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 123 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 24 clubs across the Netherlands, Belgium, Spain, Italy, France, Germany, Switzerland and Ireland.

Our clubs provide the perfect destinations to stay fit and healthy as a family. Facilities include state-of-the-art gyms, heated indoor and outdoor pools, top-class racquets facilities, well-equipped group exercise studios and luxurious spas. And if you need a place to meet with friends or enjoy a bite to eat, our clubs also feature large and inviting spaces to work, relax and socialise. We are the European market leader by revenue and operate in th premium sector offering a breadth of facilities unrivaled by any other operator in the industry.

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 six years we've opened six new-build clubs in Glasgow, Colchester, Newbury and Bristol 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.

We're passionate about making our clubs a comfortable and welcoming place to come together with friends, family and fellow members to maintain physical and mental health and wellness.

Modern lives are now busier than ever and finding meaningful time for those we care about the most can be difficult. Even when we do, we are still competing for full attention with the likes of social media and easy access to film and TV. At David Lloyd Clubs, we believe that we can provide the perfect place for 'We Time' – precious, quality time spent together with friends and family in a positive, active environment.

Our clubs are also a place to relax and socialise and we encourage the sense of community and belonging that being part of a club can generate. Whether that's with some quiet time in our serene spa facilities, getting to know new people by regularly attending a group exercise class, chatting to fellow members in the spa, or using our Clubrooms to meet as a group for coffee, at David Lloyd Clubs, we're much more than just a gym.

In 2018 we acquired City Green Health and Sporting Club near Geneva, and Health City Bad Homburg near Frankfurt. Both clubs were rebranded as David Lloyd Clubs following a combined £14 million investment.

In 2020 we acquired the Meridian Spa Group which operates eight clubs in Germany, and we've added to our offering in Geneva with the purchase of County Club Geneva in Switzerland. 2021 has seen the business commit to new build clubs in Bicester, Oxfordshire and Shawfair, Edinburgh. 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, creches 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.

For the past four years we've been voted into the Sunday Times Top 25 Best Companies to Work For 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.

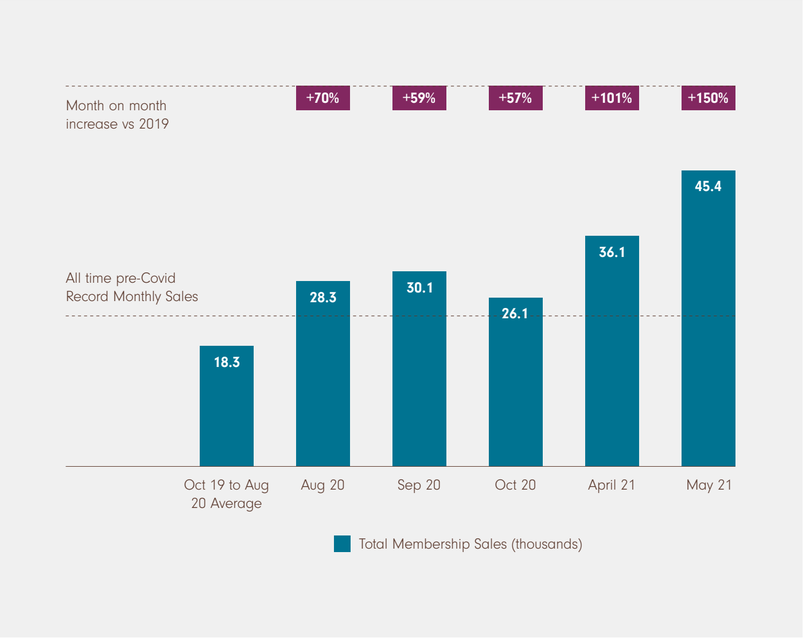
OUR HISTORY

- 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 (2May b004) 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.
- In 2020 we acquired Meridian Spa Group in Germany and Country Club Geneva in Switzerland, adding a further nine clubs to our growing group. Also in 2020 we launched our 'We Time' marketing campaign which focuses on the importance of spending more time with family and friends.

STRONG POST-COVID SALES AFTER SUCCESSFUL RE-OPENINGS

Recovery of the business following the global Covid-19 pandemic has started strongly with record numbers of new membership sales, which highlights the importance of leading a healthy lifestyle and the value for money offered by the David Lloyd Clubs broad range of facilities.

The business achieved pre-Covid membership numbers in July 2021.



TIMELINE

1982
Great Britain Davis Cup tennis captain David Lloyd opens his first indoor family health & racquets club in Heston, West London on a 123 acre site.

1983-1992
Additional 4 clubs opened in suburban London; Bushey, Chigwell, Finchley & Raynes Park.

1992
David Lloyd Leisure is listed on the London Stock Exchange.

1995
Acquired by Whitbread plc.

1996-97
Lloyd, together with his son Scott create Next Generation Clubs, a group of family focused health & racquet clubs with construction commencing in Dundee & Edinburgh.

2005
Harbour Clubs Chelsea & Notting Hill acquired by Next Generation Clubs.

1995-2007
David Lloyd Leisure grows through organic growth and acquisitions of existing businesses. International operations begin in Dublin, Barcelona, Brussels and the Netherlands.

2007
David Lloyd Leisure's 71 clubs acquired by private real estate investors London & Regional Properties.

2009
Next Generation Clubs and David Lloyd Leisure merged under the David Lloyd Leisure brand.

2009
Next Generation Clubs, comprising 14 UK clubs, sold to London & Regional Properties.

2009-2013
New clubs opened in collaboration with rugby clubs Farnham, Exeter & Worcester.

2013
David Lloyd Leisure sold to London TDR Capital.

2016
David Lloyd Leisure re-launched as David Lloyd Clubs.

2017
14 Health & Racquets Clubs acquired from Virgin Active.

2017
First Italian club opens in Milan with acquisition of Malaspina Sporting Club.

2018
First German club opens near Frankfurt and first French club opens near Geneva.

UK growth continues.

2019
99th UK Club Opens in Bristol.

2021
Acquisition of 3 Accura clubs takes Spanish network to 5.

2020
8 Meridian Spa clubs acquired in Germany & Geneva County Club brings David Lloyd Clubs to Switzerland.

Countries	🇬🇧																						
Number of clubs	1	5					14						71				85		90	94	111	114	115	122	124

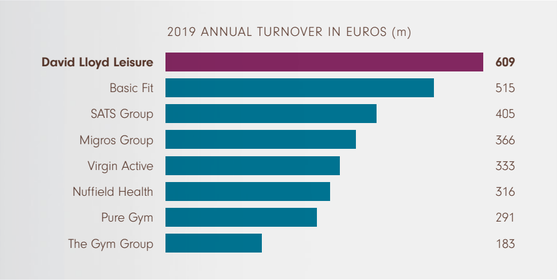
UK MARKET OVERVIEW

- UK health and fitness market remains fragmented.
- Diversifying business base and increased medical and wellness offering.
- Trend continues towards a more health-conscious society, and fueled 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.
- Majority of 5,700 health clubs are locally run.
- 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.

EUROPE'S BIGGEST!



Source: Deloitte & David Lloyd Leisure

UK & ROI TARGET LOCATIONS

- We are aiming to grow the footprint of our UK estate by 50% over the next 10 years.
- We have opened six clubs in the UK in the past six years, of which four were new-build and two were acquisitions of standalone businesses which we invested in to align with the David Lloyd Clubs standard.
- In 2017 we acquired 14 health & racquet clubs from Virgin Active and have invested to bring them to the premium standard synonymous with David Lloyd Clubs.
- **We have a pipeline of further new-build development sites, the first of which is in Bicester, where construction started in late 2021, followed by Edinburgh and Rugby.**

Dublin

Altrincham
Ashford
Banbury
Basingstoke
Bath
Bedford
Berkhamstead/ Hemel Hempstead
Bishops Stortford
Boscombe
Brighton
Bury St Edmunds
Canterbury
Cardiff
Chelmsford
Cheltenham
Chichester
Chippenham
Crewe/Nantwich/ Sandbach
Crosby
Didsbury
Durham
Egham
Fareham
Greater & Central London
Guildford
Harborne/Edgbaston
Havant
Hertford
Horsham
Leamington Spa South
Lytham St Annes
Reading South
Redhill/Crawley
Rochester
Salisbury
Sevenoaks
Sheffield South
Slough
Stevenage
Tonbridge/ Tunbridge Wells
Winchester

EUROPEAN GATEWAY CITIES

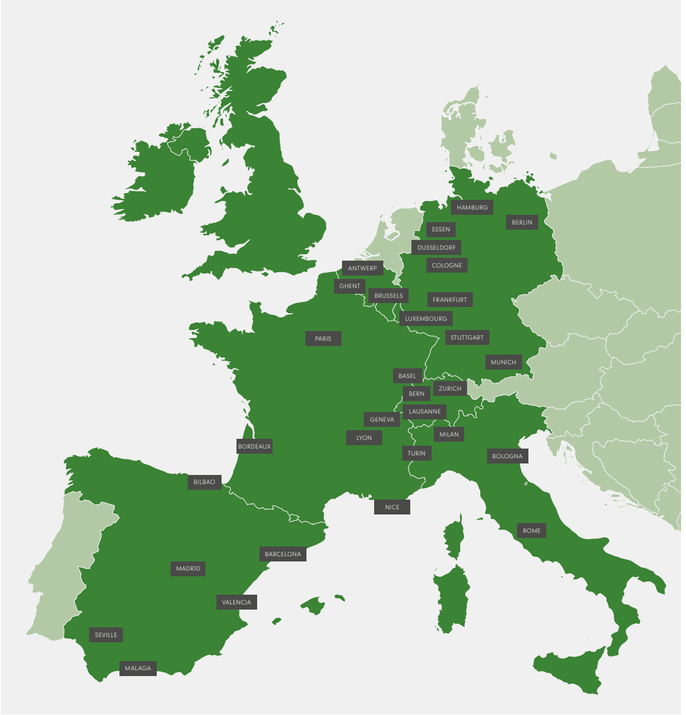
The David Lloyd brand is recognised across many European countries with recent acquisitions in Antwerp, Madrid, Geneva, Milan and across Germany.

We successfully operate clubs in Belgium, Spain, Netherlands, Italy, France, Germany, Switzerland and Ireland, and intend to extend our estate into other key European gateway cities. We took a significant step to growing in these markets with the acquisition of eight Meridian Spa clubs in Germany and Geneva Country Club in 2020 & 2021.

PROPERTY & LAND REQUIREMENTS

To help realise our ambitious growth plans we are seeking development land on a freehold or long leashold basis, of approximately 2.2 ha on which to build a new-build David Lloyd Club.

Additionally we will consider institutional leases for standalone clubs or space as part of a wider mixed use development such as shopping malls. In line with our recent growth we are looking to acquire existing businesses than can be transformed into a David Lloyd Club.



OPERATIONAL OVERVIEW

Our clubs have an average GIA of 91,000 sqft, occupying an average of 3.4 hectares 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.
- Creche 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
- Indoor/outdoor swimming pools
- Dedicated group exercise studios
- State-of-the-art gym facilities
- Nurseries and creches
- Childrens' swimming and tennis lessons and clubs
- Kid's activity areas
- Sports and social clubs
- Bars, restaurants, TV lounges
- Dedicated wet & dry spa areas

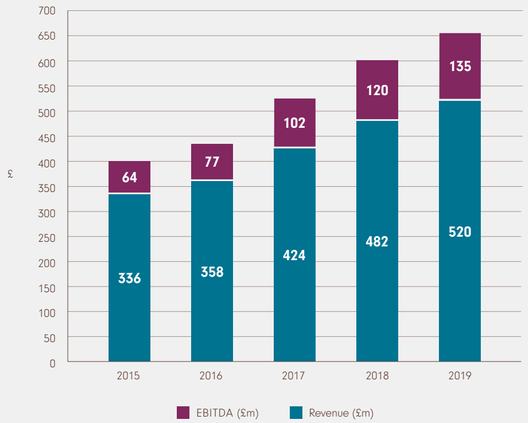
Additional Facilities

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

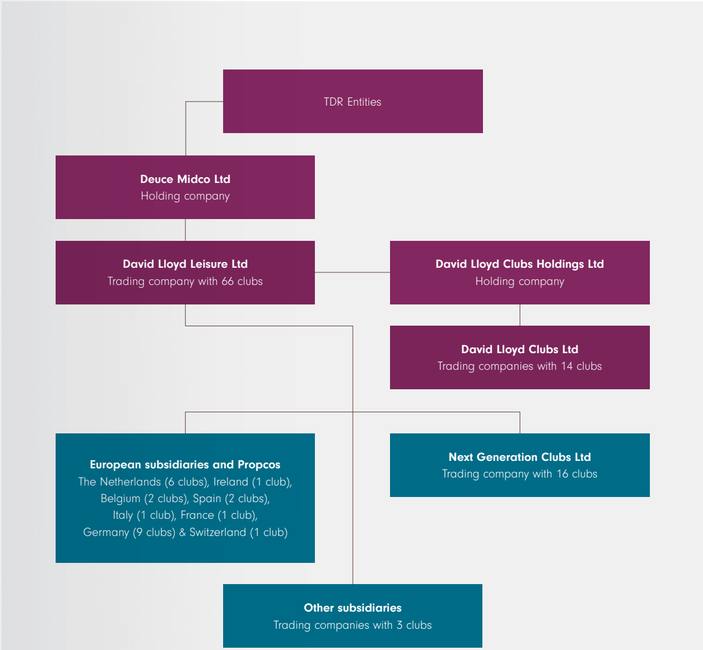
The large footprint of our clubs enables us to be at the forefront of innovation in the industry. Our latest products include our boutique-style, HIIT concept Blaze, and Ignite along with our group cycling brand Rhythm. Run in dedicated, hi-tech studios, these high energy group exercise classes have proved to be hugely popular with members looking for an intense workout, and have been rolled out to a significant number of clubs. We are also investing significantly in our digital offering to enable us to better connect with members outside the physical assets of our club.

FINANCIAL PERFORMANCE

Trading has been very strong over the past five years with member count growing from 432,000 in 2013 to 660,000 in early 2020. 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.



Source: David Lloyd Leisure



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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