England. The site was a substantial caravan park, with units only being available on a holiday home ownership basis.

The site offered potential for long-term cash flows which would benefit the fund, through the deployment of capital to update various facilities in order to bring the site in line with the Darwin Escapes brand standards. However, during the due diligence process, it was noted that part of the site, despite various flood defences, posed a significant river and sea flood risk. Further examination showed that parts of the site were designated as High Risk.

With climate risk being an important factor to consider on behalf of investors, in combination with the increasingly volatile weather systems which the UK has experienced over the last decade, DLPF did not carry out any further investigation and withdrew from the acquisition process.

### Case Study 3- Established holiday park in Essex

The site was brought to the investment team of Darwin Alternatives as an off-market acquisition through a direct agent. It offered central facilities building with a large number of Lodge, Caravan and Tenting & Touring pitches, as well as an established marina.

The site passed Stage 1 of the Initial Screening due to the geographical diversification it would bring to the portfolio of the Darwin Leisure Property Fund, diversification of cash flows and economies of scale. However, after a site visit was conducted, it became evident that the site would not pass Stage 3.

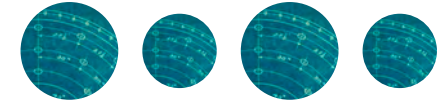
The capital required to bring the site up to the standards of the existing portfolio was estimated to negate any meaningful return to investors when considering the price required for acquisition. The initial desktop analysis had also not uncovered the issues with neighbouring commercial units which lined the approach to the site. These were particularly unsightly and would have been impossible to improve due to being privately leased property.

Fundamentally, the site did not fulfil the existing criteria in Stages 2 and 3 of the acquisition process due to :

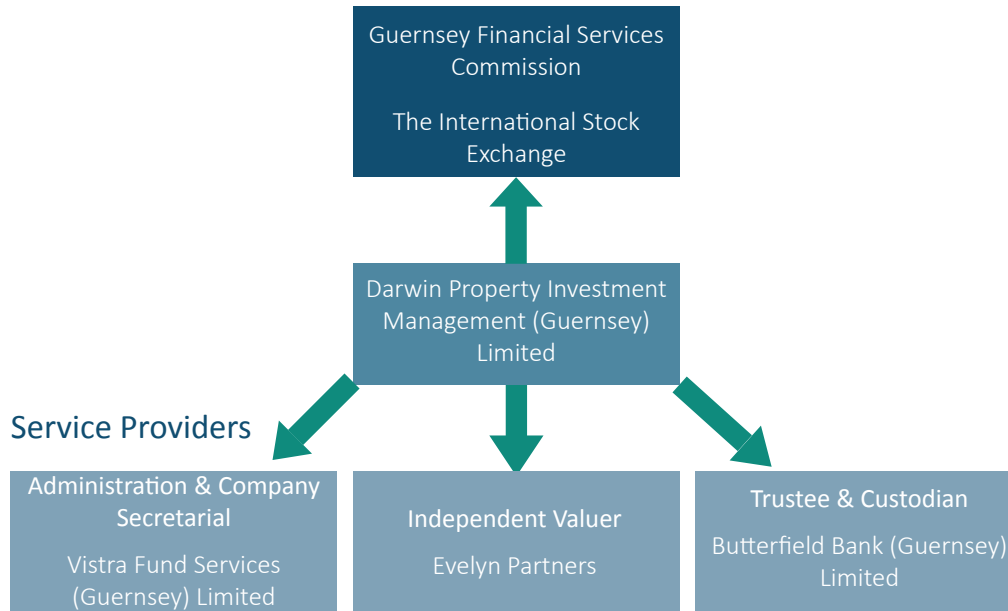
- Inability to provide suitable deployment of capital
- Inability to fit in within an existing hub
- Substantial lack of latent potential
- Potential returns will not meet investor requirements

This site was therefore rejected before presentation to the Investment Committee.

# Other Relevant Organisations



## Regulatory Governing Bodies



## Administrator

Vistra Fund Services (Guernsey) Limited (Vistra) is an independent Fund administrator which is responsible for the provision of administrative services in respect of the Darwin Leisure Property 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 company secretarial duties for DPIMGL and for preparing returns to comply with Guernsey law.

Financials are monitored daily by the DCM Finance team, reviewed by the Investment Team at Darwin Alternatives and then fed through to Vistra. Vistra prepares monthly NAV's which are reviewed by the team at Darwin Alternatives and circulated to the DPIMGL Board for approval.

The Board reviews and confirms its acceptance of Vistra's policies and procedures on an annual basis. Hard copies of the policies are available to the Board and read only access is set up online.

On behalf of Vistra, BDO LLP completes a report on the internal controls of Vistra's administration operations. The report is prepared in accordance with International Standard of Assurance Engagements (ISAE) 3402. This report is available and reviewed by the Board and is also available to shareholders.

The latest UK Criminal Finance Act policies are reviewed by the Board annually and the Board adopts Vistra's anti-facilitation policy and procedures.

For each Board meeting, Vistra prepares a compliance report, listing sponsor report, administration report and company secretarial report which includes regulatory updates, cyber security reports and a policies and procedure report.

Vistra is licensed by the Guernsey Financial Services Commission. Vistra is part of Vistra Group, covering 46 jurisdictions, managing over 200,000 legal entities and assets valued at more than \$370billion.

## Independent Valuer

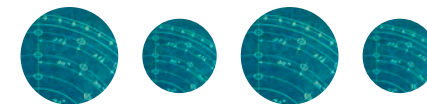
An independent valuer reviews the financials, budgets and NAV's on a quarterly basis and prepares a detailed report to the Board of the Managers. The Board discuss these reports at their quarterly meetings which are minuted by Vistra.

## Trustee and Custodian

Butterfield Bank (Guernsey) Limited is the designated Trustee to the Darwin Leisure Property Fund and as such carries out its own review of DPIMGL as Manager of the Fund and the principal documents.

The Trustee carries out on-site visits annually, monitors the custodian and prepares a report to the Board on a quarterly basis which is reviewed at each Board meeting.





## Regulator

DPIMGL is authorised and regulated by the Guernsey Financial Services Commission (GFSC) which requires licensed companies to submit annual Assurance Statements to confirm that companies meet its Finance Sector Code of Corporate Governance ('COCG'). The Board of DPIMGL assesses their adherence to the COCG in October of each year.

The GFSC also requires licensed entities to complete a Financial Crime Risk Return ('FCRR') on an annual basis. The FCRR requires confirmation that the Board has reviewed and adopted policies and procedures including those of its administrator.

All Guernsey licensed entities are required to have implemented Anti Money Laundering and Counter Financing of Terrorism assessments. Business Risk Assessments are produced, reviewed and updated annually by the Board.

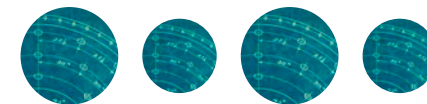
## The International Stock Exchange

Some of the unit classes of the Fund are listed on The International Stock Exchange ('TISE') which is based in Guernsey. The TISE has listing rules to which DPIMGL must adhere to as Manager of the Fund.

## External Oversight in Practice - Valuation Process

The external organisations working with DPIMGL play an integral role in the valuation processes for the Darwin Leisure Property Fund, ensuring that there is a suitable level of oversight which safeguards the interests of its investors.





## Review, Assurance and Oversight

We undertake formal reviews of all our policies on an annual basis to ensure that they remain appropriate and effective. As part of this process Vistra suggests potential changes and improvements to the policies and bring these to the Board for approval.

DPIMGL outsources some of its functions to other parties such as Vistra and Darwin Alternatives and also reviews its policies and procedures on a regular basis through quarterly reports produced for Board meetings. Outsourcing functions enables an extra level of policy and procedure as all service providers are regulated by an official body.

DPIMGL has a Business Risk Assessment that is reviewed by the Board and administrator annually. Specific controls include procedures to ensure information is processed reliably and effectively, appropriate supervisory controls are in place, procedures to ensure compliance with laws and regulations, a robust process for reporting control weaknesses or changes in risk and management of business continuity.

There is a formal meeting structure in place which ensures regular oversight of managers and service providers. The Board of DPIMGL meets on a quarterly basis and the Board of Darwin Alternatives meets on a monthly basis. There are also monthly meetings between executives at Darwin Alternatives and the senior management team at Darwin Escapes who operate the holiday parks as well as regular internal meetings within Darwin Escapes.

As well as meetings there is a regular flow of reporting on a weekly and monthly basis between the different entities which ensures that contracted services are delivered as they are meant to be. In particular, Darwin Alternatives prepares a quarterly investment adviser report to the independent directors. This report is discussed at length at board meetings. The Darwin Alternatives quarterly compliance report is also circulated to the Board for review.

The Board of DPIMGL review the investment advisor agreement with Darwin Alternatives on an annual basis along with the agreements for the fund administrator, Vistra, and the fund trustee, Butterfield Bank. Any breaches or non-conformities are logged in the Vistra compliance report and notified to the Board and Vistra also provides the Board with a copy of its internal audit report and Disaster Recovery Plan. In addition, the auditors report and management letter are discussed at length by the Board and minuted.

The Board reviews periodically the terms of the service agreement for each service provider to ensure they are unambiguous, effective and in line with best practice. Where we have felt there have been issues with the level of service being offered by any service provider we have raised these with the senior management at that business and have always found that these have been resolved.

## Effectiveness

The Directors at DPIMGL have worked together since 2007. This continuity has been instrumental in the growth and success of the Darwin Leisure Property Fund and mirrors the long-term investment outlook of the Fund itself.

The Directors, Investment team and Client Relations team at Darwin Alternatives have built up strong relationships with the investors of the Darwin Leisure Property Fund, many of whom invested at Fund inception and remain investors. There is clear communication with investors and management try to accommodate their ever changing requirements. For example, as investors have focused more on meeting their ESG requirements, we have introduced ESG reporting into our quarterly investor reports, which provide updates on ESG factors within the portfolio as well as introducing a Corporate Responsibility Report for Darwin Alternatives.

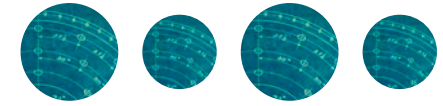
The investment decision making structure supports the requirement for several levels of review which are provided by the team at Darwin Alternatives, differing consultants and experts and the Board of DPIMGL, ensuring effective stewardship of the assets owned by our investors.

In addition, the independent valuer and Vistra offer a level of oversight to ensure that the valuation process for the Darwin Leisure Property Fund is robust and effective. The independent valuer ensures that there is a strong degree of oversight for the valuation process, whilst Vistra's oversight is focused on corporate governance and ensuring that the correct policies and procedures are in place.

As a result of the policies, procedures and oversight in place, there have been no material issues with the way DLPF operates or is valued and the Fund continues to meet its objective of providing positive, absolute returns for its investors.

# Principle 3

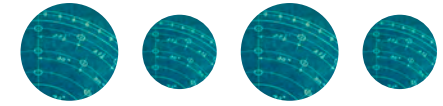
## Conflicts of interest



It is imperative that DPIMGL acts in the best interests of all client investors and identifies and manages any conflicts of interest should they arise.

We have identified where potential conflicts of interest may occur and have adopted and implemented a formal Conflicts of Interest Policy. All directors, employees and other Approved Persons must confirm in writing that they have read and understood the Conflicts of Interest Policy and agree to abide by it. Conflicts or potential Conflicts of Interest must always be disclosed by Directors and employees. Measures covered include:

- We have established a record of the kinds of service or activity carried out by or on behalf of the Firm in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise;
- We require all directors, employees and other Approved Persons to provide the Compliance Officer with a record of their business interests so as to assist the Firm in identifying any potential conflicts of interest before they occur.
- All directors, employees and other Approved Persons are required to confirm on an annual basis that their Record of Individual's Business Interests continues to be correct, or otherwise, by signing a declaration to that effect.
- We prevent conflicts arising regarding the selection of suppliers by refusing to accept or provide fees, commissions and non-monetary benefits which do not directly enhance the service offered.
- Any personal relationships are disregarded in the selection of service providers, third party suppliers, agents and distributors to prevent inappropriate selection.
- DPIMGL has a formal policy on the buying and selling of units in the Darwin Leisure Property Fund by directors, employees, temporary employees, certain contracted consultants and other connected persons in accordance with financial services regulation and securities law and regulation in the United Kingdom.
- There is a record kept of Gifts and Benefits Given and Received and rules in place around these.
- There may be instances where an employee (an "insider" as defined in the Financial Services & Markets Act 2000), through industry contacts or due diligence exercises, may have information about a leisure property, or related assets, that is not in the public domain and could potentially lead to unfair financial gain or avoidance of losses. Abuse of this information is strictly controlled by separate Darwin policies.
- The organisational structure we have implemented provides for the segregation of duties and so prevents conflict arising through inappropriately apportioned roles and responsibilities by ensuring that no one individual can exercise inappropriate influence over a particular process.
- The Board of DPIMGL review and approve all investment decisions that are recommended by Darwin Alternatives and key investment decisions require a majority vote from the three Guernsey directors.
- Vistra prepares minutes of all meetings and offers oversight to potential conflicts of interest in its role as administrator to the Fund.
- All group companies have service provider agreements outlining the expectation of each company and the approach to dealing with potential conflicts should they arise.
- Annual financial accounts are audited by an independent auditor.
- Valuations are reviewed by an independent third party and reports produced quarterly for Board review.
- Vistra prepares quarterly reports noting directors shareholdings, close periods and the PAD.
- DPIMGL has an anti-bribery policy and procedure paper.



Darwin Alternatives is also the Investment Advisor to another holiday park fund, Darwin Leisure Development Fund (DLDF). The Fund's Investment Manager is Darwin Alternative Investment Management (Guernsey) Limited (DAIMGL), a separate entity to DPIMGL. The Boards of DPIMGL and DAIMGL spent some time considering how to ensure there would be no conflicts of interest between the Funds. DLDF was established with an entirely different primary investment objective to DLPF and a number of policies have been introduced to ensure that there are no conflicts of interest between the two during their ongoing operations:

### Acquisitions

DLDF seeks to buy parks suitable for redevelopment into lodge parks, where planning permission is either already in place or likely to be obtained. DLPF seeks to acquire parks that can integrate straight into the Darwin Escapes brand, where no significant capital expenditure will be required to bring them up to this standard. Given these different acquisition strategies, there is unlikely to be a situation where a potential acquisition would be suitable for both funds.

Neither fund will be permitted to purchase a park which is located in close proximity to a park owned by the other fund and likely to take business from it. Part of the sign off process for any acquisition will involve analysis of any potential conflicts with other parks in either portfolio.

The effectiveness of the Acquisition Process for each Fund and adherence to the Conflicts of Interest Policy mean that where there might have been a conflict with a potential acquisition, it was flagged at the initial screening stages of the process and withdrawn from consideration immediately. The DPIMGL Board has not therefore had to reject any proposed acquisitions due to conflicts of interest.

### Redevelopments

DLPF will not be undertaking any major redevelopments. DLDF will use the same external resources previously used by DLPF to assist in the planning, design and construction of each of its acquisitions. This team has gained considerable experience developing 13 of the DLPF sites and they are comfortable working on a number of projects at once, which may be required with DLDF.

### Lodge and Caravan requisition

We have an established order process in place and have developed strong relationships with a number of manufacturers to ensure they can design and build lodges and caravans which meet our specific standards and requirements. We are therefore confident that we can utilise enough manufacturers to ensure that the needs of both funds can be met.

### Holiday Park Management

At the time DLDF was being established, the DAIMGL and DPIMGL boards looked carefully at how to ensure there would be no conflicts of interest with the day-to-day management of the holiday parks in each portfolio. There were discussions about whether a separate management company should be set up to run the DLDF holiday parks, or whether this could be outsourced to another operator. Having had a poor experience with outsourcing in the past, and wanting to ensure that the DLDF holiday parks would offer the same “front of house” experience which was seen as being a key to the success of the properties managed by DCM, it was decided that the services of DCM would be utilised.

To ensure that DLDF paid a fair rate for the use of DCM, the overall costs would be split between the two Funds, on a per pitch basis. The Directors of DAIMGL felt it was important to acknowledge the investment that DLPF had made into DCM and therefore the fees would be charged at a higher rate for DLDF to reflect this.

In order to protect the interests of both Funds, it was decided that the only service that wouldn't be shared was Finance. A separate business, Darwin Leisure Development Management Limited was established to provision this service and ensure that financial matters for both Funds were independent of each other.

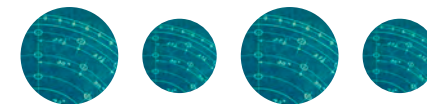




# Principles 4 and 10

## Promoting well-functioning markets

### Collaboration



As a manager of real alternative assets, DPIMGL does not participate in mainstream financial markets. Whilst our activities do not therefore directly involve the promotion of well-functioning markets we do participate in a number of industry schemes which have been designed to improve reporting for pension fund investors and to help them manage their assets more efficiently and in line with their ESG objectives.



#### Cost Transparency Initiative

DPIMGL is a signatory of the Cost Transparency Initiative (CTI), which provides an industry standard for institutional investment cost data. The CTI is a partnership initiative between the Pensions and Lifetime Savings Association (PLSA), the Investment Association (IA) and the Local Government Pension Scheme (LGPS) Advisory Board.

We use the Fee Templates provided by CTI to provide full disclosure of the fees charged by the Darwin Leisure Property Fund to each of its local authority pension fund investors. The framework ensures that the pension funds can easily compare the charges from all their investment managers in a consistent and standardised format. This allows pension schemes to compare the fees charged by different managers and drive better value for their members.

#### Carbon Emissions Reporting

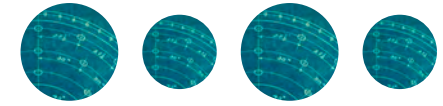
A number of our local authority investors have begun to request that we provide data on the carbon emissions produced by DLPF as this is becoming more of a requirement for their own reporting. As the owner of real assets that feature a variety of different buildings and park layouts, this is a complex process and we have therefore implemented a project which will allow us to report this data and feed into existing reporting frameworks including the Carbon Risk Real Estate Monitor and Global ESG Benchmark for Real Assets

#### Place-Based Impact Investing (PBII) Reporting Framework

At the request of one of our local authority pension fund investors, DPIMGL through Darwin Alternatives is participating in a trial of a new impact reporting framework. Developed by The Good Economy, Pensions for Purpose and the Impact Investing Institute the framework was designed "to explore how to scale-up institutional investment into opportunities that enhance local economic resilience, sustainable development and the Levelling Up agenda."

Darwin Alternatives has provided data that measures geographical location, financial objectives, the Fund's impact objectives and its financial performance. The Fund is also scored on 5 PBII traits. The data provided by Darwin Alternatives is amalgamated with that of the other managers of each of the pension funds participating in the trial, and a report is produced which outlines the overall impact that their investment portfolio is having, both in their local area and around the UK.

We hope that our participation in this small trial project will lead to improved reporting for local authority pension funds on how the assets they manage are having an impact in both their local and wider community. This should help guide their future investment decisions to ensure that they are managing their pension fund assets in the best interests of their scheme members.



DLPF owns and operates its portfolio of holiday parks and therefore we do not have any need to engage with other owners, influence issuers or exercise voting rights.

As well as collaborating on financial projects such as the Place-Based Impact Investing (PBII) Reporting Framework we also try and collaborate with other businesses within the holiday park industry to try and make improvements to the sector. We are active members of the British Holiday and Home Parks Association, and have close working relationships with suppliers from across the industry, including lodge manufacturers, building contractors and environmental consultants.

Through these we have helped to drive change within the industry to make it more sustainable. We have completely redeveloped eleven of the sites in the DLPF portfolio, and have put environmental considerations at the forefront of these, using 'Green Technologies' to reduce the carbon output of facilities buildings. All our new lodges are constructed in accordance with British Standard 3632, which is the required standard for residential park homes and is a higher standard than is required for holiday park homes. The standard sets out minimum specifications in terms of ventilation, thermal insulation, stability once sited and room sizes.

In order to ensure our lodges are as energy efficient as possible, Darwin Escapes lodges exceed the minimum requirements in a number of areas such as insulation, glazing and cladding. All lodge suppliers to Darwin have a team of National Caravan Council approved inspectors checking lodges both during production and once finished. The NCC also carry out periodic un-announced inspections at both of our main suppliers' manufacturing facilities as part of the lodge supplier membership agreement.

All of our lodge suppliers promote environmental awareness among employees and encourage them to work in an environmentally responsible manner. All of their suppliers are requested to provide a copy of their Environmental Policy / Strategy to ensure that their products are sourced as ethically as possible.

## Case Study: RPS Group

We recognise that we cannot achieve our environmental objectives on our own and have for a number of years partnered with RPS Group, an environmental consultancy, to support our development projects and ongoing operations.

RPS Group is a leading global professional advisory firm formed in 1970 which employs 5,000 consultants in over 125 countries, specialising in property, energy, transport, defence and government, water and natural resources.

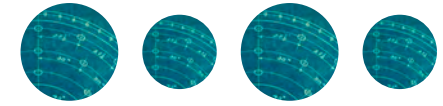
Over the last year, RPS has been working with Darwin Escapes to help develop a Carbon Reduction Strategy. RPS completed a full carbon sequestration survey on all the woodlands in the Darwin Escapes portfolio. The reintroduction of woodlands is a key aspect of the UK Government's drive to achieve a Net Zero Economy by 2050. The Government's ambition is to create more woodlands, protect peatlands and boost biodiversity. Increasing tree planting will form a central pillar in the efforts to reach Net Zero Emissions by 2050.

Under the new target, approximately 7,000 hectares of woodlands will be planted per year by the end of this Parliament (May 2024) alongside new initiatives to improve the health of trees and create more woodlands in cities. The UK Government is putting plans in place to treble woodland creation rates, reflecting England's contribution to meeting the UK's overall target of planting 30,000 hectares per year by the end of this Parliament.

RPS will continue to work alongside Darwin, and ensure that Darwin developments can maximise carbon sequestration, by ensuring that the right trees for the geographical location are planted in the most effective way to maximise carbon sequestration and increase biodiversity. So far, 820,078 m<sup>2</sup> of wild-flower turf has been planted and 62,534 m<sup>2</sup> of new woodland has been planted in the Darwin Escapes Portfolio in addition to the existing 849,697 m<sup>2</sup> of woodland.

As well as this, RPS has looked at various different ways in which the Darwin Escapes portfolio can achieve Net Zero Carbon emissions in future developments. Energy Usage and energy efficiency is a key way that UK infrastructure can reduce CO<sub>2</sub>e emissions, and working towards utilising ever more efficient technology will be a significant factor in reducing carbon emissions by 2050.





RPS has also been a cornerstone in our Landscape Architecture, Ecology and Flood Catchment management. With their guidance, development projects have been able to proceed and complete while ensuring that local environments on site are enhanced to benefit the local ecology.

RPS Group are also consulted during the DLPF acquisition process in relation to potential site purchases. This enables Darwin to mitigate against development risk, and ensure a suitable and beneficial ecological management strategy is implemented immediately upon an acquisition completion.

## Case Study: Prestige

One manufacturer with whom we work closely is Prestige Homeseeker (Prestige). Based in Northamptonshire, the firm has become a trusted supplier for Darwin, as well as an industry leader in terms of environmental standards both in their production line and in their final product.

The National Caravan Council use a 5 Star rating system to show a manufacturer's energy efficiency performance. Prestige has achieved a 4.8 Star rating whilst the industry average is around 3 Stars. Outlined below are some of the ways in which Prestige reduce their environmental impact:

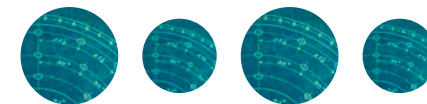
- Timber supplies are sourced from companies that meet the Forest Stewardship Council (UK) Chain of Custody Certification including standards FSC-STD-40-004 and FSC-STD-50-001 in respect of the purchase, processing, sales and distribution of certified softwoods, hardwoods and sheet materials, including outsourcing.
- Timber suppliers to Prestige are registered with and regularly audited by BM Trada. This includes compliance with monitoring supply chains to ensure the validity of the respective supplier certificates and ensuring that they only purchase from those companies which hold current and valid certificates.
- Timber supplier Recycling Policies include:
  - Ensuring dust and shavings are blown into trailers for resale (for example – to be used as animal bedding)
  - Ensuring reject pieces are cut down and reused for alternative timber sizes, and blocks
  - Ensuring that off-cut pieces that cannot be used for the smallest moulding sizes or

off cuts from jobs which have been cut to special lengths, are bagged and sold for sustainable re-use, such as fuel for biomass boilers.

- A higher grade of timber than required is used in the structure of lodges resulting in reduced core material rejection, less deliveries and less waste.
- PVCu product suppliers use their own recycling facility or a specialist recycling company to recycle any off-cut virgin window and door profiles. Old uPVC window and door frames and unused offcuts can be recycled into reusable polymer pellets. These are then passed onto approved extruders for use in new building products, including new uPVC window profiles, cills and trims, and cable management and construction products.
- The materials used in the build of lodges have to meet the requirements of BS6362:2015.
- The longevity and serviceability of fixtures and fittings is a key factor. For example, Prestige utilise lower maintenance exterior claddings (Artefoam, Canoxel, Marley) or where timber claddings are used, they have water based stain so no chemicals are needed to maintain the colouring of exterior walls.
- General layout and design are considered in order to enable the highest energy efficiency, for example by utilising sunlight for heating and light .
- 3D design programmes are used to proof the design to reduce or remove the need to re-design during manufacture. CNC machines (Computer Numerical Control machines) are used to optimise timber lengths, speed processing and reduce waste. In order to reduce delivery costs and emissions, trusses and timber frames are created on the factory site.

Darwin has established a close partnership with Prestige which allows us to customise the layout and interior of the lodges we acquire from them. This ensures they are robust enough to meet the demands of holiday rental usage and increases the lifetime of each lodge, therefore reducing the frequency with which they would need to be replaced and delivering sustainability over the long-term.





## Identifying and responding to market-wide and systemic risks

### Systematic Risk

The DPIMGL Board are briefed by Vistra on financial services risk through detailed reporting by the GFSC to its signatories. Vistra engages regularly with the regulator and reports back to the Board. The DPIMGL Board are also part of the Guernsey Institute of Directors. They hold regular functions and support local initiatives.

#### ISEA 3402

Each year, Vistra produces an ISEA 3402 'Assurance Report on Controls at a Service Organisation'. ISEA 3402 is a control report which has been developed specifically for outsourcing activities that are related to the financial reporting of the client. It is an international service organisation assurance standard that is provided by certified auditors and can be used as a guideline for documenting that a service organisation has sufficient internal controls.

These standards are primarily designed as an accountability report by Vistra to the financial auditors of the Fund's investors. For the financial auditors, the report replaces their tests on the design, implementation and operating effectiveness of the internal controls vital to the accuracy and completeness of the financial reporting of the underlying investor.

Under the ISAE 3402 standard, Vistra has five primary responsibilities:

- Prepare and present a complete and accurate description of their internal control framework.
- Specify the control objectives.
- Identify the risks that threaten the achievement of the control objectives.
- Design, implement and maintain controls to provide reasonable assurance that the control objectives will be achieved.
- Provide a written assertion to accompany the description as to the completeness and accuracy of the information provided and state the criteria used as a basis for making the assertion.

### Market Risk

Our structure, systems and controls allow us to effectively identify, monitor, and respond to market-wide and systemic risks. The holiday park industry itself is one that is relatively stable in nature. Holiday parks generate stable cash flows arising from annual pitch fees from caravan and lodge owners, holiday rental income, the sale of caravan and lodges and from on-site ancillary spend including food and beverage and leisure activities.

Additionally, holiday parks have robust demand characteristics. Traditionally, when the economy has been strong, holiday home ownership has increased. In times of weakness, people have switched to UK caravan and lodge holidays as opposed to other types of holiday, driving rental income higher. The portfolio has therefore been structured to ensure that we offer a mix of both holiday rental and holiday home ownership accommodation to reduce the impact of wider macro-economic risks. In order to further reduce economic and geographical risks we aim to ensure that there is a good geographical spread of sites and a mix of property of styles, ranging from small lodge retreats to large sites with extensive facilities. This ensures that we attract as broad a customer base as possible.

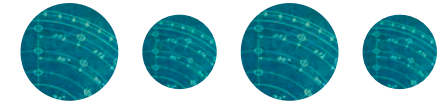
### Development Risk

In order to decrease development risk, we do not purchase land on a speculative basis and risk management is focused on ensuring that we have an acquisition process that ensures that new sites are a good fit for the portfolio and that where planning permission may be required, that this is achievable. All sites will already have planning for leisure activities in some capacity.

There is a limitation on the redevelopment of sites as development per se is higher risk than holding properties which have already been developed and are well established. Redevolutions are only undertaken on a risk controlled basis and not on a speculative basis.

# Principle 6

## Client and beneficiary needs



DPIMGL manages approximately £619m of assets (as at 31 August 2022) for a variety of clients including pension funds, fund of funds, wealth managers and individual investors who have invested through IFA's. All of our local authority and institutional pension fund investors are based in the UK. All individual investments are made through IFA's based overseas.

Our clients have chosen to invest in the Darwin Leisure Property Fund because it meets their investment needs. All of them understand and support the strategy which the Board of DPIMGL follow. Because we are not undertaking voting, or investing their assets in a variety of different products we don't look at individual policies of investors, but the Board ensures that all of our assets are managed in best interests of all shareholders.

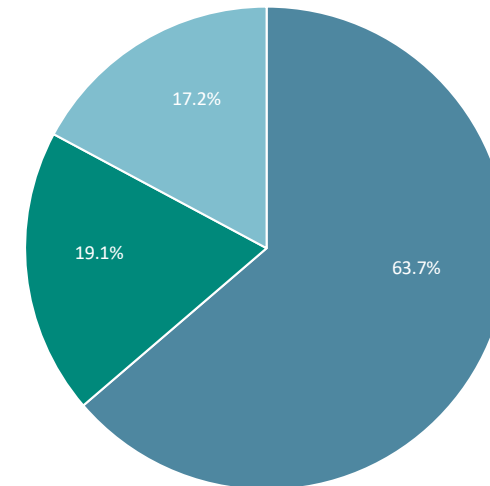
We do tailor and adapt our processes where appropriate following feedback from investors, and have initiated a number of changes to our reporting output to ensure that we are meeting the needs of our clients in their reporting.

- Whilst the Darwin Leisure Property Fund is not specifically an impact fund, at the request of one of our local authority pension fund clients, we have introduced Impact Reporting in order to demonstrate the positive impacts that our holiday park assets have. The impact reports provide data on impact measures ranging from the percentage of staff earning above the National Living Wage to the number of electric boilers in our lodges and the number of charity events we have participated in.

We tailor client communications in order to meet the needs of the different investor types and have taken on board their feedback in making improvements to our reporting.

- Meetings with our investment team are offered to all institutional investors and the frequency of these is determined by the investor. Some investors opt for quarterly meetings, whilst others prefer an annual update. We also attend Local Authority Investment Committee meetings when requested. At each meeting a detailed analysis of the portfolio and ongoing trading and industry trends is provided. The Fund's distribution partner, Global Wealth Management Solutions, arranges meetings with the network of IFA's with which it works and members of the investment team will attend where appropriate.
- Factsheets are produced on a monthly and quarterly basis for all investors which include market commentary.
- For local authority institutional investors, a detailed investor report is produced on a quarterly basis which includes information on valuations, transactions and performance

Darwin Leisure Property Fund Client Breakdown



■ Local Authority Pension Funds ■ Institutional Investors & Others ■ Retail Clients through IFAs

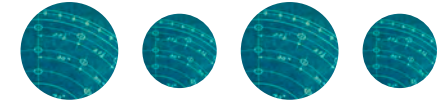
Source: Darwin Alternatives. As at 30 June 2022

- as well as market commentary and an economic outlook. An update on ESG matters has also been added following requests from some of our local authority investors for more frequent ESG reporting.
- Valuation statements are sent by the Fund administrator, Vistra, to all unitholders on a monthly basis.
  - The Fund produces an Annual Report and Accounts which provides a financial update on the Fund and includes commentary on the properties within the portfolio. An ESG update was added to the Report and Accounts in 2021.
  - Responsible investment is becoming an increasing concern for our investors and therefore in 2020 we introduced an annual Corporate Responsibility Report which outlines the Environmental, Social and Governance activities of the Fund and the work we are doing to make improvements in each of these areas.



# Principle 7

## Stewardship, investment and ESG integration



Responsible investment is an important aspect of our investment culture and we support 13 of the UN's 'Sustainable Development Goals' on all development projects and ongoing operations across the portfolio. We have implemented processes to limit our environmental impact and contribute positively to the communities in which we invest. We want to use our expertise in development and operations, combined with our inclusive and diverse culture, to lead the alternative investment sector into having a positive, meaningful impact.

Our corporate structure ensures that decision makers can be scrutinised and challenged, meaning that decisions are taken in the best interests of our stakeholders. Regulatory Governance is a fundamental focus to ensure that we operate with the highest integrity, and do not act in a way which puts investors at risk. Darwin acts in full accordance with all relevant regulatory authorities.

Darwin Alternatives will going forward be preparing an ESG report and presenting it to the DPIMGL board on a twice-yearly basis to ensure that the board have full oversight of ESG activities.

DPIMGL is a signatory to the LGPS Advisory Board 'Code of Transparency'.

As an owner of real assets, we aim to ensure that our buildings and accommodation are as energy efficient as possible, our park environments are managed in harmony with the local environment and that waste management is efficient and utilises recycling where possible. To ensure that we achieve this we have implemented a series of Environmental Aims and Targets:

### Environmental Aims

1. Create sites which enhance local ecology.
2. Create sites which enhance local environments.
3. Utilise designs which minimise operational carbon footprints.
4. Ensure minimisation of embedded carbon costs in Darwin's supply chain.
5. Ensure energy usage is as efficient as possible.

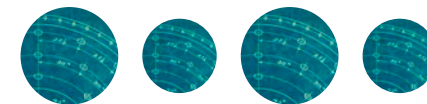
### Environmental Targets

1. Actively work to reduce emissions, waste and energy use, where applicable, on all sites in all portfolios.
2. Increase measurement of emissions, waste and energy usage where appropriate, with the aim of analysing and initiating required changes over the next 5 years.
3. Achieve a Biodiversity Net Gain when undertaking any development work.
4. Increase ESG due diligence to ensure that suppliers, contractors, corporate partners & stakeholders are aligned with our principles.
5. Continue to demonstrate and report our ESG progress as the funds develop over the short, medium and long term.

On a practical level, this has resulted in:

- Range of environmental best practices for day-to-day holiday resort operations.
- Planting strategies designed to provide the ideal habitats for local ecology and enable Biodiversity net gain in populations.

- Designing buildings to reduce energy usage over the long-term. Protecting and enhancing the existing natural environment is a key focus for developments with a priority on ensuring the safeguarding of protected species.
- Robust supply chain process which encourages all suppliers from lodge manufacturers to food and beverage producers to share our environmental ethos.



We have also developed Social Principles and Social Aims to ensure that we are a responsible employer and that we provide social value to the communities in which we operate.

## Social Principles

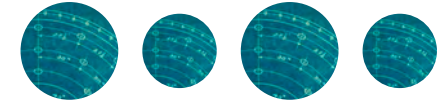
1. **Equality:** Darwin is committed to being an equal opportunities employer, offering the same opportunities to all staff, irrespective of race, religion or beliefs.
2. **Value:** All stakeholders are valued; our customers, staff, suppliers and investors. They are at the forefront of everything we do.
3. **Safety:** Locations will follow the highest standards of Health and Safety. By delivering continuous training and inspections to our staff, we are able to ensure risks to consumers are minimised.
4. **Real impact:** Social responsibility is more than just writing a cheque. Our underlying businesses aim to have a direct impact on local communities.
5. **Supply Chain:** Darwin supports international and UK goals to end modern slavery, inequality and social injustice.

## Social Aims

1. **Decrease our gender pay gap:** Although Darwin performs well in this area, we can do more.
2. **Be a responsible member of the community:** We aim to become integrated within our local communities. We will offer support, assistance and guidance that will benefit the areas in which we operate.
3. **A career, not just a job:** Darwin is committed to continuing to improving our Human Capital Development. We aim to offer increased opportunities for our staff, enabling us to provide careers, not just a job.
4. **Eliminate social injustice:** Darwin will not use suppliers whose social values are poor, and we will work to ensure we do not inadvertently support firms who operate immorally.
5. **Support locally:** We will use local producers and businesses as suppliers wherever we can.



# ESG in Action

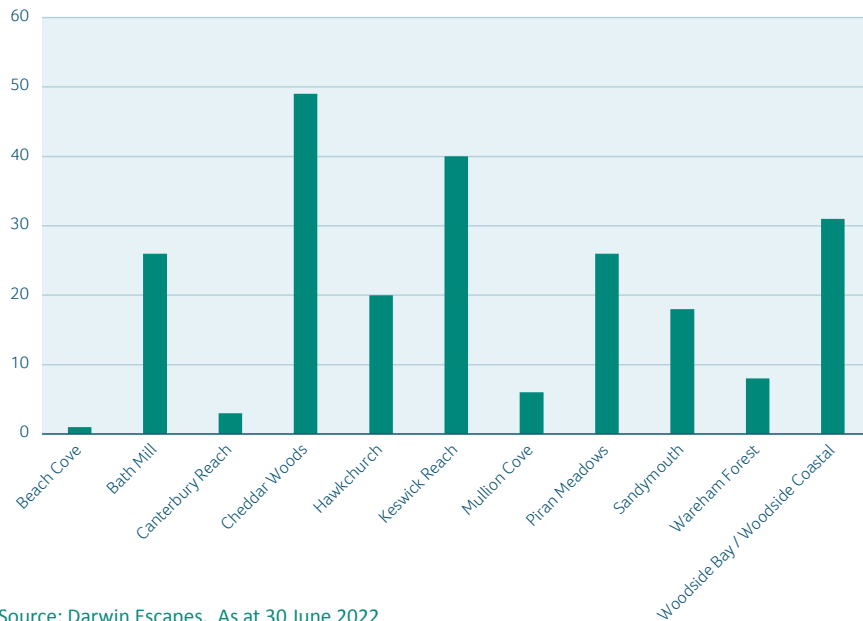


## Job Creation

Twelve of the Darwin Escapes resorts have been completely redeveloped, transforming sites which were previously seasonal tenting and touring parks or brown or greenfield land into modern, luxurious lodge resorts with premium self-catering accommodation that can be used all year round. Those locations which have not been completely redeveloped have seen upgrades and improvements to their accommodation and/or facilities to ensure that all of the holiday parks offer a premium holiday experience. By offering high quality accommodation and opening year-round, we are able to increase permanent employment opportunities within the local area.

Darwin is committed to ensuring that each of its resorts benefits the local community in which it is located. Darwin Escapes employs over 770 members of staff on a permanent basis and has created over 400 jobs at sites across the portfolio, mostly at those which have undergone redevelopment.

Darwin Escapes Jobs Created at DLPF Redeveloped Sites



Source: Darwin Escapes. As at 30 June 2022

## Gender Pay Gap

Darwin offers job creation and career development opportunities across our businesses which employ over 800 people. The Gender Pay Gap at Darwin Escapes, which operates the Fund's holiday parks, the Median Gender Pay Gap at Darwin Escapes has fallen from 4.5% in 2019/2020 to 2.9% in 2020/2021, which is significantly below the national average of 15.4%.

## Apprenticeships and Internships

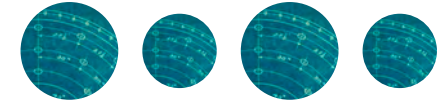
Darwin offers a range of Apprenticeship, Internship and Mentoring opportunities to help support the development and social mobility of young people.

Apprenticeships offer participants practical, paid, on-the-job experience combined with a study programme that leads to a formal qualification. Apprentices will study for at least 20% of their working hours- usually at a college, university or with a training provider- and complete assessments during and at the end of their apprenticeship.

Darwin Escapes offers a range of apprenticeship schemes across its business. These range from Level 2, which is the equivalent educational level to GCSE's to Level 4, which is the equivalent educational level of a Foundation degree.

Darwin Escapes offered 11 apprenticeships this year in business areas covering Marketing, IT, HR, Grounds, Accounts and Admin and Reception.





## Carbon Emissions

**Scope 1:** All Direct Emissions from the activities of an organisation or under their control. Including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

**Scope 2:** Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

**Scope 3:** All Other Indirect Emissions from activities of the organisation, occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

We are able to actively manage the Fund's scope 1 and 2 emissions. The vast majority of emissions at the holiday parks are created through Scope 2 emissions; i.e. emissions from mains supply.

One of the key ways of reducing these has been to introduce 'Green Technologies' within new central facilities buildings. These aim to:

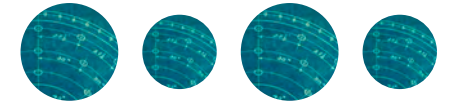
- Reduce energy use
- Maximise natural resource use
- Reduce electricity dependency

To date, the following have been incorporated into new central facilities buildings where appropriate in order to reduce their use of gas, electricity and water:

- Solar roof panels
- Combined heat and power pumps
- Air source heat pumps
- Wind catchers
- Automatic window openers
- Under floor heating
- Green roofs
- Waste water & Sludge Treatment systems
- Insulating buildings above Building Regulation Standards
- Most buildings sealed against heat loss above Building Regulations
- Boreholes to reduce mains water consumption where possible

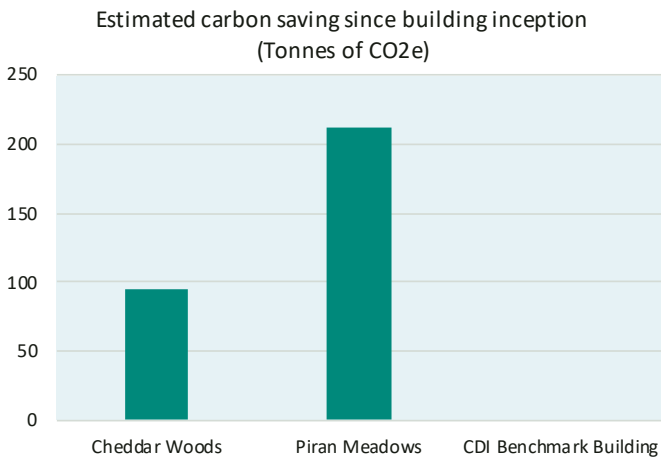
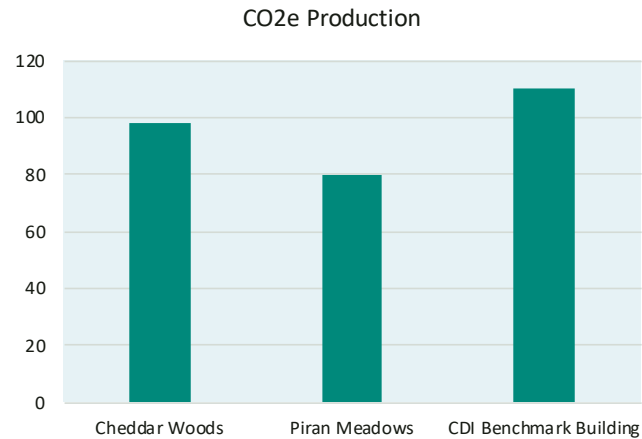


# ESG in Action



## Reduced Carbon Emissions in Central Facilities Buildings

Through data provided by technologies such as smart measuring systems in main facilities buildings and smart meters within lodges, we are able to measure, track and reduce energy usage across our sites at an operational level. Analysis has shown that the central facilities buildings at the two most established Darwin Escapes sites, Cheddar Woods and Piran Meadows, produce up to 10.7% and 27.4% less CO<sub>2</sub> respectively when compared to an industry standard building. It is estimated that at Cheddar Woods, 95 tonnes of CO<sub>2</sub>e emissions have been saved since its inception when compared to a CDI benchmark building. At Piran Meadows it was 211 tonnes.



Source: NBDA Architects, 2021

## Electric Vehicles

Darwin has been at the forefront of driving the installation of electric vehicle charging points at UK holiday parks, being the first operator to do so. We are continuing to introduce more charging points across the portfolio as the demand for electric vehicles increases which will assist us in reducing the Scope 3 emissions associated with the Fund.



We are in the process of switching the fleet of vehicles used by DCM to electric and electric buggies are used where possible to reduce emissions across the group and cut down on noise pollution for the environment and our customers.

## Carbon Sequestration

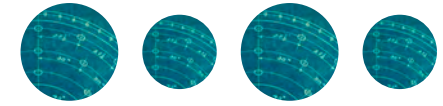
We are also able to measure the CO<sub>2</sub>e sequestration from the planting strategies at our holiday parks. By using the Woodland Carbon Calculator, we are able to view how much carbon is absorbed by woodlands, how we can absorb more, and ultimately how we can offset our carbon outputs. Our strategy for arboricultural care will ensure that developments and existing operations work towards becoming Carbon Net Zero, in line with the Paris Agreement.



This will be achieved with a variety of different techniques which include:

- Tree plating for phase 1 developments
- Tree planting in phase 2 park upgrades
- Tree selection to maximise CO<sub>2</sub>e Absorption
- Responsible woodland management program to clear dead trees and promote the growth of new ones.



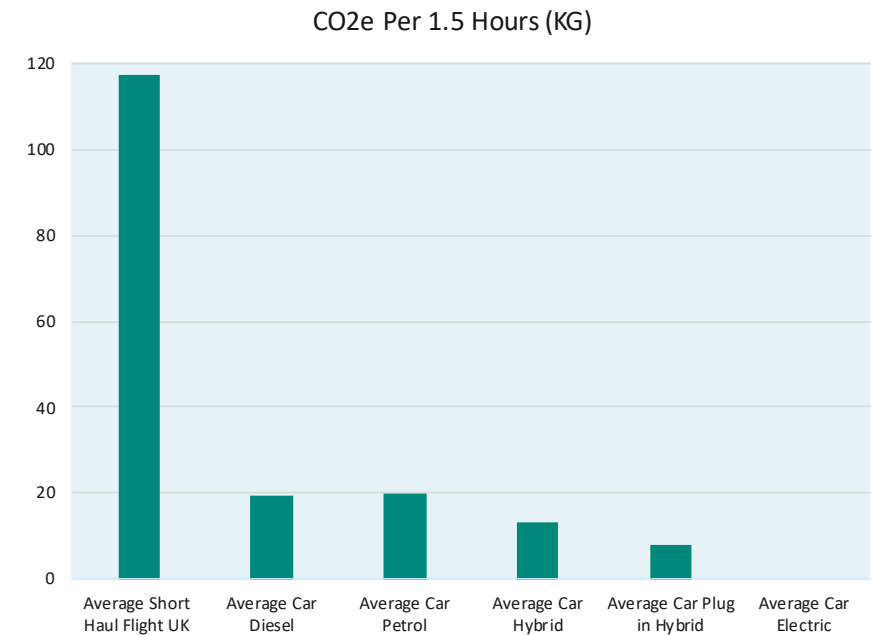


## Scope 3 Emissions

Whilst we cannot directly reduce Scope 3 emissions, attracting people to holiday at Darwin holiday parks instead of travelling abroad can significantly reduce their Scope 3 emissions:

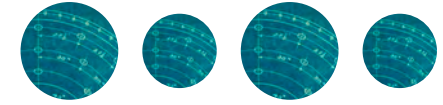
- Around 2.4% of global CO<sub>2</sub>e emissions come from aviation. The industry is responsible for around 5% of global warming.
- Darwin Escapes' high quality lodge accommodation offers attractive alternative to European short breaks.
- Darwin Escapes is continuing to attract visitors who would previously have flown abroad for short breaks.
- The typical flight of 1 ½ hours from the UK to Europe creates around 117 kgs CO<sub>2</sub>e.
- The same time length of journey for the average petrol car emits 16.95% of the total CO<sub>2</sub>e.
- Figures for plug-in hybrid cars are less, whilst all-electric vehicles contribute 0kgs CO<sub>2</sub>e.

Travel to a UK holiday by car for a family of four produces just 4% of the emissions of a holiday in Europe involving a 1.5 hour flight.



# Principle 9

## Engagement



As an alternative fund manager with a portfolio of real assets, DPIMGL does not participate in mainstream financial markets and therefore does not engage with issuers. We do, however focus on improving the value of the assets that we own in order to generate dividends and capital growth for our underlying investors.

It is important to us that we deploy our clients' capital judiciously and we have high expectations of all of our suppliers. If we became aware of allegations any of our suppliers were profiteering or participating in irregular activities we would thoroughly investigate and challenge their management.

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

### Targeted acquisition of parks

We have a formal acquisition process, overseen by an Investment Committee comprising of the DPIMGL board, which evaluates potential purchases based on location, park attributes and opportunities for growth and development. The search for new parks is focused on those that can be easily incorporated into the portfolio and be earnings positive from the outset.

### Capital investment to improve facilities

We believe that by offering best-in-class facilities we can maximise the income revenues for the parks. Where necessary, we will improve and develop the infrastructure and leisure facilities to ensure that a park is offering the best possible amenities, which we believe will lead to an increase in rental and sales revenues, as well as income from food, beverage and leisure operations.

### Improved management of parks

Our acquisition process identifies parks which have not been managed to their full potential. In order to maximise revenues, we will utilise our specialist, experienced management team to improve their commerciality and incorporate the parks into the rest of the group to create economies of scale.

### The investor and customer virtuous circles

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

All of the holiday parks within the portfolio have benefited from either a total transformation from touring park to 5\* lodge retreat or have been enhanced to ensure that they meet with the standards and expectations associated with the Darwin Escapes brand under which they operate. A number of these have been in National Parks and Areas of Outstanding Natural Beauty and many have had very serious environmental constraints.

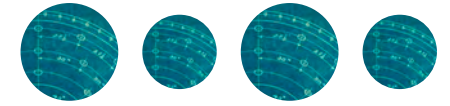
We have heavily embraced green technology in all of these developments in order to minimise our impact on the environment. Everything from Solar Roof Panels and self-insulating Grass Roofs to Wastewater & Sludge Treatment systems and electric car charging points have been incorporated where appropriate.

Darwin has been the largest buyer of lodges in the UK for the last 8 years, with manufacturers designing and building lodges to our specifications. We utilise our experience to ensure lodges are robust enough for rental occupancy and can meet our service standards.

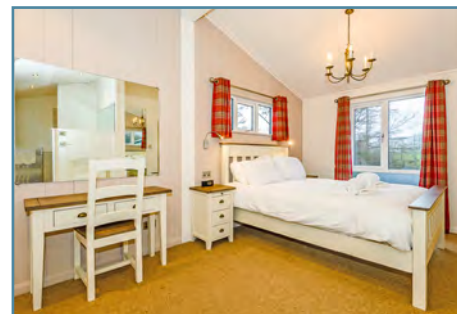
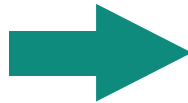
Lodges offer premium self-catering accommodation which, combined with our service standards, offer guests an experience to rival a five-star hotel in a more spacious setting with more amenities, at an affordable price.

Darwin Escapes has become a market leader, attracting a new type of customer who may not traditionally have visited a holiday park but who are following the increasing trend of taking short staycation breaks in the UK. Darwin Escapes parks has won a host of industry accolades and awards and feedback from guests is consistently above average within the industry.



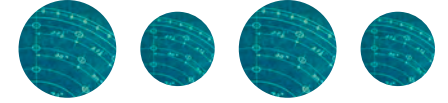


## Transformation of a portfolio asset: Keswick Reach Lodge Retreat



# Principles 11 and 12

## Escalation and Exercising Rights and Responsibilities



As an investor in real assets, none of the investments held by the Darwin Leisure Property Fund carry voting rights. Escalation of stewardship activities to influence issuers will therefore not be necessary beyond the asset management activities we have outlined under Principles 7 and 9.





For further information please contact:

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