DARWIN LEISURE DEVELOPMENT FUND

Report & Audited Consolidated Financial Statements

For the year ended 30 September 2019

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For the year ended 30 September 2019

GENERAL INFORMATION

TRUSTEE:	Butterfield Bank (Guernsey) Limited PO Box 25 Regency Court Glategny Esplanade St Peter Port Guernsey GY1 3AP
ADMINISTRATOR, SECRETARY AND REGISTRAR	Vistra Fund Services (Guernsey) Limited PO Box 91 11 New Street St Peter Port Guernsey GY1 3EG
MANAGER	Darwin Alternative Investment Management (Guernsey) Limited 11 New Street St Peter Port Guernsey GY1 2PF
DIRECTORS OF THE MANAGER	Anthony Geoffrey David Esse Christopher James Affleck Penney Ian Michael Burns Martin Paul Tolcher Robin Haake Smith
INVESTMENT ADVISER	Darwin Alternative Investment Management Limited Empire House 175 Piccadilly London W1J 9EN
INDEPENDENT AUDITOR	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF

GENERAL INFORMATION (CONTINUED)

BUSINESS VALUERS	Smith and Williamson Ltd 25 Moorgate London EC2R 6AY
PROPERTY VALUERS	Jones Lang LaSalle LLP 30 Warwick Street London W1B 5NH
BANKERS & LENDERS	Lloyds Banking Group plc 25 Gresham Street London EC2V 7HN
	Butterfield Bank (Guernsey) Limited Glategny Esplanade St. Peter Port Guernsey GY1 3AP
LEGAL ADVISERS TO THE FUND	*As to Guernsey law:*
	Collas Crill Glategny Court PO Box 140 Glategny Esplanade St Peter Port Guernsey GY1 4EW
	As to United Kingdom law:
	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX

MANAGER'S REPORT
For the year ended 30 September 2019

The Manager of the Darwin Leisure Development Fund (the "Fund") is pleased to submit its Report and Audited Consolidated Financial Statements for the year ended 30 September 2019.

THE FUND

The Fund was licenced in Guernsey on 6 January 2017 as an open-ended unit trust authorised by the Guernsey Financial Services Commission as an authorised Class B open-ended Collective Investment Scheme under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, (as amended) on 6th January 2017. The Fund was established in Guernsey as a Qualifying Investor Fund.

INVESTMENT SUMMARY

The investment policy of the Fund is to invest primarily in a portfolio of interests in holiday parks based in the British Isles with latent development potential, which includes land, buildings and static caravans, acquiring and owning such parks with a view to enhancing value through strategic selection and interventionist asset management, as well as greenfield sites with extant planning permission as yet undeveloped. It is intended that development of such sites would be done with a view to increasing income derived from, and/or enhancing the long-term value of, such sites.

The Fund may invest in such property, directly, or indirectly, through one or more Property Holding Vehicles or other Intermediate Vehicles which may also be domiciled in Guernsey.

The Fund has acquired and intends to expand a portfolio of holiday parks so that unitholders can participate in the attractive income available in those markets as well as any future capital value growth.

The Fund may also invest in other collective investment schemes, listed and unlisted securities, joint ventures and partnerships, where the Manager considers there is a link with the leisure industry. Due to the nature of the Fund's assets and lead times to complete purchases, there may be periods where liquidity levels are relatively high. During such periods, uninvested liquidity will be held in cash deposits, Treasury Bills and other government and public securities, money market instruments, or investment funds or any combination of these at the discretion of the investment manager provided that any such assets shall hold a AA or better rating.

Investment decisions made by Darwin Alternative Investment Management (Guernsey) Limited (the "Manager") reflect the long term objective to maximise total return through a combination of growth and income. The Manager has appointed Darwin Alternative Investment Management Limited ("DAIM") as its Investment Adviser. DAIM will provide advice to the Manager on property matters in relation to the Fund.

The value of the Fund's investments is reflected in the value of the units which is dependent upon an independent valuation of the land and buildings undertaken by the property and business valuers.

MANAGER'S REPORT (CONTINUED)
For the year ended 30 September 2019

DISTRIBUTIONS
The Manager does not recommend that any distributions be made for the year ended 30 September 2019 (2018: Nil).

STATEMENT OF MANAGER'S RESPONSIBILITIES
The Manager is responsible for preparing consolidated financial statements for each financial year which give a true and fair view, in accordance with applicable Law and United Kingdom Accounting Standards including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice (SORP) "Financial Statements of Authorised Funds" issued by the Investment Management Association in May 2014, of the state of affairs of the Fund as at the end of the financial period and of the profit or loss of the fund for that period. In preparing these consolidated financial statements, the Manager is required to:

- select suitable accounting policies then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Fund will continue.

The Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable it to ensure that the consolidated financial statements comply with the terms of the trust instrument, The Protection of Investors (Bailiwick of Guernsey) Law 1987 as amended, The Authorised Collective Investment Schemes (Class B) Rules, 2013 and the applicable accounting standards. It is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN
The Directors of the Manager have, at the time of approving the audited consolidated financial statements, a reasonable expectation that the Fund together with its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

AUDITOR
The Auditor, Grant Thornton Limited, has indicated its willingness to continue in office.

Signed for and on behalf of the Manager by:

Robin Smith **Martin Tolcher**
19 December 2019

INVESTMENT ADVISER'S REPORT
For the year ended 30 September 2019

Investment Advisors Report

During the year ended 30th September 2019, the C Accumulation units increased in value by 9.35% per Unit.

Since the Brexit referendum in 2016, the UK has been constrained by a political hiatus which was only exacerbated by the snap June 2017 election, where the Conservative Party could only achieve a working majority through the 'confidence-and-supply' from the DUP of Northern Ireland. The devaluing of Pound Sterling against all major currencies created an environment where the UK has become a much more attractive destination for overseas visitors and overseas holidays became more expensive for UK residents. Overseas tour operators reacted to this aggressively, offering all-inclusive package holidays and thereby, to a great extent, protecting customers from Sterling weakness. Thomas Cook were the most aggressive and their demise in October was no shock to the Industry as their desperate attempt to bring in cash to satisfy the huge debt mountain resulted in their demise. We foresee a scenario, due to concerns about global warming and climate change, where increasingly UK citizens will shun the overseas holiday market for UK breaks instead.

The UK holiday park market consists of approximately 4,000 parks and is dominated by small family-run operations, which are restricted by a lack of available capital and/or a lack of motivation to attain the standards which today's holiday customers require and demand. At the opposite end of the scale, there are a relatively small number of group operators, the largest five of which hold less than 5% of the market share by volume. Most of these have business models that rely on a low margin but high volumes of sales. Their parks tend to offer a more traditional caravan holiday with a focus on value rather than quality. The cash generated by the Fund has enabled Darwin to develop a portfolio of parks which offer a higher standard that most others in the industry and higher margins as a result. This increased quality of accommodation and facilities has attracted higher spending customers and has ensured high levels of customer retention.

The Darwin business model, which combines holiday rentals and holiday home sales, ensures diversification in our income streams. Holiday rentals generate sizeable income through accommodation bookings and the quality of our product enables a premium to be charged. Holiday home sales provide stable cash flows through annual site licence fees and large capital receipts when caravans or lodges are sold. Holiday home owners will purchase caravans or lodges on a long-term licence, and it is commonplace for them to upgrade to bigger and newer units, which generates further income for the Fund through commission on the sale of old units, and profit margin in the selling of new units. These two areas of income are further supported by revenues generated through ancillary spend within our restaurant, bar and spa operations as well as onsite leisure activities.

The Fund focuses on acquiring parks, and other land housing leisure assets, which require complete redevelopment.

INVESTMENT ADVISER'S REPORT (CONTINUED)
For the year ended 30 September 2019

Investors will therefore benefit from capital gains to the value of each site as well as returns generated by ongoing operations. We continue to undertake a sophisticated and detailed review of the market and are constantly looking at a number of potential acquisitions which would drive the portfolio to maximise cash generation. These potential acquisitions undergo rigorous due diligence as well as market analysis and demand factor analysis. There continues to be a healthy pipeline of potential acquisitions

The Portfolio

Norfolk Woods Resort and Spa
Norfolk Woods (previously Pentney Park) was the first park in the Fund portfolio to undergo a complete redevelopment. The 15 acre site, around 10 miles from King's Lynn in Norfolk, was purchased in June 2017 when it was a family orientated touring and tenting site. Already on site was a site office/reception, café, indoor and outdoor pool as well as fitness facilities and there was planning for a total of 201 units.

The new park opened in January 2019 and features a brand-new facilities building which includes a restaurant and bar, swimming pool and spa complex. There are 120 lodges consisting of 40 owner units and 80 rental units. Norfolk Woods has been our booking partner Hoseasons' best performing new park, and has traded solidly since opening. Despite having only been open for a few months, Norfolk Woods won the "Best Relax and Explore for East of England" category at the 2019 Hoseasons Diamond Awards.

The Springs Country Club
The Springs, located near Wallingford in Oxfordshire, was acquired by the Fund in July 2017. Situated alongside the Thames, the site comprised a fully functioning 18 hole golf course and clubhouse with healthy membership and mothballed 32 bedroom hotel. Since its acquisition, we have improved the quality of the golf course and made improvements to the Club House. The Springs hosted the Sky Sports William Hunt Trilby Tour for a second time this summer and has seen an increase in active members.

We are planning to return accommodation to The Springs with the addition of lodges alongside a high quality central facilities building, complete with some hotel bedrooms and a spa. The site is in a very affluent area of the UK, with easy reach from Reading, Oxford, London and Henley. The planning process is ongoing.

Rivendale Caravan Park
Rivendale was purchased in January 2018. The Park is a 34 acre site in the Peak District near the market town of Ashbourne and incorporates around 170 pitches including lodge, static caravan, touring and tenting. As well as this, there is a central facilities building Redevelopment work began at Rivendale in November 2019 which will see the site transformed into a lodge resort with 72 lodges and 2 treehouses along with a new central facilities building, a new maintenance and housekeeping building and a children's play area.

INVESTMENT ADVISER'S REPORT (CONTINUED)
For the year ended 30 September 2019

The Portfolio (continued)

Rivendale Caravan Park (continued)
There is a great deal of ecological work being carried out on the site to protect the wildlife which inhabits it and building work is being planned around this. Construction of the main facilities building began in late November 2019 and the site is due to be completed by Q3 2020. The Peak District itself continues to be a highly popular destination for domestic holiday makers.

Stratford Armouries
Stratford Armouries was purchased in June 2017 and is situated on the outskirts of the historically popular Stratford-Upon-Avon. This is a greenfield site with existing planning for 40 units. Terms have been agreed to buy the adjacent Stratford Armouries Museum and surrounding land and our aim is to seek approval to adapt the current planning permission in order to allow us to best develop the full site. Stratford Armouries will be transformed into a premium self-catering lodge resort with a “meet and greet” reception, but no central facilities. Stratford is an area which needs high quality accommodation due to its significant tourist trade, and a site such as this fulfills a very lucrative gap in the market.

Dundonald Links
Dundonald Links Golf Club in Scotland was acquired in March 2019, and we intend to develop the site into a golf resort, adding a new state-of-the-art clubhouse and lodges which will offer a variety of styles of accommodation to suit different groups. Our planning application was approved in December 2019 with strong support from the local authority. The plans for the site include building a 2 storey clubhouse, replacing the current temporary structure. The clubhouse will feature a bar and lounge as well as a state-of-the-art gym and extensive changing facilities. We plan to add 18 luxury lodges ranging from 2 to 6 bedrooms in size and 11 hotel style modules with 22 bedrooms. This mix of self-catering and hotel style accommodation is designed to suit both individuals and groups of golfers.

Dundonald Links in 2017 hosted the Scottish Open and the Ladies Scottish Open, to huge acclaim, and we are hopeful that with this redevelopment the course will be considered as a suitable venue to host major golf championships again and on a regular basis.

Having received planning permission earlier than expected, we are now reviewing the timeframe for the development process but we would expect work will take around 1 year to complete and this will be carried out in a phased process.

Darwin Alternative Investment Management Limited
19 December 2019

COMPARATIVE TABLE

	2019	2018
A Accumulation units	**Pence per unit**	**Pence per unit**
Change in net assets per unit		
Opening net asset value per unit	1.0962	1.0155
Return before operating expenses	0.1217	0.0936
Operating charges	(0.0168)	(0.0129)
Return after operating charges	0.1049	0.0807
Closing net asset value per unit	1.2011	1.0962
Retained distributions on accumulation units	-	-
Performance		
Return after charges	9.57%	7.95%
Other information		
Closing net asset value	44,043,936	39,217,664
Closing number of units	36,669,666.5195	35,776,011.4703
Operating charges	(1.53%)	(1.27%)
Prices		
Highest unit price	1.1903	1.0962
Lowest unit price	1.0962	1.0155
B Accumulation units		
Change in net assets per unit		
Opening net asset value per unit	1.0984	1.0166
Return before operating expenses	0.1220	0.0938
Operating charges	(0.0159)	(0.0120)
Return after operating charges	0.1061	0.0818
Closing net asset value per unit	1.2045	1.0984
Retained distributions on accumulation units	-	-
Performance		
Return after charges	9.66%	8.05%
Other information		
Closing net asset value	84,313,600	76,888,000
Closing number of units	70,000,000.0000	70,000,000.0000
Operating charges	(1.44%)	(1.18%)
Prices		
Highest unit price	1.2045	1.0984
Lowest unit price	1.0984	1.0166

COMPARATIVE TABLE (Continued)

C Accumulation units	2019 Pence per unit	2018 Pence per unit
Change in net assets per unit		
Opening net asset value per unit	1.0952	1.0174
Return before operating expenses	0.1214	0.0936
Operating charges	(0.0190)	(0.0158)
Return after operating charges	0.1024	0.0778
Closing net asset value per unit	1.1976	1.0952
Retained distributions on accumulation units	-	-
Performance		
Return after charges	9.35%	7.65%
Other information		
Closing net asset value	2,177,063	1,262,054
Closing number of units	1,817,818.6869	1,152,350.2108
Operating charges	(1.73%)	(1.55%)
Prices		
Highest unit price	1.1976	1.0952
Lowest unit price	1.1025	1.0174
	1.0952	

D Accumulation units	2019 Pence per unit	2018 Pence per unit
Change in net assets per unit		
Opening net asset value per unit	1.0000	-
Return before operating expenses	0.0851	-
Operating charges	(0.0127)	-
Return after operating charges	0.0724	-
Closing net asset value per unit	1.0724	-
Retained distributions on accumulation units	-	-
Performance		
Return after charges	7.24%	-
Other information		
Closing net asset value	16,086,135	-
Closing number of units	15,000,000.0000	-
Operating charges	(1.27%)	-
Prices		
Highest unit price	1.0725	-
Lowest unit price	1.0000	-

COMPARATIVE TABLE (Continued)

	2019	2018
E Accumulation units	Pence per unit	Pence per unit
Change in net assets per unit		
Opening net asset value per unit	1.0000	-
Return before operating expenses	0.0142	-
Operating charges	(0.0032)	-
Return after operating charges	0.0110	-
Closing net asset value per unit	1.0110	-
Retained distributions on accumulation units	-	-
Performance		
Return after charges	1.10%	-
Other information		
Closing net asset value	202,207	-
Closing number of units	200,000.0000	-
Operating charges	(0.32%)	-
Prices		
Highest unit price	1.0110	-
Lowest unit price	1.0000	-

PORTFOLIO STATEMENT

As at 30 September 2019

	Nominal Holding	Fair Value £	% of net assets
Operating assets held at valuation (note 8)		64,420,820	43.06
Tangible fixed assets at depreciated cost (note 9)		8,980,458	6.00
Financial assets at fair value through profit or loss (note 14)	14,000,000	15,149,111	10.13
Fixed deposit account		25,000,000	16.71
Cash and cash equivalents		46,127,183	30.83
Net other liabilities		(10,080,940)	(6.74)
Net assets		**149,596,632**	**100.00**

As at 30 September 2018

	Nominal Holding	Fair Value £	% of net assets
Operating assets held at valuation (note 8)		37,896,792	31.87
Tangible fixed assets at depreciated cost (note 9)		7,893,779	6.64
Financial assets at fair value through profit or loss (note 14)	5,000,000	5,458,332	4.59
Fixed deposit account		40,482,234	34.04
Cash and cash equivalents		27,591,815	23.20
Net other liabilities		(409,960)	(0.34)
Net assets		**118,912,992**	**100.00**

TRUSTEE'S REPORT TO THE UNITHOLDERS OF DARWIN LEISURE DEVELOPMENT FUND

In our capacity as Trustee to the Fund we confirm that, in our opinion, the Manager has managed the scheme for the year ended 30 September 2019 in accordance with the provisions of the principal documents of the Fund and with The Authorised Collective Investment Schemes (Class B) Rules, 2013 and no material breaches have occurred.

Butterfield Bank (Guernsey) Limited
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 3AP

Sandra Sarre
19 December 2019

Grant Thornton

Independent auditor's report
To the unitholders of Darwin Leisure Development Fund

Opinion

We have audited the consolidated financial statements of Darwin Leisure Development Fund (the 'Fund') for the period ended 30 September 2019 which comprise the Consolidated Statement of Total Return, the Consolidated Statement of Changes in Net Assets Attributable to Unitholders, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice (SORP) "Financial Statements of Authorised Funds" issued by the Investment Management Association in May 2014.

In our opinion, the financial statements:

- give a true and fair view of the state of the Fund's affairs as at 30 September 2019 and of its total return for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice; and
- comply with requirements of The Trust Instrument, The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, The Authorised Collective Investment Schemes (Class B) Rules, 2013 and other applicable laws.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Fund's unitholders, as a body. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report
To the unitholders of Darwin Leisure Development Fund (continued)

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the consolidated financial statements is not appropriate; or
- the Manager has not disclosed in the consolidated financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated financial statements are authorised for issue.

Other information
The Manager is responsible for the other information. The other information comprises the information included in the Manager's report and the Investment Adviser's report set out on pages 5 to 6 and 6 to 8, respectively, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matter on which we are required to report under Authorised Collective Investment Schemes (Class B) Rules 2013
Under the Authorised Collective Investment Schemes (Class B) Rules 2013, we are required to report to you, if in our opinion, the information given in the Manager's report is inconsistent with the consolidated financial statements.

We have nothing to report in respect of the above.

Responsibilities of the manager for the consolidated financial statements
As explained more fully in the Manager's report set out on pages 5 to 6, the Manager is responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with UK GAAP, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report
To the unitholders of Darwin Leisure Development Fund (continued)

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

19 December 2019

CONSOLIDATED STATEMENT OF TOTAL RETURN
For the year ended 30 September 2019

	Notes	2019 £	2018 £
INCOME			
Net capital gains			
Unrealised gain on operating assets held at valuation	8	16,245,449	11,490,866
Unrealised gain on financial assets at fair value through profit or loss	14	690,779	376,972
		16,936,228	11,867,838
Revenue	5	5,175,785	1,609,659
EXPENSES			
Other expenses	6	(6,733,162)	(2,279,540)
Management fees	17	(691,388)	(561,039)
Performance fees	17	(961,823)	(517,303)
Net expense		(8,386,373)	(3,357,882)
Increase in net assets attributable to unitholders		**13,725,640**	**10,119,615**

The results of the year relate to continuing operations. There are no recognised gains or losses for the year other than the total return.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 30 September 2019

	2019 £	2018 £
Opening net assets attributable to unitholders	118,912,992	104,214,377
Movement due to issue of units	16,958,000	4,579,000
Increase in net assets attributable to unitholders	13,725,640	10,119,615
Closing net assets attributable to unitholders	**149,596,632**	**118,912,992**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	2019 £	2018 £
ASSETS			
Non - current assets			
Operating assets held at valuation	*8*	64,420,820	37,896,792
Tangible fixed assets	*9*	8,980,458	7,893,779
		73,401,278	45,790,571
Current assets			
Pre-acquisition costs		139,185	20,968
Financial assets at fair value through profit or loss	*14*	15,149,111	5,458,332
Inventories		546,764	109,136
Debtors and prepayments	*11*	751,541	2,018,903
Fixed deposit account		25,000,000	40,482,234
Cash and cash equivalents		46,127,183	27,591,815
		87,713,784	75,681,388
TOTAL ASSETS		**161,115,062**	**121,471,959**
LIABILITIES			
Current liabilities			
Amounts falling due within one year	*12*	1,518,430	2,558,967
Loan payable	*13*	10,000,000	-
Total liabilities excluding net assets attributable to unitholders		**11,518,430**	**2,558,967**
Net assets attributable to unitholders		**149,596,632**	**118,912,992**
Number of units in issue	*16*	**123,687,486**	**106,928,361**
Fund net asset value per unit		**1.2095**	**1.1121**

The consolidated financial statements on pages 17 to 43 were approved and authorised for issue by the Board of Directors of the Manager on 19 December 2019 and are signed on its behalf by

Robin Smith **Martin Tolcher**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Total return before distributions		13,725,640	10,119,615
Movement in unrealised gain on operating assets held at valuation	*8*	(16,245,449)	(11,490,866)
Disposal of tangible fixed assets		-	6,781
Unrealised gain on financial assets at fair value through profit and loss	*14*	(690,779)	(376,972)
Bank interest income	*5*	(377,617)	(500,043)
Depreciation	*6*	1,153,793	99,694
Movement in inventories		(437,628)	(71,233)
Movement in debtors and prepayments		1,283,640	(1,370,476)
Movement in creditors		(1,040,537)	1,770,535
Net cash flows used in operating activities		**(2,628,937)**	**(1,812,965)**
Cash flows from investing activities			
Purchase of operating assets held at valuation		(10,805,510)	(16,706,912)
Purchase of tangible fixed assets	*9*	(1,713,542)	(7,896,765)
Pre-acquisition costs incurred		(118,217)	(20,968)
Purchase of financial assets at fair value through profit loss	*14*	(9,000,000)	-
Movement of fixed deposit account		15,482,234	24,637,513
Net cash flows (used in)/generated from investing activities		**(6,155,035)**	**12,868**
Cash flows from financing activities			
Net proceeds from issue of units		16,958,000	4,579,000
Bank loan drawn	*13*	10,000,000	-
Bank interest received		361,340	466,773
Net cash flows generated from financing activities		**27,319,340**	**5,045,773**
Net cash inflow for the year		**18,535,368**	**3,245,676**
Net cash and cash equivalents at the beginning of the year		27,591,815	24,346,139
Net cash and cash equivalents at the end of the year		**46,127,183**	**27,591,815**

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2019

1. GENERAL INFORMATION

The Fund was established in Guernsey on 6 January 2017 as an open ended unit trust authorised by the Guernsey Financial Services Commission as an authorised Class B open-ended Collective Investment Scheme. The address of the registered office of its Manager, Darwin Alternative Investment Management (Guernsey) Limited is 11 New Street, St Peter Port, Guernsey, GY1 2PF.

The Fund's principal activity is to invest primarily in a portfolio of interests in holiday parks based in the British Isles with latent development potential, which includes land, buildings and static caravans, acquiring and owning such parks with a view to enhancing value through strategic selection and interventionist asset management, as well as greenfield sites with extant planning permission as yet undeveloped. It is intended that development of such sites would be done with a view to increasing income derived from, and/or enhancing the long-term value of, such sites.

The Fund may invest in such property, directly, or indirectly, through one or more Property Holding Vehicles or other Intermediate Vehicles.

The Fund may also invest in other collective investment schemes, listed and unlisted securities, joint ventures and partnerships, where the Manager considers there is a link with the leisure industry. Due to the nature of the Fund's assets and lead times to complete purchases, there may be periods where liquidity levels are relatively high. During such periods, uninvested liquidity will be held in cash deposits, Treasury Bills and other government and public securities, money market instruments, or investment funds or any combination of these at the discretion of the investment manager provided that any such assets shall hold a AA or better rating.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102").

New Interpretations and amendments in issue
As a result of the 2017 Triennial review a number of sections of FRS 102 have been amended effective for periods commencing on or after 1 January 2019.

The Directors have considered the amendments and do not expect these amendments to have a material effect on the future financial statements of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements of the Fund and its subsidiaries.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice “Financial Statements of Authorised Funds” issued by the Investment Management Association in May 2014.

The preparation of consolidated financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Basis of consolidation

The consolidated financial statements include the results of the Fund drawn up to 30 September each year. The subsidiaries have been included in the consolidated financial statements using the acquisition method of accounting. Accordingly, the Consolidated Statement of Total Return, Consolidated Changes in Net Assets Attributable to Unitholders, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows and associated notes include the results of the subsidiaries from acquisition date.

All of the Fund companies have 30 September as their year end.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Fund.

Intercompany transactions, balances and unrealised gains on transactions between Fund companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Directors of the Manager have examined significant areas of possible financial risk.

After due consideration the Directors of the Manager believe that the Fund will have adequate resources to continue in operational existence for a period of not less than twelve months from the date of the approval of the consolidated financial statements, and as such it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Revenue

Sales revenue consists of golf fees and memberships, fees received for hire fleet rental and sales at the on-site facilities and is recognised net of VAT.

Deposit interest is accounted for on an accruals basis.

Provision is made when there is objective evidence that the Fund will not be able to recover balances in full. Outstanding rental income balances are written off when the probability of recovery is assessed as being remote.

Expenses

Expenses are accounted for on an accruals basis.

Operating assets held at valuation

Operating assets are carried in the statement of financial position on the basis of a valuation based upon their existing use value.

Operating assets are initially measured at cost, being the fair value for the consideration given, including related transaction costs. After initial recognition, operating assets are carried at fair value at the date of the valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land is not depreciated. Gains and losses arising from changes in fair value are included in the Consolidated Statement of Total Return. The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The estimation of fair value does not assume that either the underlying business is saleable at the reporting date or that their owners have the intention to sell in the near future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Operating assets held at valuation (continued)

The objective is to estimate the exchange price at which hypothetical market participants would agree to transact.

The fair value of the land and buildings is largely based on estimates using property appraisal techniques and other valuation methods as outlined in Note 4. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

Operating Assets held at valuation are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Consolidated Statement of Total Return.

Tangible fixed assets

Tangible fixed assets held for use in the operation of the caravan parks are stated at historical cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Tangible fixed assets are depreciated on a straight line basis as follows:

Plant and machinery	4 years straight line
Office equipment	4 years straight line
Furniture and fittings	4 years straight line
Computer hardware	4 years straight line
Lodges	20 years straight line
Static caravans	7 years straight line
Motor vehicles	4 years straight line
Building improvements	25 years straight line

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Fund and the cost can be measured reliably. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Consolidated Statement of Total Return and included in ‘Park operating expenses’ within ‘Expenses’.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Fund has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including debtors, fixed deposit account and cash and cash equivalents are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at market rate of interest.

Such assets are subsequently carried at amortised cost less any impairment using the effective interest method, unless the assets are due within one year, then are measured at the undiscounted amount of cash or other consideration expected to be received.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated Statement of Total Return.

Other financial assets, including financial assets at fair value through profit or loss, which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is usually the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Consolidated Statement of Total Return.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Creditors are subsequently measured at amortised cost using the effective interest method, unless payment is due within one year or less, then are measured at the undiscounted amount of cash or other consideration expected to be paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents, includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Fixed deposit account

Fixed deposit account is cash held at banks with original maturities of three months or more.

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is calculated using the first in, first out method. At each reporting date inventories are assessed for impairment.

Distributions

The net distributable income of the Fund will be available to be allocated at the end of each calendar quarter ending on 31 December, 31 March, 30 June and 30 September based on the returns of the Fund. In the case of Income Units, the income allocated will be available to be distributed within 50 Business Days of the relevant quarter date. Distributions for Accumulation Units are reinvested in the fund. All units have equal rights to distributions.

Functional and reporting currency

The Fund's functional and reporting currency is the Pound Sterling.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in Note 3, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both currents and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The most significant estimates and judgements made in preparing these consolidated financial statements, under FRS 102, are as follows:

Valuation of operating assets held at valuation

In accordance with the Fund's accounting policies, operating assets held at valuation are stated at fair value as at the balance sheet date. This is determined by the investment adviser and independent valuation experts using recognised valuation techniques.

-Operating assets used for operating activities

These are stated at fair value as determined by the investment adviser using the Discounted Cash Flow ("DCF") method. Caravan parks are commercial businesses and, from time to time, the Manager will be purchasing non-transferable securities. The Manager has determined that it is appropriate and prudent to have the operating assets reviewed by independent business valuers. Smith & Williamson, who have been appointed as the independent business valuer, is the eighth largest firm of accountants in the UK. The business has 11 principal offices in the UK, Ireland and Jersey and an international capability in 120 countries through membership of Nexia International (the tenth largest international accounting and consulting network).

Management accounts, which are the basis of the parks' audited annual financial statements, are the inputs for the ten year DCF models for each park which incorporate management projections based on these accounts. The forecast projections are discussed with the independent business valuer. The independent business valuer provides the key technical components for setting the Weighted Average Cost of Capital (WACC) and in quarterly reviews of the DCFs together with the Investment Adviser helps ensure that the WACC and the terminal growth rates are commensurate with investment and industry norms. At 30 September 2019, the date of valuation the WACC was determined at 10.50% (2018: 10.50%).

The determination of the fair value of investment properties requires the use of estimates such as future cash flows for assets and discount rate applicable to those assets.

At acquisition, all parks are valued at cost for at least a month. Parks are continually valued at cost until planning permission is obtained. Depending on whether the park has been acquired with planning permission determines when there can be uplift to the DCF. Parks with permission but no operations should introduce the uplift over the time of development. Those with operations can move to operating DCF after 3 months. Those with existing operations and planning permission for further development should move from operating DCF to post development DCF when the development works have been carried out.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended September 2019

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Valuation of operating assets held at valuation (continued)

The Directors of the Manager are confident that the valuation included in the consolidated financial statements has been incorporated on a consistent basis using sensible and supportable assumptions.

5. REVENUE

	2019	2018
	£	£
Sales revenue	4,798,168	1,109,616
Bank interest income	377,617	500,043
Total Income	**5,175,785**	**1,609,659**

6. OTHER EXPENSES

	2019	2018
	£	£
Park cost of sales	1,013,503	311,950
Park operating expenses	3,908,477	1,330,173
Depreciation	1,153,793	99,694
Administrator’s fees	209,901	175,640
Legal and professional	119,944	227,761
Bank charges	1,802	6,040
Regulatory fees	6,104	5,574
Trustee’s fees	84,925	60,809
Audit and accounting fees	33,020	36,440
Interest Expense	173,520	-
Other expenses	28,173	25,459
Total Expenses	**6,733,162**	**2,279,540**

7. TAXATION

The Fund is exempt from Income Tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. The Fund pays an annual fee to the States of Guernsey Income Tax Office, presently set at £1,200 (2018: £1,200)

The Fund is liable to United Kingdom income tax on its net rental income. No such tax is due in the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

8. OPERATING ASSETS HELD AT VALUATION

	2019	2018
	£	£
Cost or valuation		
At start of year	37,911,090	9,691,307
Additions	10,805,510	16,728,917
Unrealised gain on revaluation	16,245,449	11,490,866
At end of year	**64,962,049**	**37,911,090**
Depreciation and impairment		
At start of year	14,298	85
Provided during the year	526,931	14,213
At end of year	**541,229**	**14,298**
Carrying amount at end of year	**64,420,820**	**37,896,792**

Included in operating asset additions above are incidental costs incurred in acquiring property during the year.

Operating assets	**2019**	**% of net assets**	**2018**	**% of net assets**
	£		**£**	
Springs Country Club	6,692,320	4%	4,692,213	4%
Norfolk Woods	37,823,483	25%	22,482,980	19%
Stratford Armouries Limited	11,141,019	7%	7,139,827	6%
Alsop Rivendale Limited	4,603,239	3%	3,581,772	3%
Dundonald Links	4,160,759	3%	-	0%
	64,420,820	**43%**	**37,896,792**	**32%**

To see the valuation methods used to value operating assets held at valuation please refer to Note 4.

During the year £118,217 (2018: £20,968) has been paid in pre-acquisition costs relating to a potential future investment in an additional parks. As at the period end, there was no agreement in place for the acquisition of this investment which has resulted in the amounts incurred being shown as pre-acquisition costs

Under the terms of the contracts for the development of operating assets an amount of £nil (2018: £1,378,441) has been committed but not yet incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

9. TANGIBLE FIXED ASSETS

	Static caravans and lodges	Plant & Machinery	Office Equipment	Fixtures & fittings	Motor Vehicles	Total
	£	£	£	£	£	£
At 30 September 2018	7,487,088	216,142	40,020	213,573	24,988	7,981,811
Additions	457,520	419,861	199,550	605,216	31,395	1,713,542
At 30 September 2019	**7,944,608**	**636,003**	**239,570**	**818,789**	**56,383**	**9,695,353**
Depreciation						
At 30 September 2018	-	53,880	7,293	22,569	4,290	88,032
Charge for the year	298,745	133,194	34,564	148,538	11,822	626,863
At 30 September 2019	**298,745**	**187,074**	**41,857**	**171,107**	**16,112**	**714,895**
Carrying amount						
At 30 September 2018	**7,487,088**	**162,262**	**32,727**	**191,004**	**20,698**	**7,893,779**
At 30 September 2019	**7,645,863**	**448,929**	**197,713**	**647,682**	**40,271**	**8,980,458**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

10. INVESTMENT IN SUBSIDIARIES

The Fund holds and operates its property portfolio through subsidiary companies. The financial statements consolidate the results of the Fund and its subsidiaries drawn up to 30 September each year. The subsidiaries have been included in the Fund's consolidated financial statements using the acquisition method of accounting. The Consolidated Statement of Total Return and Consolidated Statement of Cash Flows include the results of the subsidiaries and the Consolidated Statement of Financial Position includes the position of the subsidiaries.

Name	Place of registration	Group ownership	Principal activity
Immediate parent - Darwin Leisure Development Fund			
Darwin Leisure Development Properties (Guernsey) Limited	Guernsey	100%	Property holding
Darwin Leisure Development Finance (Guernsey) Limited	Guernsey	100%	Property finance
Immediate parent - Darwin Leisure Development Properties (Guernsey) Limited			
Darwin Leisure Development Management Limited	UK	100%	Park operation
Darwin (Norfolk Woods) Limited	UK	100%	Park operation
Darwin (Springs Country Club) Limited	UK	100%	Park operation
Darwin (Stratford Armouries) Limited	UK	100%	Park operation
Alsop Rivendale Limited	UK	100%	Park operation
Darwin (Dundonald) Limited	UK	100%	Park operation

11. DEBTORS AND PREPAYMENTS

	2019	2018
	£	£
VAT refundable	8,885	1,435,791
Other debtors and prepayments	292,341	278,664
Trade debtors	400,768	271,178
Interest receivable	49,547	33,270
	751,541	**2,018,903**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

12. CREDITORS: AMOUNTS FALLING DUE WITIN ONE YEAR

	2019	2018
	£	£
Trade creditors	788,070	2,338,769
Trustee fee payable	7,093	5,276
Administration fee payable	18,794	14,148
Accrued expenses	704,473	200,774
	1,518,430	**2,558,967**

13. LOAN PAYABLE

	2019	2018
	£	£
Lloyds Bank Plc.		
Loan liability at beginning of year	-	-
Loan obtained during the year	10,000,000	-
Total net loan liability due within 1 year	**10,000,000**	**-**

During the year the fund entered into a revolving loan facility with Lloyds Bank Plc.

Interest is charged at 0.95% per annum over 3-month LIBOR.

A commitment interest charge of 0.35% per annum was charged on the daily available undrawn balance of the facility limit in between the drawdowns of the loan.

The loan is repayable in full on the facility expiry date of 20 September 2020.

The loan is secured against the Sterling Current account or any account opened with the Bank in replacement of or in substitution for such account.

Lloyds Bank PLC has security by way of debentures in place with the operating entities of the fund.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Given relatively high levels of liquidity in the Fund and prevailing low bank interest rates, the Manager has sought to generate income in excess of prevailing short term interest rates whilst maintaining an overriding focus on preserving liquidity by investing a portion of the Fund's available cash into Darwin Leisure Property Fund C Class accumulation units, a fund under common control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The following table presents information concerning the investment in the open-ended investment unit trust for the year.

Investments

The net movement on investment during the year comprises:

	2019	2018
	£	£
Opening investment cost	5,000,000	5,000,000
Additions at cost	9,000,000	-
Closing portfolio cost	**14,000,000**	**5,000,000**
Opening unrealised gain	458,332	81,360
Unrealised gain on investment	690,779	376,972
Closing unrealised gain	**1,149,111**	**458,332**
Closing valuation	**15,149,111**	**5,458,332**

Unrealised gains recognised in the Consolidated Statement of Total Return during the year amounted to £670,779 (2018: £376,972).

15. FINANCIAL INSTRUMENTS

FRS 102 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) for identical instruments in active markets

Level 2 – Inputs other than quoted prices that are directly or indirectly observable

Level 3 - Valuation techniques using unobservable data

The Fund has the following financial instruments:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

15. FINANCIAL INSTRUMENTS (continued)

	2019	2018
Financial assets	**£**	**£**
Measured at fair value through profit or loss		
Financial asset at fair value through profit or loss	15,149,111	5,458,332
Measured at amortised cost		
Debtors	494,976	1,923,214
Fixed deposit account	25,000,000	40,482,234
Cash and cash equivalents	46,127,183	27,591,815
	71,622,159	69,997,263
Total financial assets	86,771,270	75,455,595
Financial liabilities		
Measured at amortised cost		
Creditors	(1,518,430)	(2,558,967)
Loan Payable	(10,000,000)	-
Total financial liabilities	(11,518,430)	(2,558,967)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table analyses within the fair value hierarchy the Fund's financial assets and financial liabilities measured at fair value as at 30 September:

	2019	2018
	£	**£**
Level 1		
Financial assets at fair value through profit or loss	15,149,111	5,458,332
	15,149,111	5,458,332

There have been no movements between levels during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

16. UNITHOLDERS' CAPITAL

In accordance with the Trust Instrument, distributions may be made to the unitholders of the Fund. Distributions are to be made rateably in accordance with the number of units held or deemed to be held on the relevant distribution date. The unitholders are only entitled to vote at meetings of the unitholders on specific resolutions as detailed in the trust instrument. At meetings of the unitholders, on a poll, every holder is entitled to one vote in respect of each unit held.

In a winding-up the unitholders have the right to receive all surplus assets available for distribution after settlement of the Class units' liabilities.

There is no upper or lower number of units that may be issued in the Fund.

Reconciliation of movement in units in issue	**2019 Units**	**2018 Units**
A Accumulation units		
Opening balance	35,776,011	31,605,000
Issued	893,656	4,171,011
Closing balance	36,669,667	35,776,011
B Accumulation units		
Opening balance	70,000,000	70,000,000
Issued	-	-
Closing balance	70,000,000	70,000,000
C Accumulation units		
Opening balance	1,152,350	979,114
Issued	665,469	173,236
Closing balance	1,817,819	1,152,350
D Accumulation Units		
Opening balance	-	-
Issued	15,000,000	-
Closing balance	15,000,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

16. UNITHOLDERS' CAPITAL (continued)

Reconciliation of movement in units in issue (continued)

E Accumulation Units		
Opening balance	-	-
Issued	200,000	-
Closing balance	200,000	-
Total units in issue	**123,687,486**	**106,928,361**

The terms of each share class are as set out in the Fund prospectus.

17. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Fees Payable to the Manager

The Management fee is charged at 0.6% p.a of the NAV of the Fund for the Class "A" units, 0.5% p.a. of the NAV of the Fund for the Class "B" units and 0.85% p.a. of the NAV of the Fund for the Class "C" units .

For units D and E the management fee is charged at 0.75% p.a for the NAV of the Fund and 1.5% p.a of the NAV of the Fund, respectively.

These fees are calculated by reference to the Net Asset Value of the Fund attributable to the relevant Units and shall be calculated and accrued at each Dealing Day.

Fees charged during the year by the Manager were £691,388 (2018: £561,039) of which £63,167 (2018: £46,189) remained unpaid at 30 September 2019.

In addition, the Manager shall be entitled to receive a performance fee set at 15% of the outperformance of the Fund when measured against a benchmark set at 5% annual increase in the NAV of the Fund.

An amount of £961,823 (2018: £517,303) was charged for the year of which £112,428 (2018: £112,759) remained unpaid at 30 September 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

17. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS (continued)

Fees payable to the Trustee

The Trustee is entitled to an amount of £10,000 per annum, plus a percentage of the Gross Asset Value of the fund based on the below scale:

Up to £150 million	0.05% per annum
Between £150 million and £300 million	0.03% per annum
Above £300 million	0.02% per annum

The Trustee is also entitled to additional, transactional fees of £500 per third party bank account set up with a £20 fee incurred for each transaction processed.

They are also due £2,000 per property transaction and £100 for any non-real estate type assets.

The fee is subject to a minimum annual amount of £25,000. Fees charged by the Trustee during the year, including fees capitalised, were £84,925 (2018: £60,809), of which £7,093 (2018: £5,276) remains unpaid at 30 September 2019.

Fees Payable to the Administrator

The Administration fee is charged at a rate dependent on the NAV of the Fund, as detailed below, with an annual minimum fee of £40,000.

Up to £50 million	0.2% per annum
Between £50 million and £350 million	0.125% per annum
Above £350 million	0.05% per annum

Fees charged by the Administrator during the year were £209,901 (2018: £175,640), of which £18,794 (2018: £14,148) remained unpaid at 30 September 2019.

Investment in related Fund

The Fund has an investment in Darwin Leisure Property Fund, C Accumulation units, a fund with common management, see Note 14.

Directors

I Burns, A Esse, J Penney, R Smith and M Tolcher are Directors of Darwin Alternative Investment Management (Guernsey) Limited, Darwin Leisure Development Properties (Guernsey) Limited and Darwin Leisure Development Finance (Guernsey) Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

17. RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS (CONTINUED)

Directors (continued)

The Directors of the Manager were remunerated by Darwin Alternative Investment Management (Guernsey) Limited except, for A Esse and J Penney who have waived their fees.

At 30 September 2019, A Esse owned 327,117 units (2018: 150,000) of the C Accumulation class. J Penney owned 150,000 units (2018: 150,000) of the A Accumulation class. R Smith had an interest in 19,908 units (2018: 19,908) of the C Accumulation Class. Smoke Rise Holdings Limited, a company controlled by I Burns held 20,000 units (2018: 20,000) of the C Accumulation class. M Tolcher owned 15,000 units (2018: 15,000) of the C Accumulation class. C Esse, son of A Esse, owned 20,000 units (2018: 20,000) of the A Accumulation Class. P White, Managing Director of the Administrator, Vistra Fund Services (Guernsey) Limited, owned 25,000 units (2018: 25,000) of the A Accumulation class.

18. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES

Market risk: Other price risk

The Fund is exposed to market price risk as it holds an investment in the Darwin Leisure Property Fund (“DLPF”).

Market price risk associated with the investment in DLPF is not considered to be significant due to the nature of the investment. The investment is also open ended and shares can be redeemed on demand. As this risk is not considered significant sensitivity analysis has not been presented.

Market Risk

The Fund is exposed to risk associated with the effects of fluctuation in the prevailing levels of market interest rates on its cash position.

Interest Rate Risk

The interest rate profile of the financial assets and liabilities as at the consolidated balance sheet date is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

18. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Market risk: Interest rate risk (continued)

As at 30 September 2019	**Floating rate**	**Non-interest bearing**	**Total**
	£	**£**	**£**
Assets			
Cash and cash equivalents	46,127,183	-	46,127,183
Fixed deposit account	25,000,000	-	25,000,000
Debtors	-	494,976	494,976
Total assets	**71,127,183**	**494,976**	**71,622,159**
Liabilities			
Creditors	(10,000,000)	(1,518,430)	(11,518,430)
Net assets attributable to unitholders	-	(149,596,632)	(149,596,632)
Total liabilities	**(10,000,000)**	**(151,115,062)**	**(161,115,062)**

As at 30 September 2018	**Floating rate**	**Non-interest bearing**	**Total**
	£	**£**	**£**
Assets			
Cash and cash equivalents	27,591,815	-	27,591,815
Fixed deposit account	40,482,234	-	40,482,234
Debtors	-	1,923,214	1,923,214
Total assets	**68,074,049**	**1,923,214**	**69,997,263**
Liabilities			
Creditors	-	(2,558,967)	(2,558,967)
Net assets attributable to unitholders	-	(118,912,992)	(118,912,992)
Total liabilities	**-**	**(121,471,959)**	**(121,471,959)**

Considering the effect on cash balances, an increase in 50 basis points in interest rates as at reporting date would have increased net assets and income for the year by £355,636 (2018: £340,370). A decrease of 50 basis points would have had an equal but opposite effect. The calculations are based on the balances at the reporting date and are not representative of the year as a whole. A 50 basis point increase/decrease represents the Managers assessment of the possible changes in interest rates within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

18. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Market risk: Interest rate risk (continued)

Considering the effect on creditors of the loan balance payable, an increase in 50 basis points in interest rates as at reporting date would have decreased net assets and income for the year by £50,000 (2018: £nil). A decrease of 50 basis points would have had an equal but opposite effect. The calculations are based on the balances at the reporting date and are not representative of the year as a whole. A 50 basis point increase/decrease represents the Managers assessment of the possible changes in interest rates within the next 12 months.

Operational risks

Rental income and the market value for properties are generally affected by overall conditions in the economy, such as changes in gross domestic product, employment trends, inflation, the availability of banking finance and changes in interest rates, which in turn may impact the demand for caravan rental.

Both rental income and property values may also be affected by other factors specific to the real estate and leisure markets, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

The Directors of the Manager monitor the operating assets monthly using the DCF model received from the investment adviser, The Directors of the Manager have engaged Smith and Williamson, Business Valuers, to review the DCF model on a quarterly basis .

Liquidity risk

The Fund's constitution provides for the monthly creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time and the repayment of the loan. The Fund's main assets are property assets which are traded in an environment where deal timescales can take place over months. As a result, the Fund may not be able to liquidate quickly some of its properties at an amount close to its fair value in order to meet liquidity requirements.

Cash balances are maintained to ensure that the Fund is able to meet expenses, distributions and requests for redemption of units. Where redemption requests exceed cash available to the Fund, the Manager is entitled to suspend the redemption process until the Fund has been able to realise sufficient funds from the orderly disposal of property. To date no such suspension was necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

18. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Liquidity risk (continued)

As at 30 September 2019

	Due within 30 days	Due between 30 days and 60 days	Due between 60 days and 1 year	Due after 1 year	Total
	£	£	£	£	£
Financial assets at FVTPL	15,149,111	-	-	-	15,149,111
Debtors	494,976	-	-	-	494,976
Fixed deposit account	-	-	25,000,000	-	25,000,000
Cash and cash equivalents	46,127,183	-	-	-	46,127,183
	61,771,270	**-**	**25,000,000**	**-**	**86,771,270**
Net assets due to unitholders	-	-	(39,280,466)	(110,316,166)	(149,596,632)
Creditors	(1,518,430)	-	-	-	(1,518,430)
	(1,518,430)	**-**	**(39,280,466)**	**(110,316,166)**	**(151,115,062)**
Total liquidity sensitivity gap	**60,252,840**	**-**	**(14,280,466)**	**(110,316,166)**	**(64,343,792)**

As at 30 September 2018

	Due within 30 days	Due between 30 days and 60 days	Due between 60 days and 1 year	Due after 1 year	Total
	£	£	£	£	£
Financial assets at FVTPL	5,458,332	-	-	-	5,458,332
Debtors	1,923,214	-	-	-	1,923,214
Fixed deposit account	-	-	40,482,234	-	40,482,234
Cash and cash equivalents	27,591,815	-	-	-	27,591,815
	34,973,361	**-**	**40,482,234**	**-**	**75,455,595**
Net assets due to unitholders	-	-	(31,223,683)	(87,689,309)	(118,912,992)
Creditors	(2,558,967)	-	-	-	(2,558,967)
					-
	(2,558,967)	**-**	**(31,223,683)**	**(87,689,309)**	**(121,471,959)**
Total liquidity sensitivity gap	**32,414,394**	**-**	**9,258,551**	**(87,689,309)**	**(46,016,364)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 September 2019

18. FINANCIAL RISK MANAGEMENT AND TREASURY POLICIES (CONTINUED)

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. In the event of a default by a tenant, the Fund will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. There are no significant concentrations of credit risk within the Fund other than the concentration of balances held with Lloyds Bank and with Butterfield Bank which amount to £71,127,183 (2018: £68,074,049).

Credit risk in respect of other financial assets and is reflected in the carrying value of these assets being set to their fair value, as they represent cash and financial instruments held with the Fund's bankers. The Manager regularly reviews the credit ratings of the Fund's bankers.

Credit risk in relation to banking is managed by the Board monitoring the risk ratings of the counter parties (Lloyds Bank Plc and Butterfield Bank). Their current ratings according to Moody's are Aa3 and A3 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2019

19. NET ASSET VALUE PER UNIT

	2019	2018
	£	£
Fund net asset value per September valuation	146,825,008	117,366,571
Adjustment to asset valuation on consolidation	2,771,624	1,546,421
Group net asset value per financial statements	**149,596,632**	**118,912,992**

	2019	2018
	£	£
Units in issue	123,687,486	106,928,361
Net asset value per unit (valuation)	1.1871	1.0976
Net asset value per unit (financial statements)	1.2095	1.1121
Individual Fund class value per unit		
A accumulation value per unit (Valuation)	1.2011	1.0962
A accumulation value per unit (Financial Statements)	1.2238	1.1107
B accumulation value per unit (Valuation)	1.2045	1.0984
B accumulation value per unit (Financial Statements)	1.2272	1.1128
C accumulation value per unit (Valuation)	1.2148	1.0952
C accumulation value per unit (Financial Statements)	1.2202	1.1097
D accumulation value per unit (Valuation)	1.0725	-
D accumulation value per unit (Financial Statements)	1.0927	-
E accumulation value per unit (Valuation)	1.0110	-
E accumulation value per unit (Financial Statements)	1.0300	-

20. CONTROLLING PARTY

Darwin Alternative Investment Management (Guernsey) Limited ("the Manager") together with Butterfield Bank (Guernsey) Limited ("the Trustee") are regarded as the controlling parties of the Fund by virtue of them acting in concert under the terms of the Trust Instrument.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

The loan payable amount with Lloyds Bank Plc was subsequently settled on the 9th of November 2019.