**Letter from the Chairman**

When I retired from professional tennis many years ago, I saw an opening in the leisure market. I felt I could give the same opportunity that I had to millions of people. Until then many perceived that high quality tennis and leisure clubs were the preserve of a few. I believed I could open the market to a much broader population. So, I found locations and started to build David Lloyd sports and racket clubs in towns and cities across the UK. The company that still bears my name today was purchased for £925M in 2007 and again for £750 million in 2013 and has been followed by many competitors. By 2015, 9.2 million people were members of leisure clubs in the UK, that’s 14.3% of the population, a statistic I am very proud of.

The leisure market continues to diversify and new opportunities have come along in different sports. I am now committed to making these available to a broader population. My new idea could therefore, be an even more popular proposition than my successful forays in sports and leisure in the past.

My plan is to put fun, energetic, rare-to-find activities together, led by an incredible trampoline offer, where over 100 trampolines are connected for guests to bounce and somersault around the whole venue. There will be complementary sports, such as zip-wire adventures, climbing “cardio” walls, soft play for the under 5s and internal crazy golf courses, which are great fun for everyone.

The benefits of these simple-to-learn sports are they can be enjoyed by individuals and families and at all ages. The other good news is that these activities can be delivered in small spaces, which can be found in easy-to-get-to locations.

In leisure centres today, food is almost an after-thought, with regimented bland pizza and chips on offer, not for enjoyment but for fast consumption which is quickly forgotten! Themed restaurants have proven that food can be interesting, healthy and entertaining. Fun, fresh, quality food can be offered anywhere with proper application, and that’s exactly what I aim to do in our new sports and leisure venues.

My new business proposition offers two bites of the monetary cherry: Delivering hard-to-find sporty activities and fun, fresh food situated on relatively low cost, small scale sites in convenient locations that will appeal to all ages, all individuals and all families. Add in my brand name; known and trusted in this arena for more than 30 years, and I believe we will have a fast growing business very quickly. In fact, I already have the first venue open, in the suburbs of London. It was cash positive from day one of launch, a gross profit was achieved in month one and my aim is that all investment will be paid back by the end of year one. When I add my name to the concept, I hope it will grow its popularity further. Our first adventure park, the MegaJump centre in London, overseen by my son, Scott and I is already a post-revenue company.

As our first venue has made a net profit before tax, I want to offer the brand to the whole country, and in the future, across Europe too. Therefore, I need to act fast to ensure market leadership. The challenge for me, and why I have come to the market, is raising money to purchase a number of sites and fitting out the new centres. Land costs in UK towns and cities are now significantly higher in relative terms to when I started out in 1982. Therefore, the success of the venture is as dependent on property skills as much as it is leisure operating skills. The property element is the catalyst for the operation. That’s why I have teamed up with a group of senior property professionals to form Holmes Investment Properties Plc (HIP Plc). HIP Plc will be led by the Holmes family. Like me, they have run eponymous businesses for many decades. Mr Holmes senior started his surveying company back in the 1950s. Then Robert Holmes, his son, began his highly successful property investment company in Wimbledon Village in 1987. Robert’s sons, James and Nick Holmes, are involved in their father’s agency, their own property dealings, and now HIP Plc.

This listing brings the property element to the market. Holmes Investment Properties will fund sites and the development then charge a pre-agreed, long-term contractual rent of 8% per annum on each site to the operating company, David Lloyd Adventure Parks (DLAP). Each site will have a 50-year minimum contract between HIP and the DLAP operating company. We have faith in the sixty years of property experience that the Holmes family have delivered. With a ready-made market, HIP Plc will have a head start working with a post-revenue company with another well-known, successful family brand name. I will act as Executive Chairman for DLAP and be connected with HIP as non-executive Chairman for the property company, as well as 15% shareholder in HIP Plc. I hope you can support our new adventure; I think it will be very exciting for all of us.

David Lloyd

Chairman,

Holmes Investment Properties