



PROPERTY REQUIREMENTS

David Lloyd
— CLUBS —

DAVID LLOYD LEISURE GROUP LIMITED

David Lloyd Leisure is Europe's leading premium health, fitness and racquets group. We currently have 114 clubs, 99 clubs of which are in the UK under our two brands David Lloyd Clubs and Harbour Clubs (of which there are three - Chelsea, Notting Hill and Kensington in London). In Europe, we have 15 clubs across the Netherlands, Belgium, Spain, Italy, France, Germany and Ireland.



The Group is owned by London-based private equity firm TDR Capital who have heavily invested in the business since its acquisition in 2013. In the last three years we've opened five new-build clubs in Glasgow, Colchester and Newbury in the UK, plus Antwerp in Belgium and Aravaca, Madrid. In 2017 we acquired an additional 16 clubs in the UK and one in Italy, all of which have been re-branded as David Lloyd Clubs and have benefited from a total investment of £30.3 million to bring them into line with our existing portfolio.

In 2018 we acquired City Green Health and Sporting Club near Geneva, and Health City Bad Homburg near Frankfurt, both clubs will be rebranded as David Lloyd Clubs, and are to receive a £14 million investment between them, with targeted re-opening in Q3 2018.

Our goal is to have 150 clubs across the UK and Europe by 2026.

Across all clubs, we have over 911,000sqm of facilities with more than 180 indoor and outdoor swimming pools and run over 13,000 exercise classes every week. Our racquets facilities are unrivalled – we have more than 1,000 tennis courts (including 554 indoor), 234 badminton courts, 185 squash courts and 29 padel tennis courts.

Our membership base comprises the more affluent demographic groups and our clubs are very much family-focused. To our members, we're far more than just a gym or a tennis club.

Around 22% of our members are children under 16, who join our clubs with their families to enjoy our industry-leading family sports and leisure facilities. We teach 25,500 kids to swim and 16,200 to play tennis each year working with the Lawn Tennis Association to deliver market-leading coaching from grass-roots upwards. We also offer children's swimming pools, soft indoor play frames, after-school and holiday activity clubs, crèches and children's menus in our clubrooms.

At the heart of our clubs are our state-of-the-art gyms, complete with hi-tech fitness equipment, and our modern, airy studios offer the latest in group exercise. But we provide more than just market-leading fitness facilities; we also have health and beauty spas, adults-only and business lounges with free Wi-Fi and specialist sports shops.

This breadth of product is highly valued to our members - every month 24% play tennis and 53% use the spa. They also dwell in our clubs longer than average with 47% buying food and drink every month.

We've been voted into the Sunday Times Top 25 Best Companies to Work For in 2017 & 2018 by our highly engaged 8600 team members, who are central to delivering excellent member service and the unique 'clubby' atmosphere that drives our members to visit more and stay with us longer.

Our unique position in the industry enables us to innovate and partner with best-in-class providers to ensure we remain at the fore-front of health & fitness.



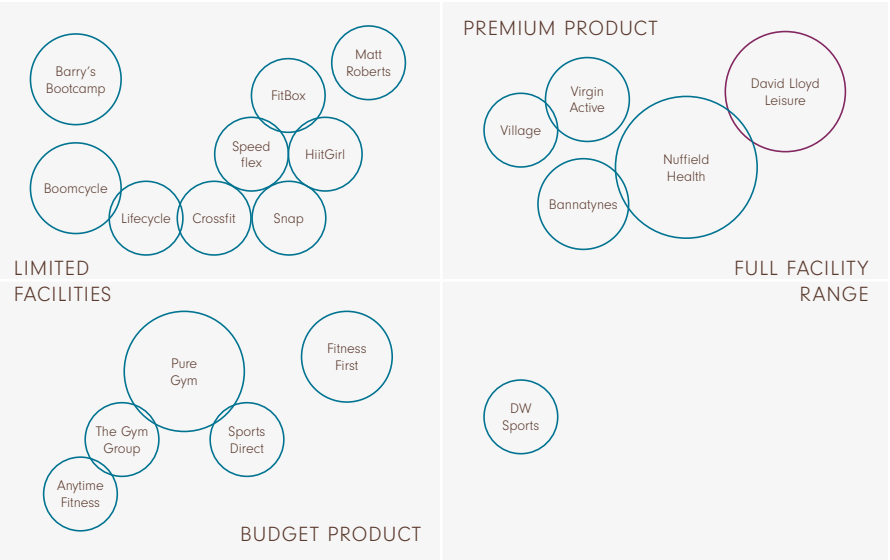
OUR HISTORY

- We were founded in 1982 and grew to 14 clubs before being acquired by Whitbread in 1995
- The next three decades saw steady growth by acquisition - Racquet & Healthtrack (1999), Cannons Nederlands (2003), Harbour Club Chelsea (2004) followed by two Amida clubs and Odyssey Glory Mill (2006), before merging with Next Generation Clubs in 2007
- In 2007 London & Regional and Caird Capital acquired the business from Whitbread
- We were bought by private equity firm TDR Capital in November 2013
- Since then TDR has invested £141 million into developing and growing the business through organic growth and increased new club openings supported by a strong rollout strategy
- Clear focus on premium health, fitness and racquets sports offering for the affluent family market
- The David Lloyd brand re-launched in September 2016 as ‘David Lloyd Clubs’ supported by a £4 million awareness campaign
- In 2017 we acquired 14 UK clubs from Virgin Active. At the same time we also acquired;
 - The Academy Spa, Health & Racquets Club in Harrogate, North Yorkshire
 - The Park Club in Acton, West London
 - The Malaspina Sporting Club in Milan, the group’s first Italian club
- In 2018 we acquired our first club in France, City Green near Geneva and broke into the German market with the acquisition of Health City Bad Homburg near Frankfurt



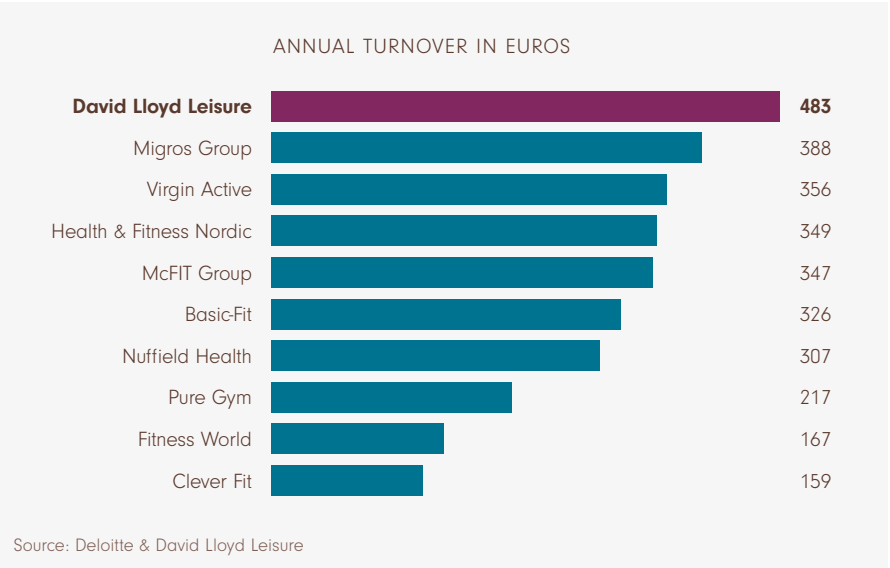
UK MARKET OVERVIEW

- UK health and fitness market remains fragmented
- Majority of 5,700 health clubs are locally run
- Trend continues towards a more health conscious society, and fuelled by sports stars, celebrities and social media influencers
- Modern workplace and lifestyle stress has seen a boom in mental wellness and holistic classes including yoga, Pilates and mindfulness
- Diversifying business base and increased medical and wellness offering
- Innovations such as wearable technology and fitness apps motivate people to set goals, track progress and compete in the virtual world



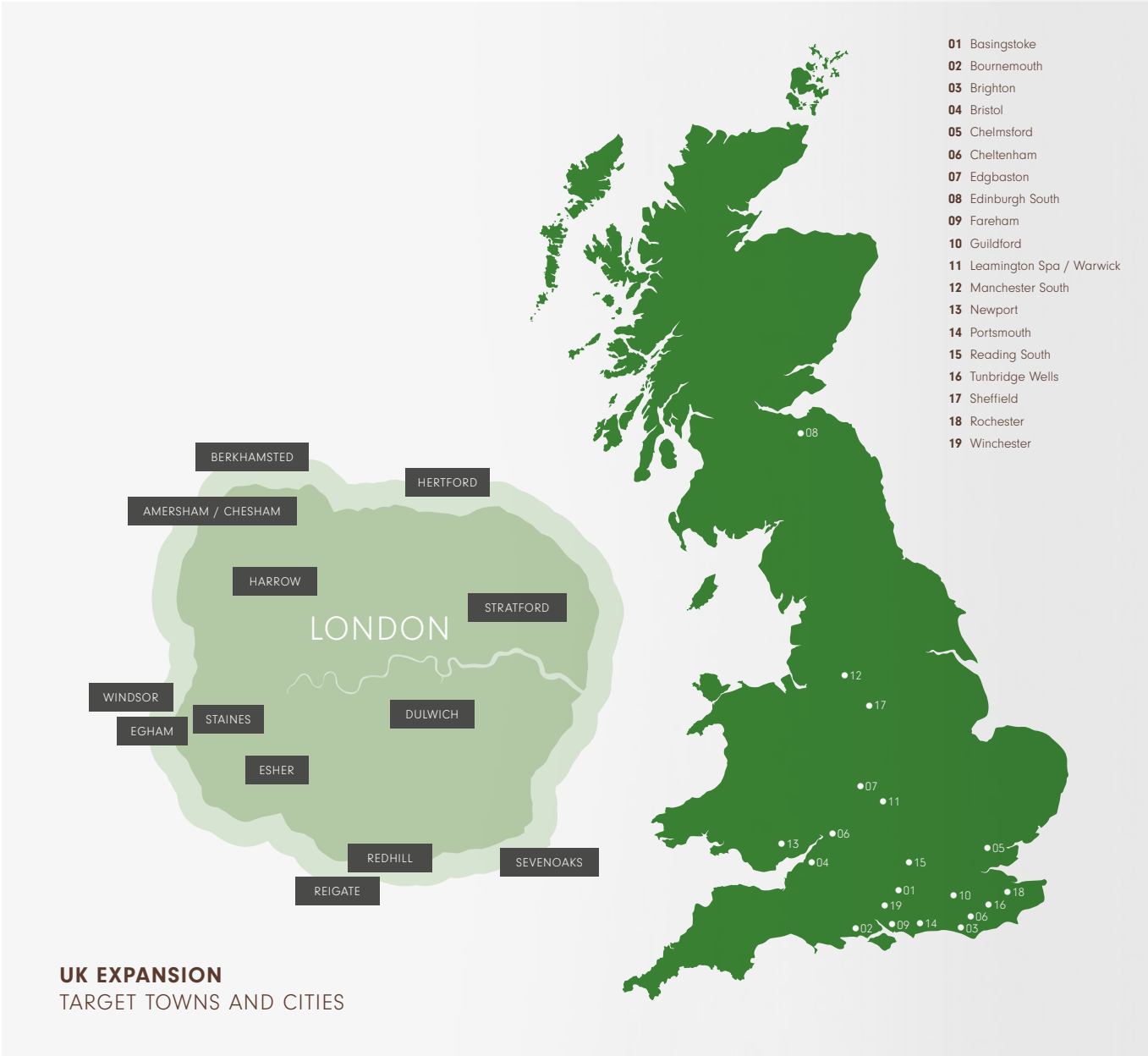
EUROPEAN MARKET OVERVIEW

- Dominated by member-operated clubs with a narrow range of facilities, most of which have suffered from long-term under-investment
- Only a small handful of groups which tend to be more regionally focused
- Branded offering focused on the low-cost end of the market
- Significant number of large scale, corporate sports clubs operated as a legacy benefit for current and former employees
- Gap in the market for family market offers a clear opportunity for David Lloyd Clubs in Europe



UK DEVELOPMENT

- We've opened three new-build clubs in the UK in the last three years
- We have three further new-build development sites, the first of which is in Bristol and due to start construction in Q4 2018
- We are also looking to acquire existing businesses to redevelop into David Lloyd Clubs. We have recently acquired The Academy Spa in Harrogate and The Park Club in Acton and heavily invested in them, with more projects in the pipeline



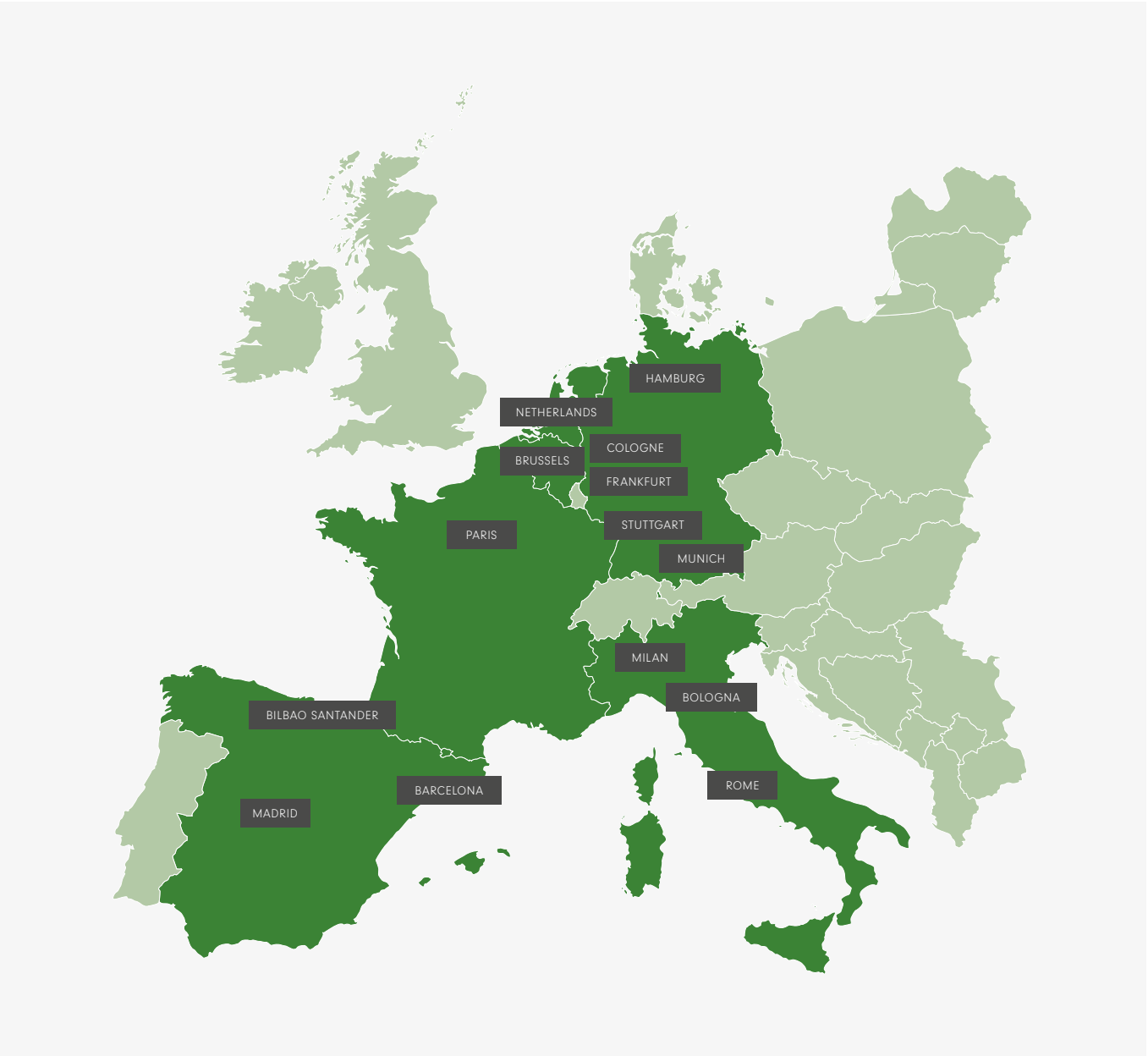
EUROPEAN GATEWAY CITIES

The David Lloyd brand is recognised across many European countries with recent acquisitions in Antwerp, Madrid, Geneva, Milan and Frankfurt.

We successfully operate clubs in Belgium, Spain, Netherlands, Italy, France, Germany and Ireland, and intend to extend our estate into other key European gateway cities.

PROPERTY & LAND REQUIREMENTS

We are looking to acquire existing businesses that can be transformed into a David Lloyd Club, or development land of approximately 2.2 ha on a freehold or long-leasehold basis.



OPERATIONAL OVERVIEW

Our clubs have an average GIA of 91,000 sqft, occupying an average of 3.4 acres of land, facilitating an extensive core club offering in each location.

- Industry leading tennis coaching for children aged 3 - 11 years developed through our partnership with the LTA
- Badminton and Swimming coaching programmes
- DL Kids providing dedicated facilities and after school, weekend and holiday activity programmes for our younger members and non-members
- Crèche and nursery facilities operated directly or in partnership with industry leading operators including Asquith Nurseries and Tinies
- A joint venture partnership with Pure Sports Medicine
- Partnership with sports injury and medical clinics, both directly and in a joint venture partnership with Pure Sports Medicine

Our extensive health and fitness facilities means we can focus on families, allowing us high market penetration, industry leading member retention rates, longer customer dwell-time and increased secondary spend. It has also allowed us to adapt our clubs to meet local consumer needs.



CORE FACILITIES (vary per club)

- Indoor/outdoor tennis courts
- Squash, badminton, and padel courts
- Indoor/outdoor swimming pools
- Dedicated group exercise studios
- State-of-the-art gym facilities
- Nurseries and crèches
- Childrens' swimming and tennis lessons and clubs
- Kid's activity areas
- Sports and social clubs
- Bars, restaurants, TV lounges
- Dedicated wet & dry spa areas

Additional Facilities

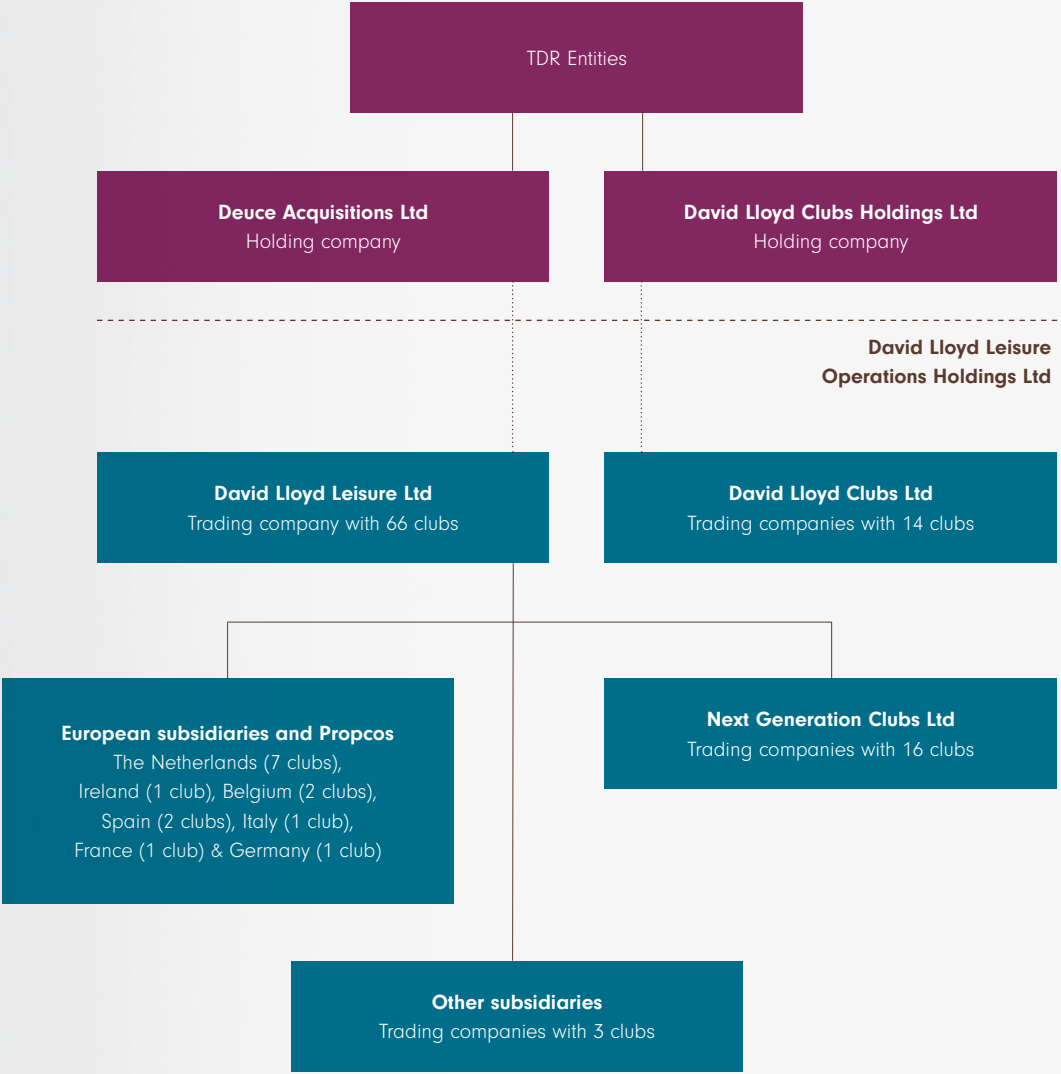
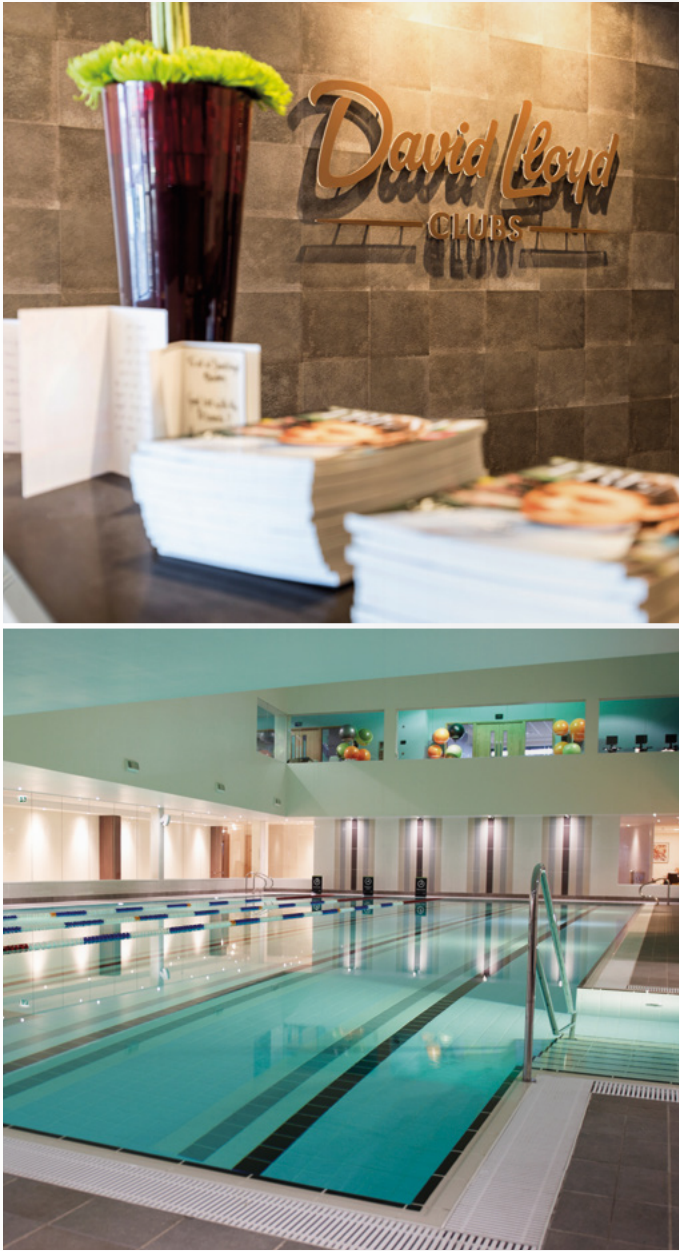
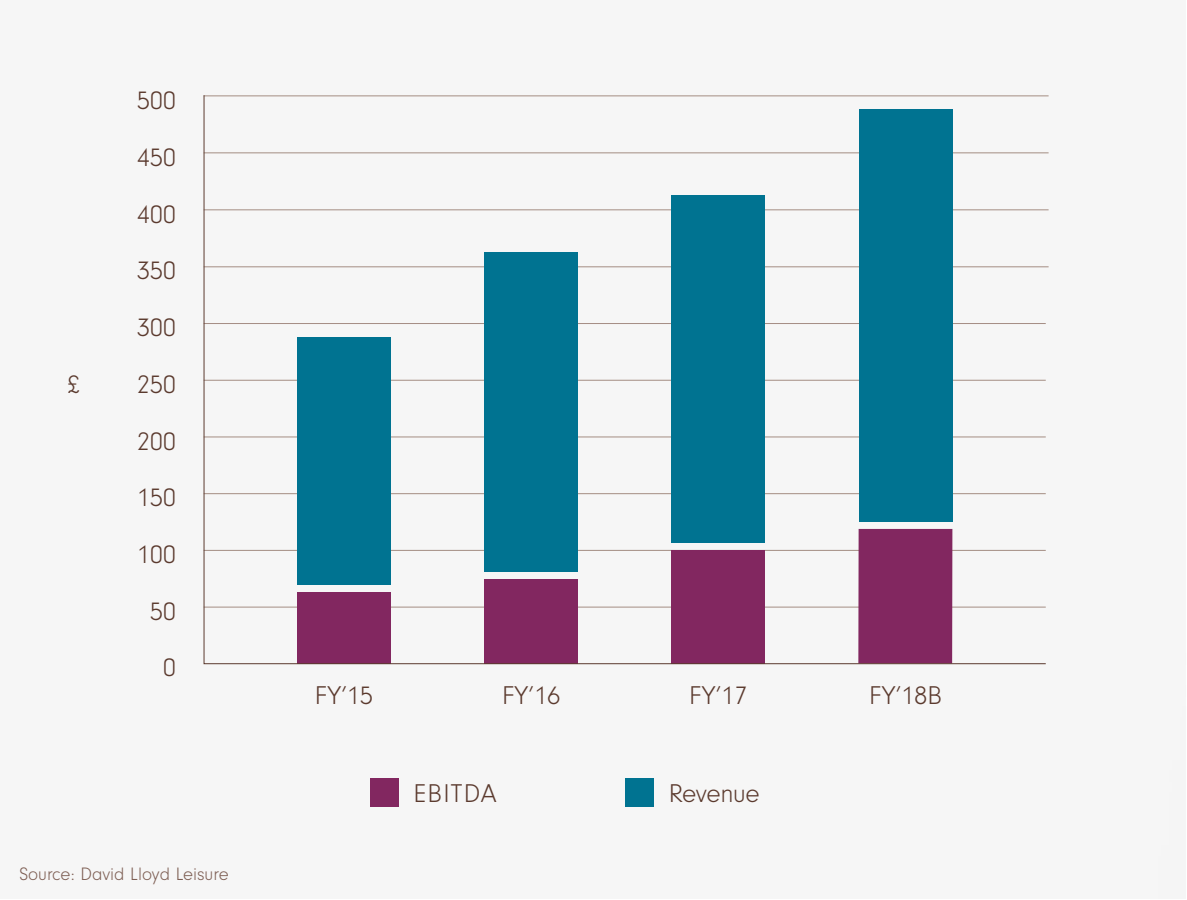
- Conference & events facilities
- Hair & beauty treatments
- Homework rooms/reading areas
- Games rooms & soft play areas
- Business lounges
- Sun terrace & gardens
- Physiotherapy/medical offering

The large footprint of our clubs enables us to be at the fore-front of innovation in the industry. Our latest product is our boutique-style, HIIT concept **Blaze**. Run in dedicated, hi-tech studios, this high energy group exercise class has proved to be hugely popular with members looking for an intense workout, and is being rolled out to a significant number of clubs. In addition our family-focused, interactive **Prama** classes are the latest (and most fun) way for adults and children to work out together and are also being introduced to clubs across the estate.



FINANCIAL PERFORMANCE

Trading has been very strong over the past three years with member count growing from 432,000 in 2013 to 608,000 in July 2018. A simplified group structure chart is shown adjacent.. Properties are held on a variety of structures including institutional leases, long-leasehold, long-term ground rent deals and freehold. The chart below demonstrates EBITDA growth from FY'15 of £65m to budgeted FY'18 of £123.2m.



How is DLL going to grow to 150 clubs?

Our analysis has identified 50 towns and cities in the UK that have a demographic profile that compares to the existing membership base where there is an under provision of premium Health & Racquets facilities. This will enable us to search in very targeted locations for suitable development sites.

In Europe our starting point has been to focus on finding sites in countries we already have a presence in, whilst at the same time targeting major European cities.

In both the UK and Europe our sophisticated analysis and consumer data helps us to identify where the demographic sweet spot is in any given city. We are also on the look-out to acquire existing businesses to bring into the David Lloyd Clubs brand.

As well as seeking to enter new markets we will also explore opportunities to cluster new clubs in towns and cities where we already have a presence, perform well and benefit from strong brand awareness.

Our aim is to open four new clubs per year, either through development or acquisition of existing businesses, and are excited to work with entities from across the property industry to deliver suitable opportunities.

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