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9 November 2015

The Gym Group plc

Pricing of Initial Public Offering

Initial public offering of 64,068,246 Shares at 195 pence per share

Admission to the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange

The Gym, a leading operator of low-cost gyms in the UK, announces the successful pricing of its initial public offering (the “**Offer**”) of 64,068,246 Shares (the “**Offer Shares**”) at a price of 195 pence per Share (the “**Offer Price**”), with its entire issued share capital of 128,105,275 Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange.

Conditional dealings will commence at 8.00 am on 9 November 2015 under the ticker GYM.

Key Highlights

- The Offer Price has been set at 195 pence per Offer Share, which will equate to a market capitalisation of approximately £250 million on commencement of conditional dealings
- The Company will receive £90 million of gross proceeds from the Offer
- The Offer is expected to raise gross proceeds of £35 million for the Selling Shareholders, comprising certain funds managed by Phoenix Equity Partners Limited (“**Phoenix**”), a fund managed by Bridges Ventures LLP (“**Bridges**”) and certain of the Directors, Senior Management and employees of the Company
- Immediately following Admission:
 - Phoenix and Bridges will hold approximately 28.1% and 13.9% of the Company’s issued ordinary share capital respectively; and
 - Directors and members of the senior management team of the Company will hold approximately 6.9% of the Company’s issued ordinary share capital

- The Offer comprises 64,068,246 Shares, representing approximately 50.0% of the Company's issued share capital on Admission
- Admission to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities, and the commencement of unconditional dealings, are expected to take place at 8.00 am on 12 November 2015
- Barclays Bank PLC ("**Barclays**") and Numis Securities Limited ("**Numis**") are acting as Joint Sponsors, Joint Global Coordinators and Joint Bookrunners. Peel Hunt LLP ("**Peel Hunt**") is acting as Lead Manager
- Following completion of the Offer the Company is expecting to be eligible for inclusion in the FTSE UK Index Series

Full details of the Offer will be included in the Prospectus, which is expected to be published later today and be available on the Company's website shortly thereafter.

John Treharne, Chief Executive of The Gym, commented:

"Today marks a significant milestone in the development of The Gym and we are delighted at the strong levels of investor interest and support for our IPO. I would like to welcome our new shareholders, all of whom recognise that The Gym is a pioneer in the low-cost gym sector, benefiting from a compelling customer proposition with affordable, 'no-contract' flexible membership and gyms that are open 24 hours a day, seven days a week. The Gym gives members the freedom and flexibility to improve their health and fitness on their own terms, removing the old barriers of fixed, high-cost contracts which have served to reduce accessibility in the past. We operate a successful, innovative and technology-led disruptive business model, driven by an experienced management team and highly motivated colleagues. We believe that these factors give us a significant competitive advantage and we look forward to using our listing to realise our growth strategy."

For further information, please contact

The Gym Group plc

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Expected Timetable

	Time and Date ^{(2) (3)}
Commencement of conditional dealings in Shares on the London Stock Exchange	8.00 a.m. on 9 November 2015
Admission and commencement of unconditional dealings in Shares on the London Stock Exchange	8.00 a.m. on 12 November 2015
Shares credited to CREST accounts (where applicable) ⁽¹⁾	8.00 a.m. on 12 November 2015

(1) Or as soon as practicable thereafter. No temporary documents of title will be issued.

(2) Times and dates set out in the timetable above and mentioned throughout this announcement that fall after the date of publication of this announcement are indicative only and may be subject to change without further notice.

(3) All references to time in this timetable are to UK time.

Notes to Editors

Except where the context otherwise requires, defined terms used in these notes to editors and this announcement have the meanings given to such terms in the Prospectus to be published by the Company and dated 9 November 2015. Shortly following its publication, the Prospectus will (subject to certain access restrictions) be available online at www.tggplc.com.

Group Overview

The Gym opened its first gym in Hounslow in July 2008 and has grown to become a leading operator of low-cost gyms in the UK with 66 gyms and 363,000 members as of 30 September 2015. The Group's gyms are located at highly accessible sites within major towns, cities and other populous areas across the UK. The Directors believe that The Gym offers a highly attractive membership proposition with value-for-money membership pricing, 24 hours a day, seven days a week gym opening hours and flexible "no contract" membership.

The Gym has a strong track record of opening profitable gyms and is the second-largest operator of low-cost gyms in the UK. During the period 2012 to 2014, the Group increased its number of gyms from 32 to 55 through its organic roll-out strategy and its number of members from 166,000 to 293,000. The Directors believe that new gym openings present a significant growth opportunity and that the Group is well positioned to open between 15 and 20 gyms in total in 2015 and per year thereafter over the medium-term. The Group has opened 11 gyms in the nine months to 30 September 2015.

The Gym has demonstrated that its attractive membership proposition and disruptive, low-cost, technology-led business model work in a wide variety of locations across the UK. In addition, due to their flexible layout, the Group's gyms can be located in a broad range of property and building types (including offices, leisure facilities and retail outlets). As a result of the broad appeal of the Group's membership proposition and its highly versatile concept, the Company believes that there are a significant number of locations in the UK that will support the Group's gyms.

For the year ended 31 December 2014, the Group generated revenue of £45.5 million and Group Adjusted EBITDA of £14.7 million, representing a compound annual growth rate ("**CAGR**") of 43% and 56%, respectively, since 2012. The Group's Adjusted EBITDA before Pre Opening Costs for the year ended 31 December 2014 was £16.7m (Pre Opening Costs primarily consist of staff costs, marketing and rent associated with new site openings).

Key Strengths

The Group's key strengths are as follows:

The Group offers a compelling customer proposition with low-cost, flexible membership and 24 hours a day, seven days a week access to high specification gyms

- The Directors believe that the Group has developed a strong membership proposition by offering low-cost, flexible membership with transparent pricing, access to gyms that are generally open 24 hours a day, seven days a week. The Group's members are not tied to a fixed term contract, meaning that members have the freedom and flexibility to join, leave and re-join at their convenience
- The Group has a low average monthly membership fee at £16 (compared to the private sector average of £42) (Source: The Leisure Database Company ("**LDC**"), 2015 State of the UK Fitness Industry Report (31 March 2015) (the "**2015 LDC Report**")
- The Group's bright and spacious gyms are fitted out to a very high specification and offer access to a wide variety of high quality gym equipment with an average of 170 stations per gym (compared to an average of 63 for the UK private sector (Source: 2015 LDC Report)) which are well maintained and suffer very little downtime

The Group operates in the UK low-cost gym segment, which has attractive growth fundamentals

- During the last decade, the low-cost gym segment has developed significantly, increasing market share by attracting members from mid-market and premium operators as well as consumers who had not previously been a member of a health and fitness club. In the 12 months to 30 June 2015, approximately 35% of The Gym's joiners had not previously been a member of a gym
- The UK low-cost gym segment has grown from a total of 58 gyms in 2011 to 319 gyms in 2015, with its membership base growing from 0.2 million to 1.3 million over the same period (Source: LDC, 2011 State of the UK Fitness Industry Report (31 March 2011) ("**2011 LDC Report**") and 2015 LDC Report)
- The Group has been a leading contributor towards the growth of the low-cost gym segment and the UK health and fitness club market as a whole and the Directors believe there is a significant opportunity for further growth given the low penetration rate of low-cost gyms in the UK of 2% compared to more mature international markets

The Group is leading the growth of the UK low-cost gym segment

- The Group was one of the pioneering operators of the UK low-cost gym segment and has been a significant contributor towards the growth and development of the low-cost gym concept as it has continually improved its offering
- The Company believes that the Group will continue to drive the growth of the UK low-cost gym segment because it has a large, experienced and dedicated property team that is well placed to find and secure sites and build up a high-quality pipeline of new gym sites. The Group has a strong covenant rating (Dunn & Bradstreet 5A1 rating) and ability to attract large footfall which has enabled it to secure excellent sites. The Group also benefits from economies of scale as it continues to roll-out new gyms

The Group's disruptive, low-cost business model is underpinned by technology, which provides it with a competitive and structural cost advantage

- The Gym's online-only registration and membership management model means prospective members can only join through The Gym's website or internet-connected kiosks provided at the Group's gyms. This feature lowers customer acquisition and management costs as processes are

fully automated with no need for dedicated in-gym sales and marketing teams as are commonly found within traditional health and fitness clubs

- The Group employs a bespoke, web-based member management system and membership database with over 1.6 million records which provides gym managers and the Group's senior management with detailed, real-time information on all of the Group's gyms and membership base

The Group has a disciplined site selection process and successful track record of opening gyms with high returns on capital in a variety of locations, with a strong pipeline of new gym sites

- The Group's senior management use a disciplined site selection process to locate and assess the potential of new gyms
- A large number of potential sites across the UK are assessed each year but sites will only be opened if they meet the required criteria which generally includes a target site ROCE of 30%
- The Gym is targeting the roll out of between 15 and 20 gyms in total in 2015 and per year thereafter over the medium-term. The Group has a strong pipeline of potential new gyms, which are either currently going through legal processes or for which a lease contract has been signed

Historic gym opening data provides the Group with visibility over future financial performance

- Based on historic gym openings, the Group has achieved an average of 3,000 members within the first week of a gym's opening and this membership number has tended to increase significantly over the first six months of operation towards an average of 6,000 members per gym at maturity (defined as being 24 months after opening)
- The Group's New Gyms have on average achieved positive site EBITDA within approximately six to nine months of opening and site profitability tends to continue to increase during the first 24 months due to the ramp-up in membership numbers and the higher membership fees paid by new and returning members

Strong Group historical financial performance with significant growth in revenue and Group Adjusted EBITDA

- Group revenue has increased from £22.3 million in 2012 to £45.5 million in 2014, representing a CAGR of 43%. Over this period, Group Adjusted EBITDA increased from £6.0 million in 2012 to £14.7 million in 2014 corresponding to a Group Adjusted EBITDA Margin of 27% in 2012 and 32% in 2014. The Group's Adjusted EBITDA before Pre Opening Costs for the year ended 31 December 2014 was £16.7m (Pre Opening Costs primarily consist of staff costs, marketing and rent associated with new site openings)
- For the six months ended 30 June 2015, the Group reported revenue of £28.9m and Group Adjusted EBITDA of £8.5m, representing a Group Adjusted EBITDA Margin of 29%
- The Group's gyms have been highly cash generative when they reach maturity, as reflected by the Group's Group Operating Cash Flow Conversion of 160%, 125%, 112% and 139% in the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, respectively

Experienced senior management team across a number of key disciplines and highly motivated work-force

- The Group's senior management team is led by John Treharne, chief executive officer, who founded the business in 2007 and has since then led the executive team responsible for the successful growth of the Group

- Senior management is supported by a highly experienced management team across four key areas: property, operations, finance and commercial. All members of senior management are shareholders and are incentivised to increase the size and profitability of the business so as to be aligned with shareholders' interests

Strategy

The Group's principal strategy is to continue to open and operate high quality low-cost gyms and deliver profitable growth and strong returns on capital by leveraging its technology-led, low-cost disruptive business model. The key elements of the Group's strategy are as follows:

Continued organic roll-out of new gyms

- The Directors believe that as one of the founding and leading members of the UK low-cost gym segment, The Gym is well placed to capitalise on this growth opportunity and realise its organic roll-out strategy of opening profitable gyms with high ROCE
- The Group has a strong pipeline of sites which provides visibility over the number of gym openings over the next 12 to 18 months. The Group is targeting the roll out of between 15 and 20 gyms in total in 2015 and per year thereafter over the medium-term

Driving performance of recently opened gyms

- The Group has significantly increased its number of gyms as a result of its roll-out strategy with 28 new gyms that have been operational for less than 24 months as at 30 September 2015. These gyms are performing in line with the Company's expectations and senior management intends to continue to focus on the operational and financial performance of the Group's New Gyms as they reach maturity
- Key areas that the Group is focusing on are in this regard are: (i) effective marketing to drive local awareness and high pre-opening and post-opening registrations; (ii) increasing the number of members over time by ensuring the Group's gyms offer an excellent, value-for-money proposition and high member satisfaction; (iii) operating a dynamic pricing model such that yield can be optimised per site by increasing membership fees and other ancillary revenue over time; and (iv) incentivising local gym management to meet budgets which are set by senior management and general managers on a gym-by-gym basis

Reducing fit out costs and improving operating efficiencies at the Group's gyms and leveraging its central overhead to drive strong returns

- The Group is seeking to reduce gym fit-out costs and improve operating efficiencies as the Group increases in size and benefits from economies of scale. The Group's initial site investment cost to fit out a new gym has decreased from an average of £1.5 million for the Mature Gym portfolio (as at 31 December 2014) to an average cost of £1.3 million to £1.4 million for the New Gym portfolio (as at 31 December 2014), depending on the gym size and location
- The Group continues to make significant investments in central overhead to deliver the management and technology infrastructure to support the Group's growth strategy. This has included hiring additional staff, particularly in the property and commercial teams

Improving the proposition for members and increasing ancillary revenue

- The Group strives to continuously develop a best in class, value-for-money proposition by offering services or experiences that are not typically a feature of low-cost gym membership, for example, free member wifi, new ranges of fitness equipment and new ranges of free and paid-for studio exercise
- Examples of future innovation that the Company is contemplating include new fitness concepts, additional merchandise and services vending, paid upgrades such as locker rentals, third party advertising, affinity sales partnerships, paid fitness related content, out-of-gym memberships with

access to online virtual fitness content and the integration of goal-oriented fitness programmes that use wearable digital technology in conjunction with the Group's fitness equipment

Selective acquisition of existing gyms

- The UK health and fitness club market is highly fragmented and the Directors believe that consolidation is likely in the future owing to the large number of operators that are sub-scale or that may reduce the size of their portfolios

Expansion into international markets through acquisition or organic roll-out

- The Directors believe there are a number of international markets, for example, within Europe that could provide an attractive opportunity for the Group to establish a presence in the longer term

Focus on People

- A core component of the Group's strategy is its ongoing focus on hiring, training, motivating and retaining the very best staff. The Directors believe that attracting, motivating and retaining employees of the highest calibre, with the desire and ability to operate within The Gym's values and culture, is key to its continued success

Dividend policy

The Directors intend to adopt a progressive dividend policy whilst maintaining an appropriate level of dividend cover. This policy is intended to allow the Group to retain sufficient capital to meet both the working capital needs of the business and to fund the planned continued expansion of the Group in line with its roll-out strategy. The Board's current intention is to target an initial payout ratio of approximately 10% to 20% of Group Adjusted Net Income. Assuming that there are sufficient distributable reserves available at the time, the Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend.

The current intention of the Board is that the first dividend to be paid by the Company will be the interim dividend in respect of the first half of the 2016 financial year, payable in September 2016.

The Company may revise its dividend policy from time to time. There are no guarantees that the Company will pay dividends or the level of any such dividends.

Background and History

The Gym was founded in June 2007 by its chief executive officer, John Treharne and Bridges.

The Gym's founding concept was to meet customer demand by providing high quality fitness facilities to a wide demographic of members through 24 hour opening, no fixed-term membership contract and an affordable monthly membership fee.

The Group's first gym opened in July 2008 in Hounslow and at its launch had over 5,400 members. The Group opened four new gyms in 2009 to assess the feasibility of The Gym's offering in different locations and within close proximity to different types of transportation links. The concept proved successful and the Group went on, with Bridges' backing, to open a further 30 sites over the next 4 years.

In June 2013, funds managed by Phoenix Equity Partners 2010 Guernsey Limited (the "**Phoenix Manager**") acquired a majority shareholding in The Gym. The Phoenix Manager has supported significant investments in the business since acquiring its interest, which includes strengthening the Senior Management team. Since inception the Company has received numerous awards, these include an "Investors in People Silver" accreditation in 2015. In 2013, Mr Treharne was recognised as the "CEO of the Year (South East)" by the British Private Equity and Venture Capital Association Management Team Awards. The Gym was also recognised as the "Most Outstanding Budget Gym

2015" in the Corporate LiveWire Innovation & Excellence Awards in 2015. As at 30 September 2015 The Gym had 66 gyms in operation.

Industry Overview

The UK health and fitness club market has historically been dominated by traditional mid-market and premium operators. However, this has changed over recent years with the emergence of low-cost gym operators. The low-cost gym market has expanded significantly and there are now 319 low-cost clubs in the UK, having grown from 58 in 2011, representing a CAGR of 53%. Membership of low-cost clubs has increased rapidly from 0.2 million to 1.3 million members over the same period, representing a CAGR of 60% (Source: 2011 LDC Report and 2015 LDC Report). The penetration rate of low-cost gym membership in the UK (calculated as the number of low-cost health and fitness club members in a given period divided by the total UK population), however, remains low at 2% compared to the UK health and fitness club market overall at 14% in 2015 (Source: 2015 LDC Report and LDC data). The Directors believe that there is a significant opportunity for further growth in the low-cost gym segment in the UK and the Group, as one of the largest operators of low-cost gyms, is well-positioned to benefit from this opportunity. The Group has, by number of members, grown to become the second largest operator in the low-cost segment, and fourth largest operator in the private health and fitness market with over 363,000 members as at 30 September 2015 (Source: 2015 LDC Reports).

The low-cost gym segment is considered to be relatively immature in the UK given that the number of clubs has grown from only 58 in 2011 to 319 in 2015. Although the number of low-cost gyms currently represents a small proportion of the private health and fitness club market as a whole (9% based on the number of clubs as at 31 March 2015), the proportion of low-cost members is significantly higher at 24%. Low-cost clubs as at 31 March 2015 have a far higher number of average members at approximately 4,100 per club as at 31 March 2015 compared to the private club average of approximately 1,500 per club. (Source: 2011 LDC Report and 2015 LDC Report).

Financial Highlights

- Strong historical Group financial performance with significant growth in revenue (43% CAGR from 2012 to 2014) and Group Adjusted EBITDA (56% CAGR from 2012 to 2014)
- Significant growth in roll-out of new gyms and number of members opening 50 gyms since the start of 2012 with a total of 66 gyms as at 30 September 2015. The number of members has also increased significantly over this period from 166,000 in 2012 to 363,000 as at 30 September 2015
- Attractive gym site economics with Average Mature Gym Site ROCE of 33% in 2014
- The Group is focused on opening and operating high quality gyms. All of the Group's Mature Gyms are profitable and the Group has never closed a gym
- Continued growth in H1 2015 with further increases in the Group's number of gyms, membership base and revenue

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014	Six months ended 30 June 2014	Six months ended 30 June 2015
Number of gyms	32	40	55	44	63
Total number of members	166,000	225,000	293,000	266,000	355,000
Revenue (£m)	22.3	35.7	45.5	22.0	28.9
Group Adjusted EBITDA (before-Pre-Opening)	7.6	12.9	16.7	8.5	9.7

Costs⁽¹⁾ (£m)					
Group Adjusted EBITDA (£m)	6.0	11.8	14.7	7.9	8.5

(1) Pre Opening Costs primarily consist of staff costs, marketing and rent associated with new site openings. These costs were £1.6m, £1.1m, £2.0m and £1.2m for the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, respectively.

Board of Directors

Penny Hughes, CBE (Independent Non-executive Chairwoman)

Ms Hughes has served on the boards of directors of firms across consumer, media, technology and finance sectors. Since January 2010 she has been a non-executive director of The Royal Bank of Scotland PLC where she has been chairwoman of the remuneration committee and more recently the sustainable banking committee. Ms Hughes is also currently a non-executive director of Wm Morrison Supermarkets PLC (until 31 December 2015) and SuperGroup PLC. Ms Hughes has experience as chairwoman of each board committee within former non-executive director roles which include The Body Shop PLC, Home Retail group PLC, Gap Inc., Vodafone PLC, Reuters PLC and Skandinaviska Enskilda Banken AB. Ms Hughes has acted as adviser to Bridgepoint Capital, with representation on the Board of Molton Brown during its sale. Ms Hughes spent the majority of her executive career at Coca-Cola and was appointed President Coca-Cola Great Britain & Ireland in 1992. Having been President of the Advertising Association for 6 years, Ms Hughes received a CBE for services to the media in the Queen's Birthday Honours list in June 2011.

John Treharne (Chief Executive Officer)

Mr Treharne founded The Gym in 2007 and has served as its chief executive officer since inception. Mr Treharne has over 20 years' experience with the health and fitness industry and has considerable experience in developing successful and profitable businesses in the private sector. Mr Treharne launched Dragons Health Clubs plc in 1991 with funding from 2nd Lazard Leisure Fund (latterly Baring Private Equity Partners) and Quester Capital Management Limited. Dragons Health Clubs grew to 22 Health Clubs and 9 Golf Clubs by 2002. Dragons Health Clubs successfully floated on AIM in 1997 and was sold to Crown Sports plc in 2000 and Mr Treharne served as a managing director of Crown Sports plc from 2000 to 2002. Mr Treharne is on the board of ukactive, a not-for-profit trade body comprised of members and partners from across the UK active lifestyle sector. Mr Treharne was recognised as the "CEO of the Year (South East)" by the British Private Equity and Venture Capital Association Management Team Awards in 2013.

Jim Graham (Chief Operating Officer)

Mr Graham joined The Gym in April 2014 as chief operating officer after leaving Phoenix where he was the operating partner advising the management teams on a range of investments, including The Gym. He held a similar position at Candover Partners from 2007 to 2011. Prior to joining the private equity industry, Mr Graham was managing director of Orange's pay-as-you-go mobile business from 2005 to 2007 and also held the role of director of strategy, and led the marketing services function. He has worked as a management consultant with Accenture and spent 15 years in the Royal Navy. He has an MA in engineering, an MSc in mathematics and an MBA (London Business School).

Richard Darwin (Chief Financial Officer)

Mr Darwin joined The Gym as chief financial officer in May 2015. He possesses extensive experience working for leisure and FMCG companies in the UK and internationally. He has previously held the positions of chief financial officer of Essenden plc (2009 to 2015) and chief financial officer of Paramount Restaurants (2003 to 2008). He led both companies through periods of significant strategic and operational change. After qualifying as a Chartered Accountant with Coopers & Lybrand, Mr Darwin worked with a number of high-profile brands in strategic development roles, including The Rank Group plc, Hard Rock Cafe International and Diageo plc, where he completed a number of high-value mergers and acquisitions.

Paul Gilbert (Senior Independent Non-executive Director)

Mr Gilbert was the non-executive chairman of The Gym from February 2012. In March 2014 he was appointed as non-executive chairman of Clothingsites.co.uk Ltd, an online branded menswear

retailer. Mr Gilbert was also appointed as the non-executive chair of Hiring Hub (an online recruitment business) in October 2014 and Sykes Cottages (an online travel business) in July 2015. Mr Gilbert's previous roles include non-executive chairman of Betterbathrooms, chief financial officer and acting chief executive officer at Matalan and chief financial officer at TJ Hughes and chief financial officer at National Car Parks and he held senior finance management roles at GUS plc, Littlewoods and News International plc. Mr Gilbert is an economics graduate from University of Cambridge and a Chartered Accountant.

David Burns (Non-executive Director)

Mr Burns is a managing partner of Phoenix and has held this post since July 2014. He is also chairman of Phoenix's management committee and a member of its investment committee. He leads Phoenix's investment activities in the leisure and consumer sector. Mr Burns has worked in the private equity market for nearly 20 years and has approximately 17 years of experience as a private equity investor in the UK. He is also a director of Riviera Travel and LK Bennett. Mr Burns has an MSc in international economics and finance and a BSc in economics from Cardiff University. Mr Burns's appointment is on the nomination of Phoenix, pursuant to the Relationship Agreement.

Philip Newborough (Non-Executive Director)

Mr Newborough is a co-founder of Bridges and has been its managing partner since 2002. He chairs all the firm's investment committees. He is currently involved in much of the portfolio and has negotiated the successful exits of Simply Switch, The Office Group and The Hoxton, among others. Mr Newborough led Bridges' investment in The Gym and co-founded the business with Mr Treharne. Prior to founding Bridges, Mr Newborough had 14 years of experience as a chief executive officer of three growth businesses. He previously worked at Aiwa UK Ltd and Aiwa Europe Ltd as director and general manager and was then appointed managing director of MWB Business Exchange Ltd, a serviced office provider. Mr Newborough is an economics graduate from York University and a Chartered Accountant.

FINANCIAL TERMS AND DEFINITIONS

Mature Gym portfolio information

Based on the historic performance of the Group's gyms, it has taken on average approximately 24 months for the Group's gyms to reach maturity. Information presented on a Mature Gym portfolio basis reflects the performance attributable to the Group's gyms that have been open for 24 months or more prior to the end of the relevant reporting period, and accordingly excludes results for any gyms that have been open less than 24 months prior to the end of the relevant reporting period.

New Gym portfolio information

Information presented on a New Gym portfolio basis reflects the performance attributable to the Group's gyms that have been open for less than 24 months prior to the end of the relevant reporting period, and accordingly excludes results for any gyms that have been open for 24 months or more prior to the end of the relevant reporting period.

Group Adjusted EBITDA and Group Adjusted EBITDA Margin

Group Adjusted EBITDA means the Group's operating profit before depreciation and amortisation and exceptional items. Group Adjusted EBITDA Margin is calculated by dividing Group Adjusted EBITDA for the relevant period by Group revenue for the same period.

Pre-Opening Costs

Pre Opening Costs primarily consist of staff costs, marketing and rent associated with new site openings.

Central costs

Central costs means the costs incurred in administering the Group's estate, which includes head office costs, such as central staff costs and their associated administration costs, technology and website, professional fees and central office costs.

Average Mature Gym Site EBITDA and Average Mature Gym Site EBITDA Margin

Average Mature Gym Site EBITDA means operating profit before depreciation and amortisation, central costs and exceptional items attributable to the Mature Gym portfolio divided by the number of gyms in the Mature Gym portfolio.

Average Mature Gym Site ROCE

Average Mature Gym Site ROCE is calculated as the Average Mature Gym Site EBITDA divided by the average initial site investment attributable to the Mature Gym portfolio.

Group Operating Cash Flow and Group Operating Cash Flow Conversion

Group Operating Cash Flow is calculated as Group Adjusted EBITDA less net working capital and less maintenance capital expenditures. Group Operating Cash Flow Conversion is calculated as Group Operating Cash Flow expressed as a percentage of Group Adjusted EBITDA.

Group Adjusted Net Income

Group Adjusted Net Income means the Group's profit before tax excluding amortisation of intangibles and exceptional items, and excluding tax on the excluded items

DISCLAIMER / FORWARD-LOOKING STATEMENTS

Important notice

The contents of this announcement, which has been prepared by and is the sole responsibility of the Company, have been approved by Barclays and Numis for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000, as amended (the "**FSMA**").

Neither this announcement nor any copy of it may be taken or transmitted, directly or indirectly, into the United States (including its territories and possessions), Australia, Canada or Japan or to any persons in any of those jurisdictions or any other jurisdictions where to do so would constitute a violation of the relevant securities laws of such jurisdiction. The Offer and the distribution of this announcement and other information in connection with the Offer and Admission in certain jurisdictions may be restricted by law and persons into whose possession this announcement, any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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Barclays and Numis have been appointed as joint sponsors, as joint global co-ordinators and as joint bookrunners. Peel Hunt has been appointed as lead manager. Barclays Capital Securities Limited ("**BCSL**" and together with Barclays, Numis and Peel Hunt, the "**Banks**") has been appointed as settlement manager. Each of the Company and the Banks and their respective affiliates expressly disclaim any obligation or undertaking to update, review or revise any of the forward-looking statements contained in this announcement whether as a result of new information, future developments or otherwise.

The Offer timetable, including the date of Admission, may be influenced by a range of circumstances such as market conditions. There is no guarantee that the Offer and Admission will occur and you should not base your financial decisions on the Company's intentions in relation to the Offer and Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all or part of the amount invested. Before purchasing any Shares, persons viewing this announcement or any of the documents relating to the Offer should ensure that they fully understand and accept the risks that are set out in the Prospectus. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offer. The value of the Shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offer for the person concerned. Past performance cannot be relied upon as a guide to future performance.

Each of Barclays and BCSL, authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by the FCA and the PRA in the United Kingdom, Numis and Peel Hunt, both of whom are authorised and regulated by the FCA in the United Kingdom, is acting exclusively for the Company and no one else in connection with the Offer, and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offer, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offer, each of the Banks and any of their respective affiliates, acting as investors for their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in the Prospectus, once published, to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by any of the Banks and any of their respective

affiliates acting as investors for their own accounts. In addition, certain of the Banks or their affiliates may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold or dispose of Shares. None of the Banks or any of their respective affiliates intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Banks by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Banks nor any of their respective subsidiary undertakings, affiliates or any of its or their respective directors, officers, employees, advisers, agents or any other person accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or fairness of the information or opinions in this announcement (or whether any information has been omitted from this announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

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