



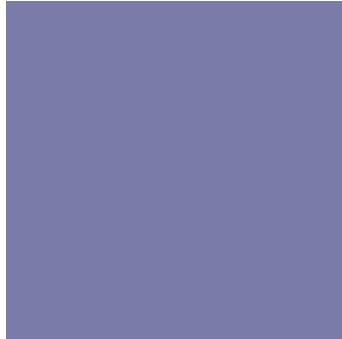
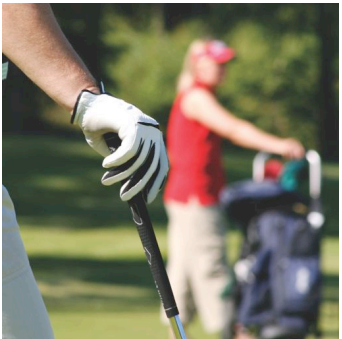
# Client Prospectus

DAVID LLOYD RESORTS

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# I. Executive Summary



I am very excited to announce the launch of David Lloyd Resorts. I believe that I have created a uniquely distinctive vehicle to expand the potential for property ownership and investment abroad. In line with my philosophy, the business concept balances aspiration with affordability, maximising consumer appeal and sustainability.

David Lloyd Resorts are acquiring new, strategically located vacation property in premier worldwide destinations. Each resort is carefully selected for its design, adaptability, and (of course) its variety of leisure facilities. Current economic conditions have provided an exceptional opportunity for us to purchase prudently, and pass this benefit onto our investors. My new resort concept offers two unique

















products, targeting Lifestyle and Investment purchasers. My Lifestyle product offers a financially astute way to budget for vacation expenditure, whilst guaranteeing luxurious accommodation at a choice of exceptional worldwide destinations. Through our Investment vehicle, clients will be able to make a 10-year investment in to a carefully balanced fund of overseas property, from studio apartments through to my detached signature homes.

The way we choose to spend our vacation time and invest in property overseas is about to change. My new journey is only just beginning, but what an exciting one it promises to be.

*David Lloyd*

Chairman, David Lloyd Resorts

## 2. Corporate Brand

-  Illustrious Professional Tennis Career
-  British Davis Cup Captain
-  Celebrated pioneer of the leisure & fitness industry
-  Leading British Entrepreneur
-  Founded David Lloyd Clubs 1982
-  Full Stock Exchange Listing in 1992
-  'Entrepreneur of the Year' 1993
-  Created City legend by selling David Lloyd Leisure to Whitbread for £200m in 1995
-  Launches Next Generation Clubs with son Scott in 1996
-  Launches Next Generation Clubs Australia in 1997
-  Next Generation Clubs UK sells to London & Regional Properties for £200m in 2006
-  85 clubs with 500,000 members in UK & Continental Europe bear David Lloyd's name
-  Creator of the acclaimed Sugar Hill Resort, Barbados
-  Extensive personal property portfolio including USA, West Indies, Spain, Phuket and UK
-  Progressive Art Investment and Gallery development brand
-  High Level Tennis Coaching Academy

# 3. Resort Concept

A selected number of new built or off-plan properties within established or new vacation destinations are purchased by David Lloyd Resorts to market through their unique property sales programme. The resorts selected provide a superior level of sporting and leisure amenities or provide an opportunity to construct and operate facilities under the David Lloyd Resorts Brand.

The target is a worldwide inventory, providing a variety of vacation possibilities and to benefit from global seasonality peaks. A diverse inventory engenders reciprocity, a key feature of the 'added value' intent behind the business plan. DLR will maintain and extend the customer journey through key loyalty and secondary engagement activity.

All property will be handpicked for style and design, with a choice of accommodation sizes to match individuals through to large family groups. This will provide a natural range of entry points enabling the *resorts concept* to appeal across a broad base of customer profiles. There will be opportunity to upgrade and move between accommodation types as part of the ownership programme.

The main principle is that, although individually priced, all resort property will be of a consistent standard so that owners can enjoy exploration of new countries or new leisure experiences with genuine peace of mind.



# 4. Product Lines

DLR has developed 2 separate products around the concept of resort ownership. Each product has a defined sales channel, but both work in tandem to maximise the potential brand value of the resorts concept. Underpinning each product line is the 'David Lloyd' name, providing vital reassurance within a complex and volatile marketplace.



## Lifestyle Ownership – ‘Buy to Use’

Designed for consumers wishing to maximise the scope and quality of their vacation spend. The Lifestyle product keys on consumers with regular vacation commitments by offering a substantial reduction in cost over the 10-year ownership period. DLR Lifestyle Ownership guarantees preferential reservation dates, high quality serviced accommodation and access to a wide range of branded resort facilities. The Lifestyle product has three main added value benefits:

- 2 guaranteed Share link to a specific date required
- 2 extra ‘Freedom Weeks’ to vary the holiday experience through either DLR or their worldwide exchange partner.
- Guaranteed share of the property equity at re-sale.



## Investment Ownership – ‘Use for Yield’

David Lloyd Resorts Investment vehicle cuts through the complexity of investing in overseas property. For a unified share price, investors purchase equity within a fund containing carefully selected properties from the David Lloyd Resort portfolio, enabling them to hedge property type and size as well as world economic and currency fluctuations.

With Investment Ownership, any usage entitlement is sacrificed for income, the fund paying each investor a guaranteed yield of 4% per annum. The Investment targets both SIPP / SSAS holders and Sophisticated Investors looking to build an interesting and diverse investment portfolio. Each Investment fund lifespan is 10 years, at the end of which the fund portfolio is liquidated returning a percentage of equity back to each shareholder.

# Lifestyle Product

Each David Lloyd Resort property is divided into 13 shares and sold at 3 different price levels according to resort seasonality. Owing to 'peak season' fluctuations globally, two calendars are employed to create a sliding scale of costs according to the location of each resort. Shared owners hold equity in their vacation property, which in turn guarantees occupancy rights. Each of the 13 shareholders is entitled to 4 weeks usage per annum, 2 Share Weeks for the same period each year and 2 'Freedom Weeks' in which to explore the flexibility of the resort exchange programme.

Lifestyle Ownership is based on a 10-year plan, after which, the property is sold and the proceeds are returned to each shareholder according to their equity held. Re-sale equity can then be re-invested or diverted into an alternative Lifestyle plan

## Property Share Structure

Platinum	=	2 shares (4 weeks)
Gold	=	6 shares (12 weeks)
Silver	=	5 shares (10 weeks)
Freedom Weeks	=	26 weeks

The remaining 26 weeks are devoted to 'Freedom Weeks' for owners to move around using an extra two-weeks usage entitlement that comes with each shareholding.

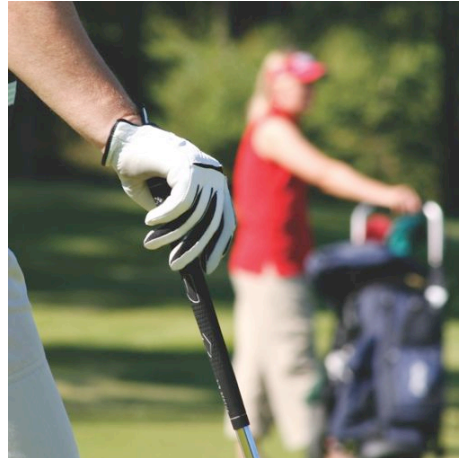


# Lifestyle Price Model



## Lifestyle Ownership Share Prices

Platinum 1	from £30 - £122k
Platinum 2	from £30 - £122k
Gold 1	From £23 - £92k
Gold 2	From £23 - £92k
Gold 3	From £23 - £92k
Gold 4	From £23 - £92k
Gold 5	From £23 - £92k
Gold 6	From £23 - £92k
Silver 1	From £18 - £74k
Silver 2	From £18 - £74k
Silver 3	From £18 - £74k
Silver 4	From £18 - £74k
Silver 5	From £18 - £74k



## 2010 European & Africa Calendar

15 <sup>th</sup> December to 29 <sup>th</sup> December
29 <sup>th</sup> December to 12 <sup>th</sup> January
27 <sup>th</sup> March to 10 <sup>th</sup> April
10 <sup>th</sup> April to 24 April
10 <sup>th</sup> July to 24 <sup>th</sup> July
24 <sup>th</sup> July to 7 <sup>th</sup> August
7 <sup>th</sup> August to 21 <sup>st</sup> August
21 <sup>st</sup> August to 4 <sup>th</sup> September
13 <sup>th</sup> February to 27 <sup>th</sup> February
13 <sup>th</sup> March to 27 <sup>th</sup> March
24 <sup>th</sup> April to 8 <sup>th</sup> May
8 <sup>th</sup> May to 12 <sup>th</sup> May
23 October to 6 <sup>th</sup> November



## 2010 Asia, Americas & Oceania Calendar

15 <sup>th</sup> December to 29 <sup>th</sup> December
29 <sup>th</sup> December to 12 <sup>th</sup> January
16 <sup>th</sup> January to 30 <sup>th</sup> January
13 <sup>th</sup> February to 27 <sup>th</sup> February
27 <sup>th</sup> March to 10 <sup>th</sup> April
10 <sup>th</sup> April to 24 <sup>th</sup> April
24 <sup>th</sup> July to 7 <sup>th</sup> August
7 <sup>th</sup> August to 21 <sup>st</sup> August
30 <sup>th</sup> January to 13 <sup>th</sup> February
27 <sup>th</sup> February to 13 <sup>th</sup> March
13 <sup>th</sup> March to 27 <sup>th</sup> March
13 <sup>th</sup> November to 27 <sup>th</sup> November
27 <sup>th</sup> November to 11 <sup>th</sup> December

# Investment Product

## Strategy

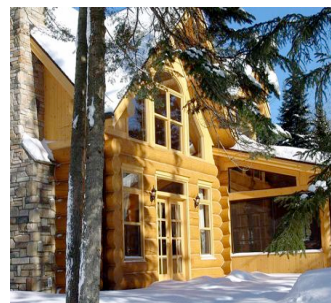
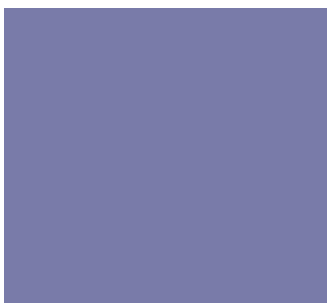
DLR is in the process of setting up an Unauthorised Exempt Unit Trust (EUT) to purchase property funds from an Onshore Limited Partnership through an Unregulated Collective Investment Scheme (UCIS). The EUT will be composed of:

- Pension Investors - Company Pension Schemes  
SIPP / SSAS holders  
Charities
- Direct Investors - High Net Worth Individuals  
Sophisticated Investors

DLR creates individual funds (or cells) containing a range of resort properties (studio through to signature-detached units) that investors buy into at a unified share price (based on division of total asset value).

Each fund will contain approximately 16 property / land units valued between £5m-£10m.

The investment horizon is 10-years, triggering on sale of 85% of the total share pool or after 2-years, whichever is the earlier. After 10 years the fund is liquidated, as each property sells, the equivalent equity percentage is returned to the investor.



## Share Value:

Share value will be calculated as follows:

16 properties per Fund

13 shares per property = 208

Fund value ÷ 208 = share price

Example:

Fund = £10m ÷ 208 = £48'000 per share

## Guaranteed Yield

Investors receive a yield of 4% per annum. To facilitate this process, at entry point, DLR will extract the total 10-year yield amount for deposit into a client account, ensuring the annual yield is guaranteed. Client account funds are completely ring-fenced and may only be invested through interest bearing instruments.

# Typical Fund Structure

