

Question and Answer Session leading on from

THE 21st ANNUAL GENERAL MEETING OF LANGDALE OWNERS PLC AND THE 34th ANNUAL GENERAL MEETING OF THE LANGDALE OWNERS' CLUB

**Held at the Held at North West Auctions, Junction 36, Rural Auction Centre,
Crooklands, Milnthorpe, Cumbria, LA7 7FP at 1.30 pm on Sunday 27th November 2016**

The formal business only AGM Meetings having concluded the meeting re-convened at 1:30pm.

Dale Watler, Chairman of Langdale Owners PLC welcomed everyone back and explained that he and Ian Hamilton, Chairman of the Langdale Owners' Club would be jointly chairing an LOC and LOP Q&A session.

Mr Watler then introduced Don Camilleri, world expert on Spa design and construction who would be giving a presentation on Brimstone Spa.

Don Camilleri – Board Director, Langdale Owners PLC

Don Camilleri introduced himself as a Director of the Board of Langdale Owners' PLC. Having joined the board in 1997 he had enjoyed every minute, as it was always changing and always getting better.

Don referred to what he considered a valid point raised in the morning about the composition and variety of the Board. He went on to explain that he was from Malta, a civil and structural engineer and had previously been on the board of Center Parcs UK as Development Director for over 30 years, during which time had had been involved in the development of 5 UK Center Parcs Villages.

Don stressed the importance of innovation to any business and, over the last 20 years, Center Parcs had developed 5 award-winning spas. Each one of those spas was more than 3000m² (by contrast to Langdale) and was attracting 100,000 spa users per year, demonstrating the appetite in this country for spa visits. In the 5 Center Parcs Villages ½ million spa guests per year were visiting these spas in the UK.

As background information and to give comfort to owners with regard to the latest innovation at Langdale, Don stated that Spas were becoming more popular and could now be found throughout the country, in spa towns such as Bath and Buxton where there was investment in spa experiences.

In the Lakes, a number of high-quality spas already exist and the brand word used in conjunction with a Spa experience at the moment is Wellness (or Wellbeing) and that is a phrase which is used quite freely in the leisure world.

A spa is one ingredient of Wellness, because Wellness is an umbrella term and includes the spiritual, emotional and physical treatment a person can experience. The Lake District is a fantastic example of Wellness, with the beauty of the lakes and mountains - these elements being a key to the inspiration of some of the world's best poets, which all contribute to the sense of Wellness.

Don explained that Brimstone Spa formed part of the company strategy for the development at Langdale, starting with members' approval to develop Brimstone Hotel. He stated that this

had been an outstanding success, having seen the results, he felt that it was really remarkable, performing much better than had been expected – and so quickly.

The strategy in place ensures that Langdale remains and moves forward as one of the best leisure developments in the country. However, Don stated that the board should not stand still with competition increasing daily all around us, together with increasing guest expectation.

The Wellness industry has grown significantly in the UK as confirmed by the Global Wellness Institute report presented at the World Travel Market in London this month. However, in developing the idea of a fantastic Spa it was also necessary to develop other areas on site and in order to do so, we sought the members' approval to progress the entire development strategy by the developing the Stove Restaurant concept and the Brimstone Spa.

The design of Stove Restaurant, apart from creating a fantastic new food and beverage offer, released the necessary space to develop Brimstone Spa within the footprint of the existing building, using the area previously occupied by the Terrace Restaurant and Bar, as well as the area of the small existing spa. We also gained space by moving Reception to where they are today. We have now delivered and completed a complement of high-end hospitality elements.

So what is the Brimstone Spa and what are its unique selling points?

Brimstone Spa is a state of the art spa of just under 1,000m² which is about a third of the size of a very large spa, but in any event an excellent middle of the range, in terms of size.

Don then talked owners through a visual presentation of the Spa, describing each area of the Spa in turn. He stated that Brimstone would be seen as a top spa in the North West England by virtue of its range of facilities which he felt were unrivalled in this part of England. He also stated that the company had chosen to partner the best product houses in the UK, both in the hardware and in the software and had appointed and trained a great spa team to deliver the ultimate experience to Langdale guests.

Brimstone Spa would strengthen and consolidate the investment in Langdale and would contribute to Company profits, as Dale had already explained. Don felt sure that the returns would follow, not only money back on the initial investment but to continue to grow the business. The Spa would continue to support hotel occupancy as well as the room rates in both Brimstone and Langdale hotel. It would give timeshare owners a wealth of facilities on their doorstep, and would add to the appeal of the rental of timeshare properties. It would continue to signal to the market and position Langdale amongst the hospitality elite and leisure brands and resorts in the UK.

Don considered that what had been created would be an award-winning spa to be enjoyed by many guests in the future.

Mr Watler thanked Don for his presentation and for his significant contribution to the Spa development.

Dale then introduced Kit Bird to talk about the Lodge refurbishment programme.

Kit Bird – Committee member, Langdale Owners Club committee

Kit explained that he had been on the Committee for 2 years and wanted to discuss in conjunction with thoughts of refurbishment, the question “who is holidaying in the Lodges?”

He felt that there was a strong and loyal core of long-standing owners, newer owners, but also renters who made up quite a high proportion of visitors to Langdale.

Kit wanted to make owners aware of the increases in lodge rentals and recommended the sales and marketing team at Langdale to manage lodge rentals as they had an excellent track record in doing so.

Kit went on to explain that the committee were considering the next phase of refurbishment given that there had been a 6-year plan which brought about extensive lodge refurbishment. He stated that the committee were starting to think about what Langdale should look like in the 2020's and the 2030's and that the recent on-site development of Stove and Brimstone Spa could inspire us for future refurbishment.

The committee wanted to ensure that plans for Lodge refurbishment were right, not just for the current ownership, but also for all the people who will be experiencing Langdale for the first time over the next 30 years, and who would love it as much as we do.

Ian Hamilton thanked Kit for his presentation.

Mr Watler then opened the meeting to the floor for an open discussion.

Question and Answer Session

Q. Jane Mitchell: Lodge 75 – Week 7.

Mrs Mitchell stated that Stove had been enjoyable, but she wondered how often the menu would change, would it be the same, year on year?

A. Nick Lancaster - Langdale Leisure Limited - Director of Resort Operations

Nick stated that coincidentally the menu had changed this week and then he would expect it to change seasonally.

Q. Sarah-Jane Smalley: Lodge 80 – Week 1

Having been visiting Langdale for over 30 years with her family, Ms Smalley wanted to know what the company's direction of travel was going to be (whilst understanding the need to be profitable) as she felt like there weren't the same facilities for children on site that there used to be, based on her own childhood experience. Is the direction of travel away from family or was there a need to re-balance? She also asked how she could contribute to such an exercise as she would be happy to do so.

A. Ian Hamilton:

Ian, on behalf of the Owners Club, stated that he felt the Management Company was juggling lots of different balls and wanted to ensure they maintained the level of service to fit as many people as possible. Ian invited Nick Lancaster to indicate his view.

A. Nick Lancaster:

Nick stated that there were two issues to consider; the first being the change in children's expectations. From his experience his nieces and nephews primarily wanted ensure that they could "connect" with their friends via social media whilst on holiday. He explained that when on-site social activities had been organised for young people there hadn't been sufficient uptake. Specific events through school holidays were still organised, but still these are not particularly well-attended so he felt there might be a need for a different solution. The operations team were always looking for ways to improve on-site technology and confirmed that there were plans, at quite an advanced stage, for an on-site cycling track to provide a different experience. Nick stated that the team were always looking at what could be done to

meet the needs of what children want, what teenagers want to engage with, and what, particularly grandparents, will engage with.

A. Ian Hamilton:

Ian Hamilton felt that there was a broader subject to consider which he felt was around “Environments for Life” and what environment each person might need as they matured. He felt that there would be some environments such as public areas that should be fit for life, and the challenge was to find a way to meet the needs of different groups of people.

A. Dale Watler:

Dale Watler felt that having been through such a huge building programme over the last 5 years which had taken a great deal of effort and energy, now might be the time to concentrate on the detail of things that went on, on a daily basis around the estate and he felt the company had an opportunity to consider what was required for the next generation whilst maintaining a profitable operation.

Q. Carol Natton: Elterwater Hall 3 - Week 17

Mrs Natton, as a grandmother, felt that it was really essential to consider these issues for the future and suggested that the company co-opted the 3 young women (present at the AGM) onto some kind of apprenticeship group and involve them by inviting them to share their ideas. Mrs Natton was very keen for this to happen now and for the company to get on with this.

A. Ian Hamilton:

Ian thanked everyone for all their comments on the topic and agreed that input from those people who fit the profile of future guests to Langdale would be beneficial. He confirmed that the organisation were sensitive to those needs and fully listening to what was being said.

Q. Len Jones: Lodge 32 – Week 44

Mr Jones wanted to ask a question concerning Lodge rentals and whether the rental team were aware of the differences across counties of half term (school holiday) weeks so as to maximise rental prices? He asked the rental team to ensure that they were aware of the differences in half term weeks across the country.

A. Ian Hamilton:

Ian confirmed that the rental team did vary prices according to school holidays but that this was a well-made point. He stated that the team were very conscious of half-term pricing and set out highest prices at half-term weeks. We had not had Week 44 as a half-term week this year but would ensure that those weeks were not missed in future years.

Q. Madeline Smalley: Lodge 80 – Week 1.

Mrs Smalley felt that, from recent experience of taking her son in law to a Lodge owners meeting, the organisation should be endeavouring to pass on responsibility (for the future of the estate) to the younger generation, generation 2 and that would involve those people attending these meetings (AGM's).

A. Ian Hamilton:

Ian explained that the workshop in Harrogate was specifically organised in order to invite people who were interested to get involved and learn a bit more about the organisation, and that the spread of people attending that workshop had been quite significant. It was interesting that people brought their daughters and sons along just to hear what it might all be about. Ian welcomed more young people to attend AGM's and would be interested to hear of any further suggestions for involving generation 2 people.

Q. Liz Lawson: Lodge 14 Weeks 21 and 22

Mrs Lawson wanted to know, now that the rental system is online, how successful rentals were since the system changed?

A. Dan Visser – Director of Sales and Marketing – Langdale Leisure Limited

Dan confirmed that there hadn't been any changes to the way rentals were taken, for the consumer and the system was exactly the same. For the last 3 - 4 years, the rental team have run at a 90% success rate across the year for rentals. The number of weeks available for rent was creeping up slowly, as the team were getting more and more to let, but confirmed that the conversion rate has stayed the same. The way that availability was viewed works by a whole series of filters that guests can choose, for example searching by week number or number of sleepers etc. If those filters are not chosen, then the view will be the whole years' worth of availability. But, if you choose to search by filtering (and most people when they book a holiday have a date in mind), then the view reduces right down to just those weeks that are available for that particular date.

Q. Jean de Kretser: Lodge 54 – Week 10

Mrs de Kretser was concerned about the price of school holiday weeks being increased because of the number of parents who are finding it expensive to take their children on holiday during school holidays resulting in some parents taking children out of school in order to achieve a holiday at a reasonable price.

A. Joe Longmuir – Managing Director – Langdale Leisure Limited

Joe stated that people who had paid a premium price for a timeshare weeks which fell within school holidays, would probably expect a higher rental return as well.

A. Dan Visser:

Dan felt that the point was well made regarding the issue of pricing but the pricing of rentals at Langdale was that it was a market rate. Dan stated that he didn't think there was a proactive approach of pricing to damage people who are trying to take their children on holiday to Langdale, but controlling the price of what people pay when owners were seeking a high price for their week could be challenging.

Q. Len Jones: Lodge 32 – Week 44.

Len wanted to say that he felt the Langdale website was far, far superior to many competitors, in that it was very interactive, being navigable and much better than the likes of De Vere or some of the others.

Q. David Croxton - Chapel Stile 5 – Week 4

Mr Croxton purchased Chapel Stile 5 some years ago as a place to bring children and grandchildren but he felt that Chapel Stile had become a second-class part of Langdale. Mr Croxton asked for some clarification from what was on the agenda regarding the structure and integrity of Chapel Stile so as to give some encouragement for Chapel Stile owners.

A. Ian Hamilton:

Ian stated that Ian Murray would be able to explain in a bit more detail the work undertaken at Chapel Stile but he confirmed that work was well under way to finalise plans for future refurbishment. Ian stated that he could not confirm exactly when that would happen because a decision had yet to be made. He invited Ian Murray to explain what works had been done to the fabric of the building.

A. Ian Murray – Maintenance Manager – Langdale Leisure Limited

Ian explained that at last years' refurbishment the team had looked at the structure of the building as it was felt that there were issues with damp right through the building. These were addressed individually, apartment by apartment, and Ian felt that owners would find the environment now was much improved as a result. All flat roofs were replaced and a lot of

work on insulation within the building was undertaken. Within the fortnight every master bedroom was refurbished at Chapel Stile. So last year the team actually achieved more than was thought possible within the timeframe. This work now provides a great backbone to build upon for all future works.

A. Ian Hamilton:

Ian thanked Ian Murray for the clarification and confirmed that the committee had decided to rectify the fabric of the building rather than race ahead with refurbishment. Things such as windows to give you better views or more pleasing views would be considered along with other refurbishment in order to improve Chapel Stile for its owners.

A. Alan Quayle: Lodge 43 – Week 32

Mr Quayle asked about passing on the title to his timeshare weeks to his generation 2's and whether Langdale needed to be involved in the transfer of that title to Lodge-owners' children?

A. Dale Watler:

Dale confirmed that Langdale did need to be involved and transfers were undertaken through solicitors, Oglethorpe, Sturton and Gillibrand, who kept a complete record of ownership. He stated that this was the best way to go about changing ownership.

A. Ian Hamilton:

Ian invited anyone wanting to know about transferring their ownership to contact the Sales office and they would be able to facilitate it.

A. Dale Watler:

Dale stated that there was a legal fee charged by Oglethorpe, Sturton and Gillibrand to effect a transfer.

Q. Peter Austin: Lodge 50 – Week 40.

Mr Austin wanted to congratulate the board on the completion of the development as he felt like he'd been visiting a building site for 5 years, albeit that a great deal of care had been taken to try and minimise the disruption. Mr Austin hoped that more attention was going to be paid to the maintenance of Lodges having had issues with Lodge 50. If rentals were to be successful in bringing people back to Langdale then Lodges needed to be in good order. Mr Austin accepted that having had his lodge for 25 years things had to change but being engaged in a luxury, high-end market, it would be good to see this reflected in Lodges and currently he felt it wasn't.

A. Ian Hamilton:

Ian explained, from the Club's perspective, that there was a heavy focus on ensuring a balance between maintenance, refurbishment and other things that need to be done in a Lodge. His general understanding of maintenance was that it did get done when it needed to be done as there had been a change in strategy and he invited Ian Murray to comment.

A. Ian Murray:

Ian stated that by increasing manpower over the weekend and at change-over days, the maintenance team were able to be much more reactive and with a broad cross-section of in-house trades available, if something major arose, then it could be addressed pretty much immediately, rather than waiting for the 2 week maintenance period to fall. The maintenance team tried to address as much as possible, immediately it arose.

A. Ian Hamilton:

Ian explained that a full time painter now formed part of the team so that if something got knocked or damaged, then repairs could take place very quickly and maintaining a pristine look to things.

Ian also stated that the committee were considering what guests expectations were with regard to refurbishment and had plans with a designer to create a more consistent design look, which would mean that things in Lodges would have a more consistent and useful benefit, for instance, is this the right size mug, is this the right size glass, have we got the right spread of glasses? So, all those items would receive a little bit more attention.

Q. Barry Natton: Elterwater Hall – Week 17

Mr Natton wanted to know why there was no towel rail in the kitchens as he had never in his life been in a kitchen that didn't have a towel rail. He had asked for a towel rail.

A. Ian Hamilton:

Ian invited Ian Murray to answer Mr Natton's question.

A. Ian Murray:

Ian confirmed that 100 towel rails had been ordered and would be fitted over this maintenance period.

A. Eric Pickering: Lodge 23 – Week 27

Mr Pickering wanted to know, in light of the waterwheel installed outside Stove which was producing electricity, whether the organisation was looking at ways to produce more renewable energy?

A. Dale Watler:

Dale confirmed that the company was looking at renewable energy and in fact only this week the company had received its first payment from the electrical organisation for supplying them with electricity produced by the waterwheel.

Dale also stated that the company was constantly looking at energy and renewables and had considered a number of schemes before choosing the waterwheel. An Energy Committee, considered these issues regularly and brought recommendations to the Board, and owners might see those results in the future.

A. Ian Hamilton:

Ian stated that one of the key challenges was the balance of energy saving and the generation of energy. He then invited Ian Murray speak about what was happening with the lighting in lodges.

A. Ian Murray:

Ian stated that this year the team were re-lamping all of the Lodges, so that every light fitting would have LED lamps throughout. It had been a long time coming, but it had been necessary to wait for the right quality of fitting to become available, and he was confident that we now had this.

A. Ian Hamilton:

Ian explained that there had been an evolution of LED fittings such that commercially they could be deployed with the confidence that they would not have to be replaced after 3 years due to fading or colour-change. We had had significant guarantees from the manufacturers about colour-change and about the longevity but the biggest saving would actually come from not having to deploy the manpower to go and change a bulb every 2 years.

Q. Chris Ealding: Lodge 71 – Week 38

Mr Ealding, having visited Brimstone Spa (and been very pleasantly surprised by it), wondered what the forecast utilisation and payback was?

A. Dale Watler:

Dale stated that it depended upon the Spa usage and invited Joe Longmuir to comment.

A. Joe Longmuir:

Joe Longmuir stated that out of the recent construction development the biggest element of payback would come from the spa. The more people going through the spa, the better and the company had high hopes that it would deliver a significant change in the profitability of the company as a whole.

A. Chris Ealding:

Mr Ealding wondered whether there had been a 3 or 5 year plan before the board committed to the development?

A. Joe Longmuir:

Joe stated that there was a 10 year payback, and that there had been a similar calculation undertaken for Brimstone which would deliver much sooner than that.

A. Ian Hamilton:

On behalf of the board, Ian Hamilton confirmed that the board were always careful to ensure that conservative estimates were used, not aggressive estimates. This was why when Joe stated that Brimstone is doing better than expected, it was because those conservative figures are being exceeded and he hoped the same would be true for spa bearing in mind the feedback already received.

A. Sharon Laird: Lodge 23 – Week 41

Mrs Laird was very grateful for the £20 voucher that would be implemented next year and queried, based on the minutes from the London meeting, whether the Lodge owners discount would also apply for use in Brimstone Spa?

A. Dale Watler:

Dale confirmed that the Owners Privilege Card could be used either to go in the Spa or for treatments.

Q. Kathleen Elsworth: Lodge 71 – Week 7

Mrs Elsworth wondered whether there were plans to give names to the different areas in Stove and whether the different areas could be given names which reflected the previous history.

A. Dale Watler:

Dale stated that he didn't think there were any plans although informal names were already in place. The Wine Room was an obvious named area. Mr Watler invited Nick Lancaster to comment.

A. Nick Lancaster:

Nick stated that on the surface of it, it was a really good idea. However he felt that, operationally, as our systems book tables by numbers it might become quite a complex issue for the team to process, regardless of any names given. Informal names were however in use, such as the Library, the Wine Room, Chef's Table, Mezzanine and the Bar area. He also stated that if owners were to refer to an area as Hobsons then 90% of the Stove team would have absolutely no idea where Hobsons was as they would never have seen it.

A. Dale Watler:

Mr Watler felt that this ought to be considered as a way of guests describing where they wished to sit.

A. Ian Hamilton:

Ian thanked Mrs Elsworth for her observation.

Dale Watler then closed the meeting by saying how good it was to see so many people returning and that it would also be nice to see some younger people in the audience next year. He confirmed that next year's AGM would take place 26th November but that a venue had yet to be decided. He thanked everyone for coming and wished them a safe journey home.

The meeting concluded at 2:45pm