**3. The Market**

The UK leisure market was worth £4.08 billion in 2014 (source: Savills), up 3.9% on 2013, with at least 6,112 leisure facilities in the UK and continues to grow by more 150 venues annually.

In 2016, the UK is in the seventh year of economic growth (Bank of England report) and consumers are spending more of their disposable income on leisure-based activities. This has led to a resurgence from leisure activities as a plethora of diverse new entrants are seeking space in the UK; offering activities such as adventure golf, laser combat and high-wire, zip wires and trampolining.

In DLAP’s primary leisure offering, trampolining, 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 to more than 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.

A number of overseas trampolining operators have begun to establish themselves although none yet have more than 5 centres. This includes Gravity, Gravity Zone, Gravity Force and Skyzone, who are all on the search for new sites. There are at least 43 trampoline focussed clubs, with as many as 19 additional centres planned. The market is small, but growing fast, with the number of venues forecast to grow by 50% in the next year or so, therefore the opportunity is very much of the moment.

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.”

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.”

Transaction volumes in the core UK leisure markets of leisure parks, restaurants, health & fitness, bingo/bowl and cinemas was £3.29B in 2014. Development has been driven by increased consumer spend.

Holmes Investment Properties Plc have agreed to finance the property investment in the business, by the acquisition of suitable sites - subject to planning - and building the Park with an agreed sale and leaseback arrangement with Megajump with a minimum 50-year contract. The plan is to raise the capital to develop the model in twelve sites across the UK, from 35 potential cities as follows:

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

Map

Once the twelve centres are open with revenue flowing in, the plan is to accelerate the strategy with a longer term aim to build up to eighty adventure parks in the UK, and then beyond into Europe, with a further opportunity for a franchising model further afield.

Holmes Investment Properties have secured funding to purchase the first twelve sites and build venues for new sites. This will cover 60% of the cost of land purchase and 100% of the building costs.

**3.1. The Adventure Parks proposition**

Central to all adventure parks will be trampolining. The first adventure park, MegaJump is the ultimate family trampoline destination with sessions and activities to suit everyone. The Company’s premier site was launched in January 2016 located in London. It has a 12,000 Sq ft. jump zone where customers bounce their way through 117 interconnected trampolines. With the significant financial and end-user satisfaction with the first site, the Company is now looking to expand the business.

The management team believe that David Lloyd Adventure Parks provide the safest trampoline equipment possible and features only UK designed and manufactured equipment. Trampoline parks have proved to be a very successful business in the US, which had about forty such attractions in 2011. Management understands that number has increased significantly to an estimated three hundred either in operation or under construction. The management team believe that there is generally an increased emphasis on lifestyle-based activities and the desire to take part in something different, the market for active leisure and lifestyle-oriented entertainment is one of the fastest growing sectors of the leisure industry.

The Directors believe that a strategy focused on acquiring sites allowing purpose built venues will build competitive advantage and build sustainable value. The creation of larger venues with a total operating area of up to 60,000 Sq. ft. will allow the provision of complementary facilities such as rope courses, dodge ball, climbing “cardio” walls, crazy golf, zip line and outdoor facilities for the summer.

The David Lloyd Adventure Parks model is scalable across the whole of the UK and Europe. The rate of expansion of adventure parks in Europe is slower than the UK, creating a potentially significant opportunity for the Company. This is a post-revenue Company with demonstrable proof of concept with significant growth prospects and led by a highly experienced and competent management team