

Langdale Owners' Club/Langdale Owners Plc Summer Meeting

Cresta Court Hotel, Altrincham

Sunday 20th August 2023

The Chairman of the LOC Committee, Kit Bird, welcomed Shareholders and Owners to the meeting and began by explaining that he had succeeded Ian Hamilton as Committee Chair earlier in the year in a long-planned move. He thanked Ian for his ten years' service as Chairman and was pleased that Ian would be remaining on the Committee for some time to come.

Kit then outlined the format of the meeting, stressing that although there would be some brief presentations the real aim was to engage with Owners and give them a chance to ask questions. This year the meeting was open to all matters – Club and company – and to that end members of the LOP Board were in attendance, as well as the LOC Committee and representatives of the Langdale Senior Management Team.

The first presentation was an operational update from Michael Coletta, Managing Director of LOP. His first focus was on people and the staff difficulties which Langdale has faced since the Covid-19 pandemic. However he said there were now reasons to be positive as the position was better than last year, for example there were now sufficient staff to increase the Leisure Club opening hours. The only area which remained very difficult was Stove. In the long term LOP still hoped to build more staff accommodation on site but in the meantime was leasing accommodation in Ambleside.

A new reporting system had recently been introduced which enables guests (hotel & timeshare) to leave more detailed feedback, which would in turn help the team to focus on particular areas needing attention.

The next major project for the company would be replacing the roof of the Leisure Club, and at the same time installing solar (PV) panels. This was expected to start in March 2024 and would entail the swimming pool being closed for up to 13 weeks, though it was hoped the closure would be more like 9 weeks. The company was in discussions to provide alternative facilities at a local resort, as was done last time major work was carried out on the pool.

LOP would also be investing in improvements at Wainwrights and was looking into re-configuring Stove to relocate the main entrance and create a lounge area.

Michael then presented highlights of the LOP financial results for 2022-23. Overall turnover was up to £10.2m – a new record – but costs had also increased significantly so profit after tax was £28,850. Michael noted that historically LOP had never sought to make large profits but rather focussed on the interests of Shareholders and Owners. For example it had given Owners' discounts (through the Privilege Card) of over £100,000 last year.

Operating costs had increased sharply due to inflation and Michael highlighted two particular areas; food, which impacted costs and prices at Stove, and energy where the inflation rate had at times been almost 100% during the last year. High electricity costs had a knock-on effect on other energy-intensive areas, for example linen/laundry services which had become much more expensive.

Moving on to timeshare matters, Michael singled out two long-term projects. The first was an external survey of the timeshare estate to build up a picture of refurbishment costs over the coming years. Although the study was not yet complete, initial figures indicated a total cost of fully refurbishing all timeshare units of around £14m. This was against the background of the Club currently collecting about £800,000 per year for refurbishment and maintenance.

The second, less visible project was the updating of the Club's Management Agreement with the company. The current agreement has been in place since 1982 and no longer reflected the relationship between the two organisations. The first step was to create a service level agreement based on the services and standards required by Owners pre, post and during their visits.

Lastly Michael mentioned the Club's 40th Anniversary celebrations, which had taken place in June, and thanked Paula Gorst for her work in making them happen. Langdale "anniversary" beer and gin would be available for purchase by Owners, both on site and by mail order.

Following on from Michael was Ian Murray, Director of Site Services, who spoke about solar power developments on the estate. The first small array of PV panels had been installed in 2012 but technology had developed greatly since then and it was felt that it was time to try something more ambitious. Lodge 4 had been selected for a pilot project and the panels had been installed as an integrated system which actually reduced roof loading compared to slate. The panels were performing very well and it was expected that they would produce about 6 Megawatt Hours per year, worth about £3,000 at current prices. The whole installation had cost just under £13,000 and the panels should last at least 25 years.

[More details of the Lodge 4 solar project can be found elsewhere on the Owners' website]

A larger PV array was now being installed at Heading Mill (the Maintenance building by the gate to Elterwater village) and following that an installation was planned for the Gateway reception/office building. Next year would see the very large array installed on the Leisure Club roof which had the potential to generate 500kW at peak – this could be used to power the kitchens in Stove which were heavy consumers of electricity.

Ian concluded by saying that he thought there was now a strong case to be made for rolling out PV across the estate – an earlier survey had indicated that 55% of all roofing was suitable for some sort of solar installation.

The final speaker was Dan Visser, Director of Sales & Marketing, who spoke on three topics of local interest. The first was the proposed re-development of Elterwater Quarry which is opposite the estate across the beck. This had sparked a huge outcry, particularly on social media, when Holker (the ultimate owners of the quarry) unveiled their initial proposals, which included a luge ride that some described as a "theme park roller-coaster". In fact a lot of the opposition, whilst well-meaning, was misguided as Holker's final plans were much less dramatic, with all the main developments being in the quarry caves and so out of sight.

The development, if approved, would have significant consequences for traffic in Elterwater; on the plus side there would be no more lorries but there would likely be significantly more cars and an increase in overall traffic movements. Both LOP and LOC had objected to the

proposal due to concerns about traffic. A decision on the planning application was expected in September.

Dan went on to speak about Cylinders Wood, which is opposite the main Langdale entrance. This had been the workplace of the artist Kurt Schwitters in the 1940s and more recently home to the arts-based Littoral Trust but following the sad demise of one of the two trustees it had been put up for sale. A number of bodies had expressed interest, most notably Grizedale Arts who would probably develop it as an arts centre but also some developers who might have other plans for the site.

Finally Dan mentioned a campaign that he thought would be getting a lot of media coverage – Save Windermere. This is concerned with water quality in the lake, the principal issue being increased algal blooms which are disrupting the overall ecosystem. The campaign was focusing on untreated sewage discharges by United Utilities, which undoubtedly contribute, though there are other factors involved including agricultural and domestic runoff and the increase in water temperature due to climate change.

After the presentations there was an open question and answer session, the highlights of which are as follows;

Q: What's happening with the new waterwheel?

MC: It is working but it needs to be improved to make it worthwhile as an electricity generator. We are going to have one last go but if it can't be made to work properly it will be replaced with something that enhances the appearance of the tarn.

Q: What proportion of rentals go through the company and are the charges (24% including VAT) appropriate?

DV: Langdale handles 1200-1500 rentals a year with a success rate of around 90%. We don't know how many private rentals there are. Given how much activity is involved in the rental process - for example explaining to renters on the phone how Langdale works – the charge is justified.

Q: Could further consideration be given to allowing dogs on the estate – might it be put to a vote of Owners?

KB: This issue has come up a lot recently, probably because of people acquiring dogs during the pandemic. We have to remember that Owners were sold their timeshare on the basis that it would be dog-free and it might create problems if we were to change that. However the Committee could consider the matter again.

Q: Are there plans to add extra electric vehicle charging points, ideally at lodges?

MC: The challenge with this is the overall electricity supply capacity to the estate. We have just received an update from Electricity North West which indicates there may be more capacity than we originally thought which would give us more scope.

IM: In the meantime we're looking at installing some more shared charging points by the workshops and possibly on the gravel area near Lodge 36.

MC: Please note that our insurers have informed us that charging vehicles by “daisy chaining” from standard 13amp sockets would invalidate our insurance if it led to a fire. So we are going to have to monitor this.

Q: Brimstone Spa still seems to be under-performing. What are the plans to address this?

MC: A major problem is the recruitment of therapists. We are looking to resolve this by changing the way they are remunerated, in essence by giving them a £10 bonus per treatment on top of their salary.

Q: Can recycling facilities in lodges be improved?

KB: Until recently Langdale had a waste contractor who took all waste to a site where it was separated and recycled wherever possible. So there was no need to collect recyclables separately on site. We now have a new waste contractor who we think is doing the same thing but we need to verify it. I’m aware that this is something we need to explain to Owners and I hope to do so as soon as possible.

Q: When will the Shareholders’ Discount be restored?

Joe Longmuir (Chair, LOP): We suspended the discount at the start of the pandemic to protect the company’s financial position. Now that it is recovering we hope to be able to restore the discount next year.

Kit Bird then thanked everyone for their attendance and invited them to stay for lunch where Committee, Board and management team members would be happy to continue discussions.