

Holmes Investment Properties



Property Company to
David Lloyd Adventure Parks



An
Opportunity
To Invest

Holmes Investment Properties



A family-backed
company with
60 years of
experience and
excellence in property

Since the 1950s: Surveying, estate agency, property investment and management

David Lloyd

David Lloyd Adventure Parks

Ex-Professional Tennis Player



Successful Leisure Entrepreneur



David Lloyd
CLUBS

David Lloyd Adventure Parks:
A new generation of David Lloyd leisure centres

Private & Confidential

David Lloyd – builder of the biggest leisure company in the UK

- Mr. Lloyd launched David Lloyd Leisure Centres in 1982
- Now 91 clubs, with turnover at £325M*
- The highest turnover per club in the leisure sector
- Over 400,000 members – the most in the UK
- Most members per club versus competitors
- Over 6,000 staff

*last public accounts 2013

Sold 3 times in 20 years for nearly £2 billion



David Lloyd Leisure Centres – most valuable clubs



- **Rev per club: £3.5M**
- Est. profit per club: £1.3M*
- **Value per club: £8.2M**
- Members per club: 4,395
- UK members: 400,000

* 2012 figures

- **Rev per club: £2.38M**
- Est. profit per club: £464k
- **Value per club: £3.06M***
- Members per club: 3,882
- UK members: 392,000

* 2015 figures on sale to Brait

Bannatyne's
Health Club & Spa
www.bannatyne.co.uk

- **Rev per club: £1.4M**
- Est. profit per club: £121k
- **Value per club: £4.54M***
- Members per club: 2,954
- UK members: 195,000

* Internal value

PropCo / OpCo works for competitors even at much lower returns

- Bannatyne's Leisure Club runs a PropCo/OpCo strategy
- 66 clubs, 39 have been sold to M&G Investments on a 125-year lease
- M&G paid an average of £2.35M per club
- Bannatyne OpCo makes £121k profit per club per annum

David Lloyd's first new club is making superior returns: £600k per annum

David Lloyd has built more value in leisure centres than anyone else in the UK

HIP to fund sites for David Lloyd Adventure Parks



**First David Lloyd
Adventure Park:**

**MegaJump in North
London**

30 year minimum contract premium with 8% yield

David Lloyd's MegaJump Adventure Parks



Over 100 connected
trampolines – fun for everyone



The ultimate family trampoline destination

David Lloyd's MegaJump Adventure Parks



- A highly cash generative business
- A post-revenue company
- With a jump start already...

The MegaJump, Borehamwood, Trampoline Park



Investment covered in year one

Roll out Adventure Park sites across the UK

- To expand David Lloyd Adventure Parks needs fast action to ensure market leadership
- Strong economic development and growing population in UK has driven up cost of securing sites
- Therefore, a PropCo (HIP) is needed to support the OpCo (MegaJump Adventure Parks)

Cross shareholding between PropCo & OpCo

Adventure Parks targeted cities – 35 to date



Planned targets

Bath	Leeds
Bedford	Maidenhead
Borehamwood	Middlesborough
Bournemouth	New Malden
Bradford	Newquay
Braintree	Orpington
Brighton	Oxford
Cambridge	Reading
Canterbury	Swindon
Chigwell	Tonbridge
Crawley	Sunderland
Croydon	Uxbridge
Durham	Watford
Exeter	Weybridge
Harlow	Winchester
Ilford	Windsor
Leatherhead	Worcester
	York

Holmes Investment Properties – PropCo

- David Lloyd - non-exec Chairman of HIP
- HIP PropCo to have 15% share in Adventure Park MegaJump OpCo
- Contract with OpCo to fund at least 12 sites, 30-year minimum deal
- Long contractual rent of 8% per annum per site with break clauses each decade with upwards only rent reviews
- HIP to raise capital to fund/purchase at least 12 Adventure Parks sites

Cross shareholding between companies



Roll out David Lloyd Adventure Parks

- Adventure Park sites will be acquired, pre-planning, for up to £1m
- With planning permission, sites will be valued at £2m
- Investment per site to build and fit out is expected to be £3.9m each
- HIP's experience says re-valuation would be £6 - £7m within 18 months
- Leased back to OpCo at 8% yield

8% yield on all Adventure Park sites

Revenue drivers of MegaJump



- A post-revenue company with a demonstrable proof of concept
- Highly experienced management team
- Significant end-user satisfaction
- A market about to explode with significant growth prospects
- First Adventure Park MegaJump venue profitable within month one
- Balanced revenue between activities/food & beverage - 75/25



Balanced revenue between activities

The trampoline leisure market



- The International Association of Trampoline Parks (IATP) estimates that by the end of this year there will be more than 550 indoor trampoline parks open worldwide
- Compare this up to 100,000 leisure centres around the globe and the opportunity is huge and will grow fast in the western world over the next 5 years
- A tipping point has been reached and the market is ripe for exploitation



INTERNATIONAL
ASSOCIATION OF
TRAMPOLINE
PARKS

A tipping point has been reached

The trampoline leisure market



Samantha Lyster, Journalist at Property Week says:

“Trampoline parks already seem to be catching landlords’ attention, and if more property owners become convinced of their potential, trampolining could be poised to become the country’s new fitness craze”



Trampolining – the new fitness craze

The trampoline leisure market



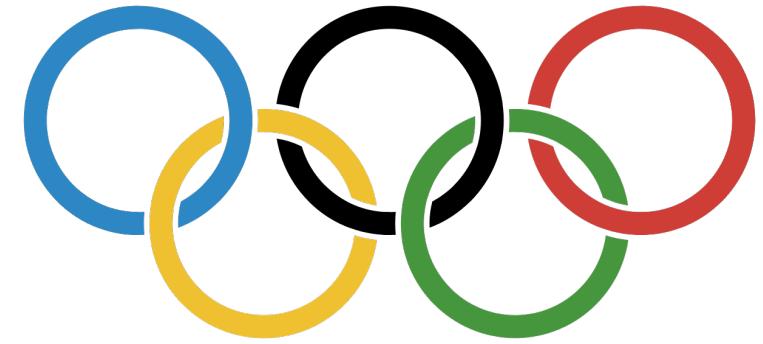
Steve Henderson, retail director at Savills, says:

"The first Gravity trampoline park at Xscape in Yorkshire, has had a very positive effect on footfall figures...the parks are an ideal way for landlords to fill space that doesn't appeal to retailers and we are now looking for additional units between 6,000 sq ft and 16,000 sq ft in high footfall areas such as shopping centres, high streets and retail or leisure parks."

savills

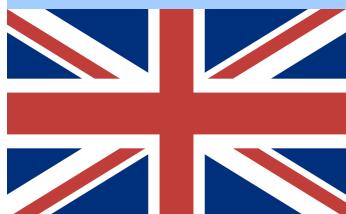
Multiple sites in many locations available

Team GB's Olympic success will drive popularity



Medals deliver Govt funding for 2020 Olympics

UK trampoline leisure market – current venues

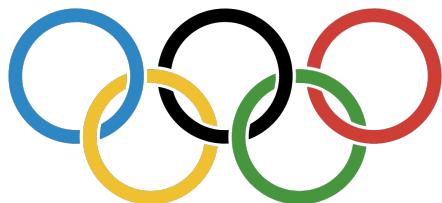


43 current trampoline centres

The UK trampoline leisure market – the future



- 43 current trampoline centres: 19 competitors, none dominant
- 19 more centres planned by competition across Great Britain
- Venues small enough for diverse range of sites
- David Lloyd has targeted up to 35 prospective cities
- MegaJump's property partner, Holmes Investment Properties (PropCo) plans to fund at least 12 MegaJump centres through to 2019
- In time for 2020 Tokyo Olympics for peak popularity



Venues can be on diverse range of sites

The investment opportunity

A two-stage process for Holmes Investment Properties (PropCo)

- Part One: Equity shareholding
- Part Two: Capital loans



Imminent listing proposed

The PropCo investment case

£ millions

Figures rounded

	2017	2018	2019	2020	2021	2022
• No of Adventure Park sites	3	5	8	12	12	12
• Net Income	0.0	0.5	11.9	9.4	15.0	17.1
• Profit before Tax	(0.05)	(0.03)	10.5	7.7	12.7	14.5
• Equity Raise (MJ)	6.0	6.0				
• Enterprise value (8x)	4.4	19.9	61.9	94.2	146.6	166.7

The investment opportunity

A two-stage process for Holmes Investment Properties (PropCo)

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Imminent listing proposed

The investment plan for HIP Plc

- Proposal to list HIP Plc in 2016
- 2016 equity call - £6m to fund Adventure Park MegaJump expansion
- Further equity call in 2017
- Borrowing guaranteed – 60% on sites, 100% for build
- 5 year plan with potential exit



Listing, equity and borrowings

HIP and Adventure Park - Summary

- Interconnected companies – HIP (PropCo) & Adventure Parks (OpCo)
- Proof of concept
- Cross shareholding
- Separate operating company and property company
- Both companies have family history, big names and sector experience
- Mix of equity raise and borrowings

Consider five year exit

The Board of Directors

David Lloyd

Martin Helme

Nicholas Holmes

Charles Gregory

Brian Morris



Broad experience & expertise

Holmes Investment Properties



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