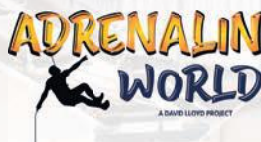




DL

David Lloyd's  
Developments M-B Ltd

IN PARTNERSHIP  
WITH



# DAVID LLOYD'S DEVELOPMENTS BOND INFORMATION MEMORANDUM

**6% PER ANNUM SECURED BONDS DUE 2022/2023 AND 8% PER ANNUM SECURED BONDS DUE 2024/2025**  
(incorporated and registered in England and Wales under the Companies Act 2006 with registration number 11578705)

August 2019





28<sup>TH</sup> AUGUST 2019

## INFORMATION MEMORANDUM

— relating to a qualified offer of bonds by —

### DAVID LLOYD'S DEVELOPMENTS M-B LTD

**OF UP TO £20,000,000 6% SECURED BONDS DUE 2022/2023  
AND UP TO £20,000,000 8% SECURED BONDS DUE 2024/2025**

having a nominal denomination per unit of £10,000  
with a minimum aggregate subscription per Qualified Investor of £100,000

**Subject to the issuance of bonds  
With a minimum aggregate nominal value of £20,000,000**





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## IMPORTANT INFORMATION

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This notice is important and requires your immediate attention. If you are in any doubt about the action you should take in regard to the contents of this information memorandum and appendices you should contact an independent financial adviser or other professional adviser authorised under the financial services and markets act 2000 ("FSMA") who specialises in advising on investments of this type. Reliance on this information memorandum for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested. Your attention is drawn to the section headed "risk factors". Nothing in this document constitutes investment, tax, financial, regulatory or other advice by Alexander David Securities Limited or by David Lloyd's Developments M-B Ltd.

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**Before making any investment decision you should seek advice from your own independent investment, tax and/or other appropriate professional adviser.**

# IMPORTANT INFORMATION

This Information Memorandum has been issued by David Lloyd's Developments M-B Ltd (the "*Company*" and "*DLD*") and its contents have been approved for the purposes of section 21 of FSMA by Alexander David Securities Limited, which is authorised and regulated by the Financial Conduct Authority (FCA registered number 469150) ("*Authorised Person*"). The Authorised Person is acting for the Company in connection with the qualified offer of the Company's 6 per cent. Secured Bonds 2022/2023 and 8 per cent. Secured Bonds 2024/2025 (together the "*Bonds*") under this Information Memorandum ("*Qualified Offer*") and will not be responsible to any person other than the Company for providing the protections afforded to any prospective investor in the Bonds ("*Prospective investor*") or for advising any such person in connection with the Qualified Offer. No advice is given by the Authorised Person to any Prospective Investor.

**This Information Memorandum is not an approved prospectus as defined in the EU Prospectus Directive (2003/71/EC). Prospective investors are advised to consult their own professional advisers before contemplating any investment to which this Information Memorandum relates. In particular, if you are in any doubt about the suitability of such an investment, you should contact and consult with your independent financial adviser (as authorised and regulated by the FCA), and you are advised not to invest until you have done so.**

This Information Memorandum is only being distributed by the Company to those persons in the United Kingdom who the Company reasonably believes are:

- i. persons having professional experience in matters relating to investments and who are investment professionals within Article 19(5) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "*Order*"),
- ii. persons falling within Article 48 of the Order ("*certified high net worth individuals*"),
- iii. persons falling within Article 49 of the Order ("*high net worth companies, unincorporated associations, etc.*"),
- iv. sophisticated investors falling within Article 50 of the Order,
- v. self-certified sophisticated investors falling within Article 50A of the Order, and
- vi. persons to whom it is otherwise lawful to distribute the Information Memorandum

all such persons referred to in (i) to (vi) above together being referred to as "*Relevant Persons*" and any of them as a "*Relevant Person*". The investment or investment activity to which this Information Memorandum relates is available only to Relevant Persons. It is not intended that this Information Memorandum be distributed or passed on, directly or indirectly, to any other class of person and in any event and under no circumstances should persons of any other description rely on or act upon the

contents of this Information Memorandum. This Information Memorandum and its contents are confidential and must not be distributed or passed on, directly or indirectly, to any other person. This Information Memorandum is being supplied to Relevant Persons solely for their information and may not be reproduced by, further distributed or published in whole or in part by any other person.

The whole text of this Information Memorandum should be read in full. Any investment may be made only on the terms and conditions set out in this Information Memorandum.

By accepting receipt of this Information Memorandum, the recipient represents and warrants that they are a Relevant Person to whom this document may be so delivered without contravening the financial promotion prohibition in section 21 of FSMA. Persons of any other description, including those who do not have professional experience in matters relating to investments, should not rely on this Information Memorandum or act upon its content, and should return it immediately to the Company.

Other than as set out in this Information Memorandum, no representation made or information given in connection with, or relevant to the Company may be relied upon as having been made or given with the authority of the Company and no responsibility is accepted by the Company, its associates or any of their directors, officers, employees or agents, in respect of any such representation or information. The delivery of this Information Memorandum does not imply that the information contained in it is correct as at any time after the date stated on page 2 of this document.

No representation is made, or warranty given as to the accuracy, completeness, contained in this Information Memorandum relating to future events or the possible future performance of the Company. These are subjective and are based on assumptions and estimates as at the date of this Information Memorandum; actual results could differ materially.

The Company and its directors, whose names appear on page 28 of this Information Memorandum, accept responsibility, both individually and collectively for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Company and its Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is in accordance with the facts and contains no omission likely to affect the import of such information. However, where information has been obtained from third party sources, the Company and its directors cannot accept responsibility for the completeness or accuracy of that information and Prospective Investors must form their own opinion as to the reliance they place on that information.

Prospective Investors will need and be expected to make their own independent assessment of the Company and to rely on their own judgment (or that of their independent financial adviser) in respect of any investment they may make in the Bonds and the legal, regulatory, tax and investment consequences and risks of doing so. Investors should not expect



to have legal recourse to the Company, its directors or others if this Information Memorandum is not complete or correct, or if they consider that their understanding of the present financial and trading position of the Company and of its prospects differs from the reality.

All statements of opinion and/or belief contained in this IM, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Company, represent the directors' own assessment and interpretation of the information available to them as at the date of this Information Memorandum. The Company and its directors accept responsibility accordingly.

The directors of the Authorised Person reasonably believe that the factual content set-out in this Information Memorandum is true and accurate and that the statements of opinion in this Information Memorandum are reasonably held by the directors of the Company. This Information Memorandum was prepared by the directors of the Company and approved by the Authorised Person. Subject to the Authorised Person's overriding duty under the rules within the FCA Handbook to ensure that the content of this Information Memorandum is presented in a manner which is fair, clear and not misleading with respect to the Relevant Persons to whom the Information is promoted by it. The Authorised Person accepts no responsibility or liability to any recipient of this Information Memorandum for inaccuracies in factual representation or for any consequences to such persons of placing reliance upon statements of the Authorised Person's opinion except to the extent required by law. Additionally, some material included in this Information Memorandum is derived from public or third-party sources, and each of the Authorised Person and the Company disclaims all liability for any errors or misrepresentations which any such inclusions may contain and do not take responsibility for the content contained therein.

**This information memorandum contains certain information that constitutes “forward-looking statements” which can be recognised by use of terminology such as “may”, “will”, “should”, “anticipate”, “estimate”, “intend”, “continue”, or “believe” or their respective negatives or other comparable terminology. Forward-looking statements are provided for illustrative purposes only. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in such forward-looking statements.**

No person has been authorised to give any information, or to make any representation concerning the Company other than the information set out in this Information Memorandum, and if given or made, such information or representation must not be relied on. This Information Memorandum is only intended for release in the United Kingdom and is only issued to seek applications by Prospective investors to subscribe for Bonds under the terms of the application form attached to Appendix II of this information Memorandum (“*Application Form*”), which incorporates the terms and conditions of this Information Memorandum and the terms and conditions of the Bonds (“*Terms and Conditions*”). This information Memorandum should be read in conjunction with the both the Application Form and the Terms and Conditions. This information Memorandum does not constitute a public offering in the United Kingdom. In addition, this Information Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is unlawful or

unauthorised or in which the person making such offer is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. It is the responsibility of any person outside the United Kingdom wishing to make an application to invest in the Bonds to satisfy themselves as to full observance of the laws of any relevant territory in connection therewith.

**Past performance is not necessarily a guide to future performance and investors should be aware that the value of securities (including any issued bonds) and income derived from them may go down as well as up and prospective investors may not get back the amount(s) subscribed.**

The Authorised Person reserves the right to update this Information Memorandum from time to time.

This Information Memorandum and its contents are confidential and should not be copied, reproduced, distributed or passed on in whole or in part, directly or indirectly by any recipient to any other person (other than their officers and other selected employees on a strictly need to know basis). It is being distributed to Relevant Persons solely for their information and its contents must not be distributed or disclosed in written or oral form to any other person, for any purpose without the prior written consent of the Company.

English law governs the issue, communication and terms of this Information Memorandum and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

**Certain risks to and uncertainties for the company are specifically described in the “risk factors” section of this information memorandum. If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the company’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, prospective investors should not place any reliance on forward-looking statements. The whole text of this information memorandum should be read in full, in conjunction with the application form and the terms and conditions of the bonds.**

No information contained herein or subsequently communicated to any person in connection with the Company or any investment herein may be taken as constituting the giving of any form of recommendation, legal or other advice or the giving of investment advice within the meaning of FSMA and no such person should expect the Company and/or the directors of the Company to owe to him/her/them any duties or responsibilities. Any recipient should take their own legal, taxation, financial or other appropriate advice from suitably qualified advisers.

No person is authorised in connection with the Qualified Offer to give any information or to make any representations other than as contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Company.

**This Information Memorandum is strictly confidential and is addressed only to Relevant Persons for the sole purpose of providing information about an investment in the Company. This Memorandum should not be distributed, published or reproduced, in whole or in part, nor should its contents be disclosed by recipients to any other person..**

# DIRECTORY

DIRECTORS	Adam Smith (Chief Executive Officer) Mark Hutchings (Chief Operating Officer)
ADVISERS	David Lloyd (David Lloyd's Adventure Parks Ltd - Director) Jawad Ahmad (David Lloyd's Adventure Parks Ltd - Director)
REGISTERED OFFICE	60 Gracechurch Street London, EC3V 0HR United Kingdom
COMPANY WEBSITE	<a href="http://www.dldltd.com">http://www.dldltd.com</a>
CORPORATE ADVISER AND REGULATED BROKER	Alexander David Securities Limited 49 Queen Victoria Street London, EC4N 4SA United Kingdom
STATUTORY AUDITORS TO THE COMPANY	CKR Accountants Ltd CKR House, 70 East Hill Dartford, DA1 1RZ United Kingdom
LEGAL ADVISER TO THE COMPANY	Maddox Legal Limited 15 Old Bailey London, EC4 7EF United Kingdom
REGISTRARS FOR THE BONDHOLDERS	Jonathan Adams Limited Rivers Lodge, West Common Harpenden, AL5 2JD United Kingdom
SECURITY TRUSTEE	Woodside Corporate Services Limited 50 Mark Lane London, EC3R 7QR United Kingdom
COMPANY SECRETARY	Shakespeare Martineau 60 Grace Church Street London, EC3V 0HR United Kingdom

# DEFINITIONS

The following definitions apply throughout this Information Memorandum unless the context requires otherwise.

<b>"Adrenalin World"</b>	David Lloyd's Adventure Parks Ltd, which trades as Adrenalin World and its subsidiaries;
<b>"Authorised Person"</b>	a person authorised to advise on investments in securities under FSMA, including the Bonds;
<b>"Application Form"</b>	the application form (in form set-out in Appendix II) to be completed by Prospective Investors in relation to the Qualified Offer to subscribe for Bonds;
<b>"Bond" or "Bonds"</b>	together, the Series A Bonds and the Series B Bonds and any of them (as the context so requires);
<b>"Bondholder" or "Bondholders"</b>	the holders of the Bonds from time to time;
<b>"Company" or "David Lloyd's"</b>	David Lloyd's Developments M-B Ltd, a company incorporated in England and Wales on 20th September 2018 under company number 11578705 whose registered office is at 6 <sup>th</sup> Floor, 60 Gracechurch Street, London, EC3V 0HR;
<b>"Company Quarterly dates or Quarter Dates"</b>	the quarterly interest record dates in relation to the Bonds, being 31st December, 31st March, 30th June and 30th September during each calendar year of the terms of the Bonds;
<b>"Corporate Adviser"</b>	Alexander David Securities Limited, a company incorporated and registered in England and Wales with registered number 06015379 whose registered office is at 30 Percy Street, London W1T 2DB, being an FCA authorised and regulated firm;
<b>"David Lloyd's Adventure Parks Limited"</b>	David Lloyd's Adventure Parks Ltd, a company incorporated in England and Wales on 3rd October 2016 under company number 10407785 and its subsidiaries;
<b>"Directors"</b>	the executive and non-executive directors of the Company at the date of this Document whose details are set out on page 18 of this Document and "Director" means any one of them;
<b>"FCA"</b>	the Financial Conduct Authority;
<b>"Information Memorandum" or "Document"</b>	this information memorandum;
<b>"Interest"</b>	the coupon payable on the Series A Bonds and/or the Series B Bonds (as the case may be);
<b>"Maturity"</b>	in relation to the Bonds issued under the terms of the Trust Deed, the date falling either three years (in the case of any issued Series A Bonds) or five years (in the case of any Series B Bonds) after the issue of the relevant tranche of the Bonds to a subscriber, with the final maturity date in respect of the Series A Bonds being no later than 18 <sup>th</sup> April 2023 and in respect of the Series B Bonds the last maturity date shall be no later than 18 <sup>th</sup> April 2025;
<b>"Offer Period"</b>	means the period from and including the date of this Information Memorandum up to and including the 18 <sup>th</sup> April 2020;
<b>"Qualified Investors"</b>	<ul style="list-style-type: none"> <li>i. persons having professional experience in matters relating to investments and who are investment professionals within Article 19(5) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Order"),</li> <li>ii. persons falling within Article 48 of the Order ("certified high net worth individuals"),</li> <li>iii. persons falling within Article 49 of the Order ("high net worth companies, unincorporated associations, etc."),</li> <li>iv. persons who are sophisticated investors falling within Article 50 of the Order,</li> <li>v. persons who are self-certified sophisticated investors falling within Article 50A of the Order, and</li> <li>vi. persons to whom it is otherwise lawful to distribute this Information Memorandum;</li> </ul>
<b>"Security Fund"</b>	means all present and future profits earned by the Company's SPVs and paid into the Security Fund to service the interest payments due and payable to the Bondholders in respect of the Bonds registered in their respective names as at the relevant payment dates;
<b>"Senior Management"</b>	the executive and non-executive senior management of the Company at the date of this Document whose names are set out on page 20 of this Document;
<b>"Security Trustee"</b>	Woodside Corporate Services Limited a company incorporated and registered in England and Wales with number 06171085 whose registered office is at 4 <sup>th</sup> Floor, 50 Mark Lane, London EC3R 7QR;
<b>"Series A Bonds"</b>	up to £20,000,000 of 6% secured bonds issued by the Company from time to time in accordance with the terms of the Trust Deed with a final Maturity Date no later than 18 <sup>th</sup> April 2023;
<b>"Series B Bonds"</b>	up to £20,000,000 of 8% secured bonds issued by the Company from time to time in accordance with the Trust Deed with a final Maturity Date no later than 18 <sup>th</sup> April 2025;
<b>"Sites"</b>	all or any of the sites listed on page 20 of this Information Memorandum;
<b>"SPVs"</b>	Special Purpose Vehicles set up to finance and operate each gym;
<b>"Sterling or £"</b>	the official currency in the United Kingdom;
<b>"Trust Deed"</b>	means the Trust Deed between the Company and the Security Trustee dated 28 <sup>th</sup> August 2019 constituting the Bonds and incorporating, amongst other matters, the terms and conditions attaching to the Bonds.



# INTRODUCTION TO ADRENALIN WORLD



DAVID LLOYD

Executive Chairman

David Lloyd's  
Adrenalin World

I am very excited to be working with a number of key partners to promote the David Lloyd's Developments Bond.

My very first concept, David Lloyd Leisure Clubs, is now a very well-established brand in both UK and many parts of Europe as one of the market leading leisure and fitness companies. It is one of the biggest legacies that I am proud to have created by myself from scratch.

In 1992, I floated the David Lloyd Leisure Clubs on the London Stock Exchange and 3 years later the business was acquired for £200 million by Whitbread Plc ("Whitbread"), which was a record in the City at that time.

I then started another brand of fitness clubs called Next Generation with my son, Scott Lloyd, and in 2007, London & Regional Properties in partnership with Bank of Scotland acquired David Lloyd Leisure from Whitbread and incorporated Next Generation into the group, in a deal worth £925 million.

I am now building my first indoor and outdoor multi-activity centre for people of all ages and levels of fitness, called Adrenalin World. Each building will be purpose built and fitted with the latest modern equipment manufactured to our specification. In relation to which, operating companies, trading under Adrenalin World, will become a long-term tenant of the property.

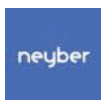
Thank You

David Lloyd (Chairman)

## KEY SHAREHOLDERS OF ADRENALIN WORLD

**New World Private Equity Partners** is a privately-owned partnership managed by its partners who are key decision makers. All of their funding is raised through their extensive network of highly successful entrepreneurs and High Net-Worth Individuals. Primary objective is to maximise returns for everyone, the business and its stakeholders.

Some of their multi-million investments include:



**New World Private Equity** have acquired a significant shareholding in Adrenalin World thus giving access to their established finance facilities as well as broad corporate experience.

**Stephen Altman** is a Board of Director of Adrenalin World.

**Holmes Investment Properties Plc** is a UK property investment company that works with high-quality leisure operators for whom it sources, funds and develops new leisure destinations and adventure parks. As well as holding a shareholding in Adrenalin World, Holmes Investment Properties Plc also has shareholdings in Everyone Entertained Limited and Ashtour Limited, which manages World of Golf.

**Holmes Investment Properties** has acquired a significant shareholding in Adrenalin World giving access to additional financing options as well as additional operational resource if required.



**James Holmes** is a Board Director of Adrenalin World.



## KEY SHAREHOLDERS OF DAVID LLOYD'S DEVELOPMENT (M-B) LTD

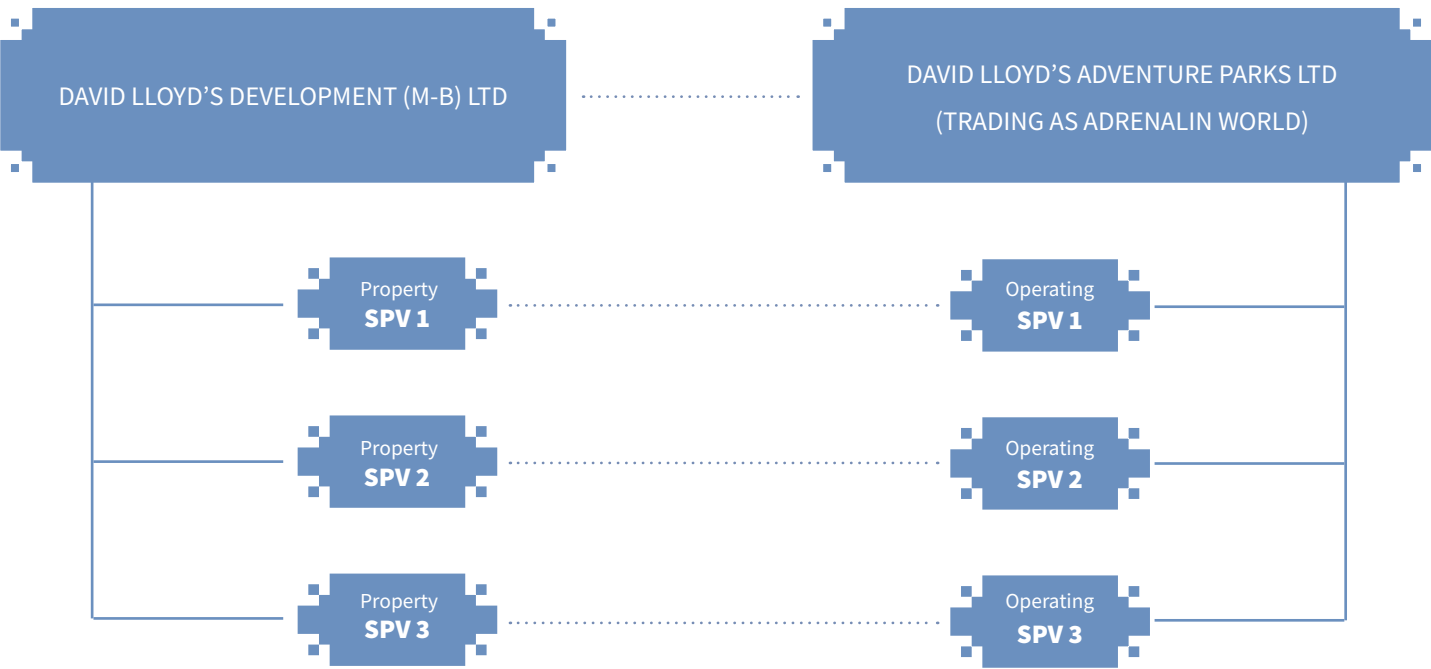
The Company is equally owned by Adam Smith and Mark Hutchings. The issued share capital of the Company (as at the date of this information Memorandum) comprises of 2 ordinary shares of £1.00 each.





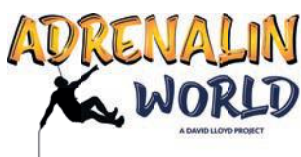
# GROUP STRUCTURE

The Company will fund and develop Adrenalin World’s sites (under the loan agreement funded by the proceeds of the Bonds). It is anticipated that the Company group structure will follow the model set out below:



# EXECUTIVE SUMMARY

The following is a summary of the key points pertaining to the opportunity to invest in the Series A Bonds and the Series B Bonds to be issued by David Lloyd's Developments M-B Ltd and should be read in conjunction with the full text of this Information Memorandum.



David Lloyd's Adventure Parks Ltd ("DLAP") which trades as Adrenalin World is David Lloyd's latest project where he is building one of his first indoor and

outdoor multi-activity centre for people of all ages and levels of fitness.

David Lloyd's Developments M-B Ltd is a special purpose vehicle incorporated in September 2018 specifically to work with David Lloyd and Adrenalin World. It is the company responsible for financing and developing Adrenalin World's sites with the option to fund future Adrenalin World sites around the UK via a separate issue of ringfenced bonds issued by SPVs owned by the Company.

The Company is seeking to raise up to £40 million by issuing the Bonds to fund the capital expenditure required to help complete its initial land acquisitions and development contracts in relation to the initial Sites. The Company reserves the right to add or remove sites at the Directors' discretion.

The board of the Company is made up of Adam Smith as Chief Executive Officer ("CEO") and Mark Hutchings as Chief Operating Officer ("COO"), advised by Senior Management, including Jawad Ahmad of Adrenalin World non-executive Chief Financial officer ("CFO") and David Lloyd of Adrenalin World (non-executive chairman).

The Bonds will be secured against assets and undertaking of David Lloyd's Developments M-B Ltd, which in turn will take security over the land, buildings and equipment acquired at various locations by the SPVs, respectively. Each building will be purpose built and fitted with the latest modern equipment manufactured to a high specification.

The building/s will be leased to Adrenalin World on long-term leases. The profitability of each location is budgeted to be at least 3 times the rent payable for the relevant location, reducing the risk of any rental defaults significantly. The Company's Directors' are of the opinion that each Site building is likely to increase in value during the rental period providing additional comfort to investors during the rental period. During the periods between development of the Sites, the funds raised from the Bond subscriptions will be deposited into a designated account under the exclusive control of the regulated broker prior to deployment into any approved Sites. The regulated broker will hold deposits within an indemnified security for safe keeping. The roll out of initial Sites is expected to be during the course of 2020.

A Bond is a type of debt instrument. The Company agrees to pay the applicable Interest on the Bondholder's subscription amount ("*Investment*") over a defined period of time ("*Term*"). At the end of the period (the "*Redemption*"), the investment is repaid.

**MINIMUM  
INVESTMENT**

**£ 100,000**

**MAXIMUM  
INVESTMENT**

**£ 40,000,000**

Term:	Issuer:	Fixed interest rate	Currency	Redemption	Launch date
3-years	David Lloyd's Developments M-B Limited	6 per cent	GPB	2022/2023	28 <sup>th</sup> August 2019
5-years	David Lloyd's Developments M-B Limited	8 per cent	GPB	2024/2025	28 <sup>th</sup> August 2019

\*Investors can subscribe for either of the Bonds.

<sup>1</sup> Source: Savills 2017 report



# MARKET OVERVIEW

## THE DEMAND FOR EXPERIENCE LED-CONCEPTS

According to the annual analysis of UK consumer spending by Barclaycard, consumer appetite to spend on the 'experience economy' was a continued trend throughout 2017 and the demand for more blended experience-led concepts continues to grow.

In the UK there is a real need for leisure centres and adventure parks offering a good selection of less traditional, experience led, indoor activities in good locations with ample parking and quality catering. Consumer demand has been reflected in a resurgence in sports and leisure facilities, partly due to the increase in the 'Staycation' market, and new opportunities for activities such as Crazy Golf, Laser Combat, High Wire, Zip Wires, Trampolining, etc.

## THE BUSINESS CONCEPT

The Company shall procure that:

- all the Adrenalin World centres will be custom built on a target minimum acreage of approximately 4 acres encompassing an indoor arena of approximately 1 acre and target car spaces for approximately 300 cars at any one time.
- It is expected that the typical indoor activities per centre will include climbing walls, obstacle challenges, roller gliders, rope courses, trampolines and much, much more. Multiple catering outlets will offer refreshments in the form of a variety of hot and cold food freshly prepared in each kitchen throughout the day as well as a range of hot and cold beverages.
- It is expected that the typical outdoor activities will incorporate mini golf, bouldering, zip wires and other adrenalin packed pursuits. Using successfully proven concepts in Australia, Adrenalin World will also hire outdoor barbeque pits with seating where customers can either barbeque themselves or have the food barbequed for them.
- All the centres will be cashless, with all transactions being recorded via special watches or biometric recognition hardware linked to user accounts that record the time spent at the centre, thereby removing the need for booking systems.

At this early stage, Adrenalin World are envisaging charging participants approximately £10 per hour for taking part. Non-participants will still be able to pay for food and beverages by contactless credit and debit cards or using biometric software.

Parties and conferences will be one of two activities requiring a booking system, which will have specifically allocated marketing and operating resources. Team-building and large group sessions will be the other activities that requires a booking system.

## THE BUSINESS MODEL

The Company is a property finance company which has an exclusive agreement with DLAP to fund and develop leisure centres and outdoor adventure park businesses under the brand name of Adrenalin World. The Company will finance the development of various sites in exchange for a proposed 125-year lease for the adventure parks and commercial rent. The Company is issuing up to £40 million of asset backed Bonds to fund the transactions.

This entire model increases the average ages beyond the traditional age of 5 to 13 that visit trampoline parks, attracting a very much wider audience.

## FINANCING

**Adrenalin World** is receiving capital through this Bond which will be allocated to the project/s via operating special purpose vehicle(s), with the Company being able to (with the consent of the Security Trustee) putting-in place security over the assets relating to the project.

## A FAST-GROWING SECTOR

The UK leisure market was valued at £117 billion by Deloitte in 2017, which accounts for 7.4 per cent. of GDP and has grown 5 per cent. annually since 2010.

Today, leisure is attracting one and a half times more discretionary spend than retail, and the sector is growing twice as fast, with British consumers forecasted to spend £129 billion on leisure activities in 2019, a 17 per cent<sup>2</sup>. increase compared to five years ago.

## OPPORTUNITIES FOR GROWTH AND EXPANSION

The Directors believe that the leisure industry in the UK, and indeed globally, is at an exciting point with many opportunities for growth and expansion. The market is predicted to grow exponentially and people in the UK are expected to spend £141 billion by 2022<sup>3</sup>. The Directors of Adrenalin World believe that a strategy focused on acquiring sites that allow for purpose built, multi-activity, indoor venues, will build competitive advantage and sustainable value.

Each of the Sites has been projected with a typical cost per site set at £10 million and is broken down as follows:

<sup>2</sup> Source: <https://www.mintel.com/press-centre/leisure/>

<sup>3</sup> Source: White Paper on Leisure Perspectives 2018, KPMG



## WORKED EXAMPLE:

Land acquisition costs and associated building costs	£5,700,000
Planning, legal and conveyancing fees	£300,000
Equipment cost	£4,000,000
<b>TOTAL FUNDS RAISED FROM BONDHOLDERS</b>	<b>£10,000,000</b>
Add: estimated rolled up interest received during development phase	£500,000
<b>TOTAL INVESTMENT IN ADRENALIN WORLD SITE DEVELOPMENT</b>	<b>£10,500,000</b>
Add: annual rent received @ 8%	840,000
Less: administrative costs	(240,000)
<b>NET ANNUAL CASH RECEIPTS AVAILABLE</b>	<b>£600,000</b>
Net Annual Cash Receipts after 3 years	£1,800,000
Add: Rolled Up Interest received in Year 1	£500,000
Add: Capital Growth after 3 years @ 10%	£1,000,000
<b>TOTAL FUND RETURNS AFTER 3 YEARS</b>	<b>£3,300,000</b>
<b>PROJECTED RETURN ON INVESTMENT AFTER 3 YEARS FOR THE COMPANY</b>	<b>33.0%*</b>

The returns each Bondholder receives may attract tax liabilities depending on their personal tax circumstances and as such, it is advised Prospective Investors seek independent tax advice in this regard prior to submitting a completed Application Form.



# PROPOSED TERMS OF THE RESTRICTED OFFER

## THE OFFER

The Company is offering Qualified Investors two investment options – the Series A Bonds and the Series B Bonds. The Bonds will be issued by the Company in tranches of up to an aggregate principal amount of £20 million per Series A Bonds and Series B Bonds, with Interest being paid quarterly on the Bond in accordance with the Terms and Conditions.

*The two series of Bonds which are subject to the Qualified Offer are:*

- i. £20,000,000 6% secured bonds maturing 3 years after the relevant issue date during the Offer Period, with such bonds being due for final redemption no later than 18<sup>th</sup> April 2023; and
- ii. the £20,000,000 8% secured bonds maturing 5 years after the relevant issue date during the offer Period, with such bonds being due for final redemption no later than 18<sup>th</sup> April 2025.

Prospective Investors should carefully review this Information and Memorandum and the Terms and Conditions in Appendix I for full details of the Qualified Offer.

## INCOME PAYABLE ON THE BONDS

The Series A Bonds are for a term of 3-years and the Series B Bonds are for a 5-year term, with quarterly interest payments falling due on Company Quarterly dates during the respective terms of the Bonds, and paid within 14 calendar days of the date of the applicable Company Quarterly date.

In relation to first payments of Interest on the Bonds, the following should be noted.

- i. Bondholders who have subscribed for Bonds in the month immediately prior to the next Quarter Date will be due accrued Interest to the end of that quarter, but such Interest shall be rolled-up and paid together with the following quarter's interest payment; or
- ii. Bondholders who subscribe for Bonds in the two months following a Quarter Date will be paid interest (on pro-rata basis) on the applicable payment date for that quarter.

## COUPON PAYMENT DATES

Subject to the paragraph above relating to first interest payments, interest payments on the Bonds shall be made within 14 calendar days of the relevant Quarter Date.

Whilst the Bond proceeds are held pending investment in capital expenditure, the Company will trade the funds in high-return short-term liquid instruments ensuring that Bondholders can share in the returns and receive a quarterly return on their investment.

Bondholders are indemnified against the risk of default (as set out in Condition 12.1 of Appendix I) up to an aggregate amount

of £15 million. Subject to the Offer being fully subscribed, the Directors intend to extend the insurance cover up to a maximum value of issued Bonds of £40 million. As Bondholders would expect, the specific terms of the insurance policy which is put in place will govern this indemnity and these terms may include excesses and exceptions and exclusions of the type reasonably to be expected for a policy of this nature.

Upon expiry of the insurance policy in place, the Company intends to extend the insurance policy to cover the period up to and including the final redemption date of the Bonds, specifically for the Series B Bonds, which is 18<sup>th</sup> April 2025.

## REDEMPTION OF THE BONDS

For investment in the Series A Bonds, a cumulative coupon rate of 25 per cent. will be due and payable to those Bondholders who hold such Bonds until Maturity. For investment in the Series B Bonds, a cumulative coupon rate of 50 per cent. will be due and payable to those Bondholders who hold such Bonds until Maturity.

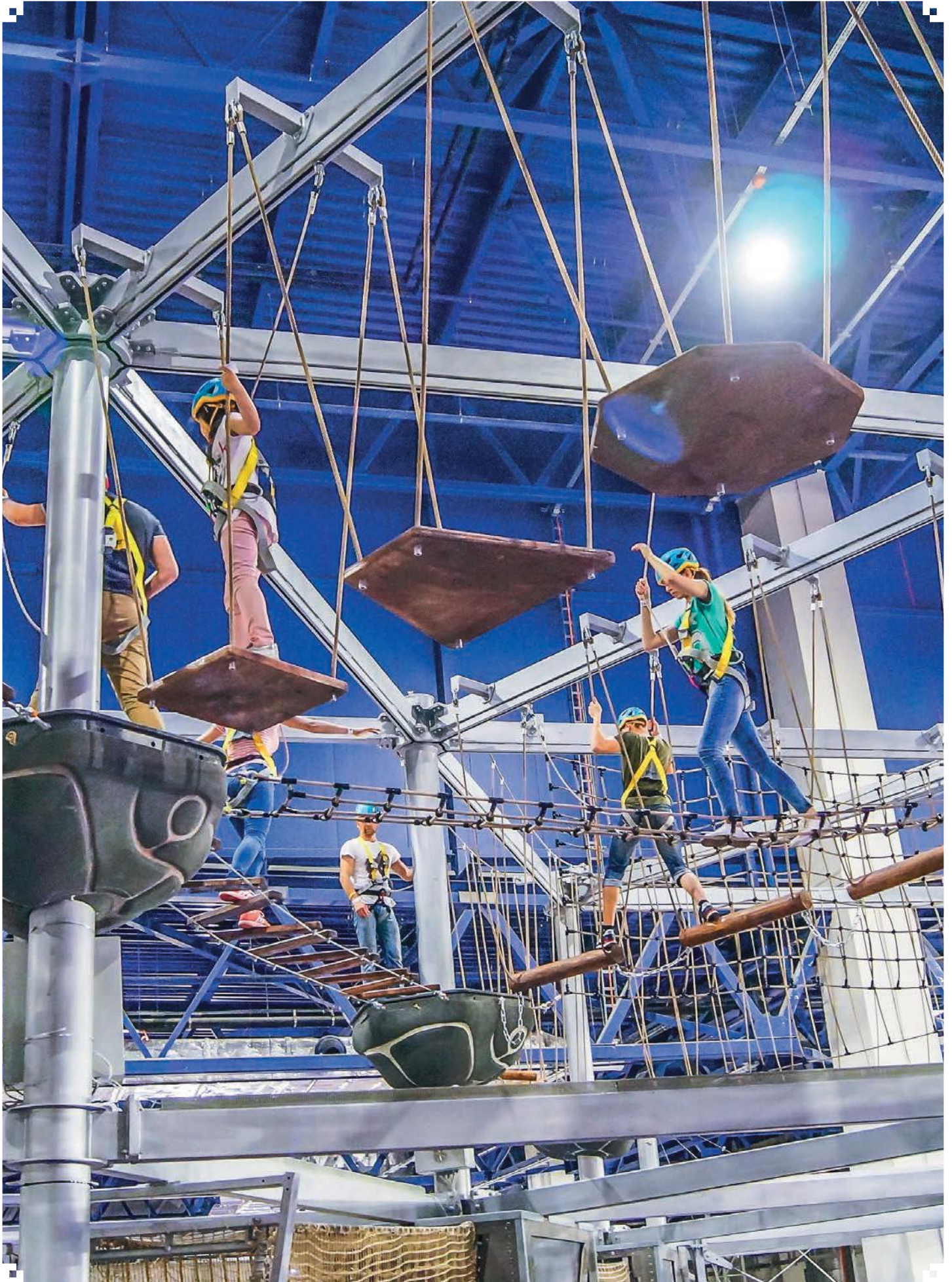
The Company may elect to redeem the Bonds at any time, with the approval of the Security Trustee, by repaying to Bondholders their capital together with the Interest which they would have earned had they continued to hold their Bonds until Maturity.

At least one month before the Maturity date of the Bonds, Bondholders may be given priority and first refusal rights to any opportunity to reinvest some or all of their capital in a new series of Bonds, if available and the Directors so decide, and on terms to be considered and agreed between the Bondholders, the Security Trustees and the Company at that time.

## EXPECTED RETURNS

Bond Term Interest	Initial Investment	Fixed Annual Interest Payments	Compounded return
3 Year Bond	£100,000	6%	25%
5 Year Bond	£100,000	8%	50%







# THE PROCESS FOR INVESTING IN THE BOND IS AS FOLLOWS:



## APPLICATION FORM

1. Upon submission of application our team will complete the necessary anti-money laundering checks and validate the appropriateness of the investor.



## MONEY

2. After a successful application and subscription for Bonds, funds are deposited with the regulated broker.



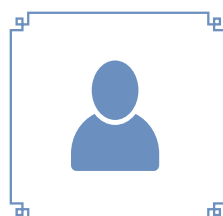
## REGULATED BROKER

3. Funds received and overseen by a regulated broker. Prior to deployment of funds into the agreed sites



## SECURITY TRUSTEE

4. Will secure a charge over the assets until the Bondholders are repaid.



## INVESTOR

4. Once investors are repaid in full with interest the charge on assets falls away.



# HOW TO APPLY FOR THE BONDS

The process for investing in the Bonds is as follows:

1. Read and review the full contents of this Information Memorandum, together with the Terms and Conditions.
2. If you are in any doubt about the action you should take, or the contents of this document then consult a professional adviser authorised under FSMA, who specialises in advising in shares and other securities.
3. Before requesting an Application Pack as described below, please ensure you fall within one of the categories of Potentially Eligible Investor, set out in the Application Form. You will be required to confirm the category of investor you belong to by signing and returning to the Company the relevant investor certificate.
4. Once the Company has received the applicant's investor certificate, it will arrange to send the Application Form to you. Please take note of the terms and conditions of application set out in the Application Pack.
5. Ensure you have enclosed or uploaded your Application and AML (Anti-Money Laundering) documentation and identity documentation as detailed below to: admin@dldltd.com. These documents will be reviewed and processed by Jonathon Adams Ltd (Registrar).
6. Transfer funds for the subscription amount.
7. Once your funds, Application Form and supporting information are accepted, your investment will be allotted. You will receive confirmation in the form of a certificate, and you will receive the interest payments as outlined in this IM.

Alternatively, you can apply via the company website where you will be shown step by step process to apply.

## IDENTITY DOCUMENTATION

The Company requires the following documentation to be sent with the Application Form and AML documentation:

### In the case of (an) individual(s):

- a legible copy of a passport or driving licence certified as a true copy of the original by an employer, family GP, accountant, civil servant, teacher, lawyer, churchman, Post Office branch employee, bank employee (Certifiers); and
- a legible copy of a utility bill or bank statement which is fewer than three months old.
- 

### In the case of a company:

- a copy of the certificate of incorporation certified as a true copy of the original by a lawyer, accountant, bank manager or other professional;
- a copy of the memorandum and articles of association certified as a true copy of the original by a lawyer, accountant, bank manager or other professional;
- a search of the register of companies in the jurisdiction in which the company is incorporated no more than two days

old showing the address of its registered office and, if different, its principal place of business, and the full names of its board of directors or, if there is no board, the members of the equivalent management body;

- a list of the senior persons responsible for the operations of the company\*;
- a legible copy of a passport or driving licence for two directors certified as a true copy of the original by a lawyer, accountant, bank manager or other professional;
- a legible copy of a utility bill or bank statement which is fewer than three months old for the same two directors;
- latest audited accounts certified as a true copy of the original by a director;
- the identity of the beneficial owner of the company\*; and
- if the company is listed on a regulated market, evidence of its listed status in which case the asterisked items do not have to be supplied.







# KEY TEAM MEMBERS

OF THE PROPERTY COMPANY, DAVID LLOYD'S DEVELOPMENT M-B LTD

## SENIOR MANAGEMENT TEAM



**David Lloyd**

Executive Director of DLAP  
and Non-Executive Director  
of DLD Ltd

**David Lloyd** is a former professional tennis player and founder of David Lloyd Leisure Fitness Clubs which was then floated as a plc that David Lloyd managed as Chairman.

David Lloyd then founded David Lloyd Resorts, a property shared-ownership concept and more recently, David Lloyd Signature Homes, a property business specialising in high quality international resort properties.

Adrenalin World is David Lloyd's latest project that has received immense positive feedback following various press launches and conferences early last year.

David Lloyd will be advising the executive management team in his non-executive capacity for the full-term of the bond utilising his full leisure and property development experience.



**Jawad Ahmad**

Chief Financial Officer of  
DLAP and Non-Executive  
Chief Financial Officer of  
DLD Ltd

**Jawad Ahmad** is an experienced financial and business consultant having worked for a range of blue-chip FTSE companies as well as advising smaller SMEs. With over 20 years of accounting and consulting experience he has a broad range of knowledge in various industries including manufacturing, service sectors, construction, wholesale, distribution and consultancy.

Jawad's previous clients include, Rentokil Group Plc, Kerry Group Plc as well as more recently, Tchibo Coffee Service, which is the 5th largest coffee roaster in the world with global revenues in excess of €3 billion euros per annum.

Jawad Ahmad will be assisting the executive management team on all aspects of commerce and finance.



**Adam Smith**

Chief Executive Officer  
of DLD Ltd

**Adam Smith** comes with a long and distinguished career working with some of the UK's largest Investment companies and regulated payments service providers. Adam Smith has partnered with some of the leading UK Business's and has links to the FCA and SRA.

Adam has been an experienced fundraiser over the last 10 years and has worked alongside industry leaders and entrepreneurs in becoming a crucial element to their success. Bringing an unrivaled bond and securities knowledge in this industry. Adam says that *'asset backed, insurance and track record is the foremost security that the David Lloyd's Developments Bond will bring to the market'*.

Adam offers a unique and successful history in the financial sector and is a welcome addition to the Company.



**Mark Hutchings**

Chief Operating Officer  
of DLD Ltd

**Mark Hutchings** has worked in a variety of sectors within the financial service industry for over 10 years. He has successfully run several large projects in Brazil, mostly in the acquisitions sector. Since starting these projects Mark has also worked with a variety of regulated funds that deal in corporate debt that are available on most major exchanges. Mark has been involved in several other companies, which focus on the brokering of large commodity deals, including woodchip for biomass or pulp and paper as well sugar, coffee and cattle out of Brazil, for governments and other large institutions around the globe.

Mark is also heavily involved in the project finance industry. He has helped fund many successful projects ranging from 10m-250m+ in the UK and other countries. Mark's role at David Lloyd's Developments M-B be to help raise funds through his vast financial network. He will also help run the day to day logistics of the company alongside the other board members.







# STRUCTURE OF THE BONDS

The Bond follows a secure structure to provide security and confidence to investors in the Bond.

The Bond has been carefully written by corporate professionals. The combined experience of the senior management team of the Company and the experience of the corporate services professionals covers a broad spectrum of financial business. The board believe it is this experience that will provide the necessary insight to actively monitor the Company's performance and react accordingly to protect investor's interests.

Security is a key element for all potential Investors. The following factors help to protect the capital and interest payments on behalf of Investors.

## REGULATED BROKER

The company does not handle investors' funds, instead they are paid directly to an independent regulated broker regulated by the FCA and held in a segregated client account.

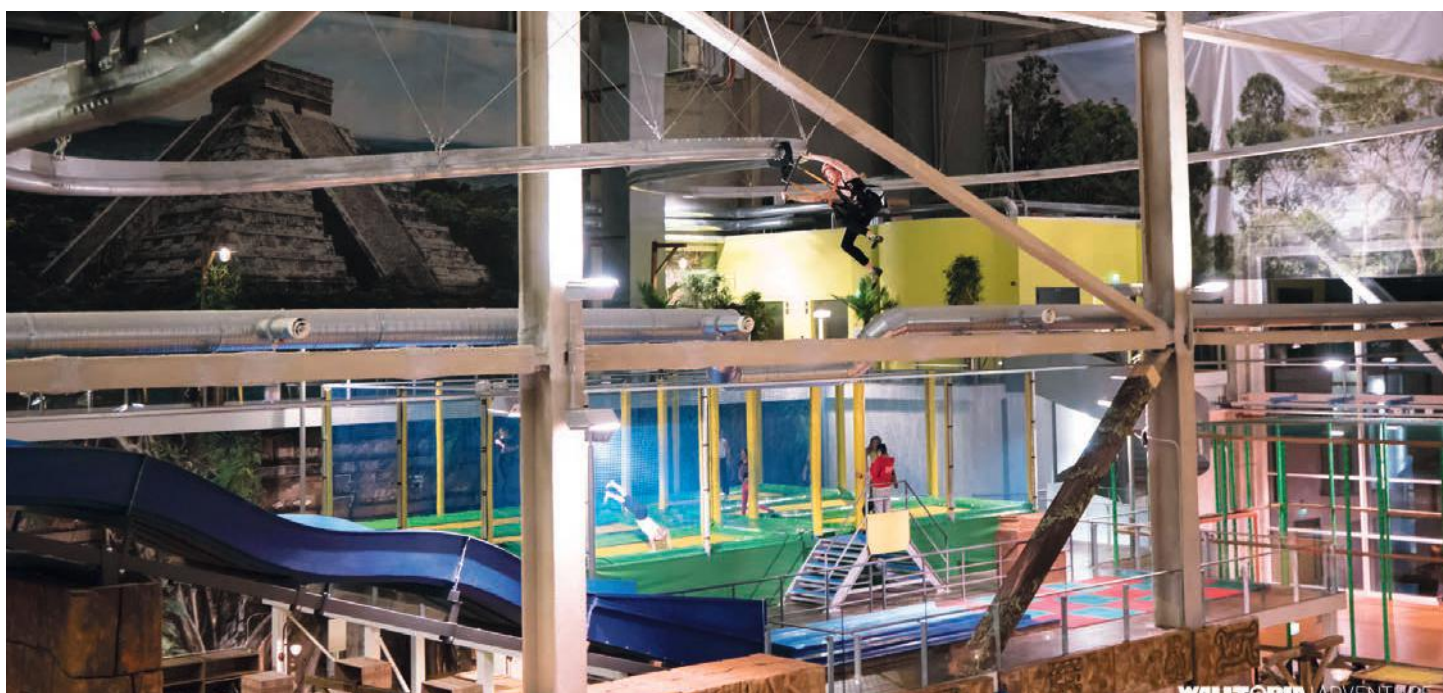
Funds held with regulated broker will be transferred into a designated account under the exclusive control of the regulated broker and will be invested into underlying investments under the scrutiny of the regulated broker, ensuring that funds are correctly invested in accordance with the investment policy and this document.

## SECURITY TRUSTEE

The Security Trustee is in place to ensure that Bondholders' interests are monitored in the event the Company defaults on its payment obligations to the Bondholders. It is the Security Trustee who has responsibility to exercise the rights of Bondholders over the assets of the Company if it appears that the Company might fall into an administration or liquidation or any other similar event.

## ASSET BACKED

The Bonds and the interest payable on them will be secured by fixed and floating charges over the assets and undertaking of the Company, including the Security Fund, the Company's cash balances, its trading contracts which utilise the proceeds of issue of the Bonds, and book debts arising from deploying the proceeds of issue of the Bonds. The Security Trustee will, on behalf of Bondholders, have recourse to these assets in the event of the Company's default under the terms of the Bond's Trust Deed. If, for whatever reason, a default was to occur, the Security Trustee is able to take steps to enforce the security and take ownership of the Company's assets in order to realise the value of the assets, and the proceeds of Realisation, if any, would be applied to repay the amounts due to Bondholders.





# PLANNED SITES:

SITE	CONSTRUCTION DATE	OPERATION DATE
BEDFORD - planned for 2020	November 2019	July 2020
PEAK RESORTS - planned for 2019	November 2019	March 2020
MARLOW- planned for 2021	June 2020 (Subject to PPA)	March 2021 (Subject to PPA)
BLACKPOOL - planned for 2021	June 2020	March 2021
EGHAM- planned for 2021*	August 2020	March 2021
COBHAM - planned for 2021*	November 2020	June 2021
DARTFORD - planned for 2021*	February 2021	September 2021
BRAINTREE - planned for 2021*	May 2021	December 2021
SILVERMERE - planned for 2022*	August 2021	March 2022
SCOTCHCORNER - planned for 2022*	November 2021	June 2022
GLOUCESTER - planned for 2022*	February 2022	September 2022

\* = Under Negotiation



BEDFORD SITE

The land is a 5 acre-plot within a larger development of 14 acres known as Fairhill, which is land owned by Bedford Borough Council.

On 1 May 2018, the site was granted detailed permission for the access roads across the site, as well as the Charles Wells microbrewery and visitor centre. Outline permission was granted for the remainder of the site, including D2 Leisure use, enabling future development to be brought forward as reserved matters applications, thus reducing the statutory lead time for planning approval to 4-8 weeks.

**The lease has been agreed (subject to contract). Building, landscaping costs and associated planning and legal costs have been budgeted at £5 million in total. Equipment costs have been budgeted at a maximum £5 million in total.**

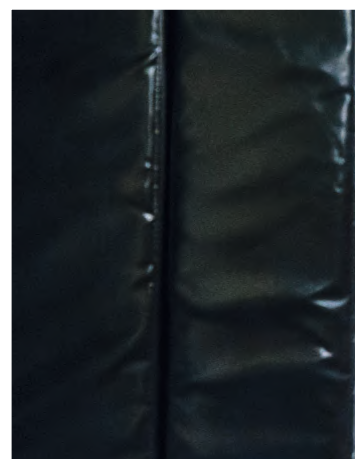
The land is a 9-acre plot in Marlow that includes a lake and is owned by a private land owner. Earlier this year, Adrenalin World was granted a PPA with Buckinghamshire County Council and have budgeted to begin early next year as a result.

Presentations have been made to the Council Cabinet and key stakeholders in the area who have provided Adrenalin World with their full support.

The Directors will review complimentary business opportunities for possible investment or acquisition where such an opportunity would allow additional leisure services to be offered to the Adrenalin World customers in order to generate additional income. Such opportunities will be required to be “adrenalin” type activities such as those being experienced at an Adrenalin World site. Any such opportunities must be complimentary but also capable of being marketed to the same customer base in the same way and to go beyond what is involved at an Adrenalin World site. Examples may include where an indoor activity such as virtual paragliding, crazy golf or a dry ski slope at one of the centres could lead to acquisitions of a parachute club, golf range or ski centre with such activities having obvious synergy to the same customers with the opportunity to charge higher fees and the advantage of having going concerns with existing turnover, customers and management teams.



MARLOW SITE









# FINANCIAL INFORMATION

The budget trading account below shows the minimum projected turnover and EBITDA (earnings before interest, tax, depreciation and amortisation) for Bedford and Marlow.

The trading figures suggest that the EBITDA generated by Adrenalin World will be at least 3 times the level of rent that that they will be paying to our company, thereby demonstrating that the level of rent being paid by Adrenalin World is serviceable by their generated profits.

<b>TOTAL TURNOVER</b>	£9,569,244
<b>TOTAL DIRECT COSTS</b>	£2,829,569
<b>TOTAL GROSS MARGIN</b>	£6,739,675
	70.4%
Indirect Wages & Fees	£354,211
Advertising, Marketing and Branding	£478,462
Rent (capped at 10% of turnover)	£956,924
Rates	£400,000
Utilities	£95,692
Insurances	£191,358
Office Expenses	£83,923
Premise Expenses	£488,989
Card & Bank Charges	£239,231
<b>TOTAL OVERHEADS</b>	£3,288,858
<b>TOTAL EBITDA</b>	£3,450,858
	36.06%

The first site is scheduled to be operational in November 2019, subject to planning and construction timelines.



# RISK FACTORS



The Directors believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the company may be unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons, and the Company does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective Investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

## INVESTMENT RISKS

### Forward looking Statements

Certain information contained in this Information Memorandum constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "assumed," "example," "illustrative," "may," "will," "should," "expect," "intend," "anticipate," "project," "estimate," "plan," "seek," "continue," "target", or "believe", or the negatives thereof or other variations thereof or comparable terminology and include projected or targeted minimum returns to be made by the Company. Such forward looking statements are inherently subject to material, economic, market and other risks and uncertainties, including the risk factors set out in the 'Summary' and 'Risk Factors' sections of this document and, accordingly, actual events or results or the actual performance of the Company may differ materially from those reflected or contemplated in such forward-looking statements.

In addition, Investors should not place undue reliance on "forward-looking statements", which speak only as of the date of this Information Memorandum.

### RISKS WHEN INVESTING IN BONDS

The Qualified Offer in this Information Memorandum is only directed at Qualifying Investors only, and is not addressed to and should not be relied upon by any other class of investor. Unlike equity investors, Bondholders do not own a stake in the Company.

Prospective Investors are accordingly advised to consult an investment advisor who is authorised under the Financial Services and Markets Act 2000 and specialises in advising on investments in a company's securities, including bonds, and who is able to advise on the suitability of any investment in the Bonds.

### LOSS OF INVESTMENT AND INTEREST PAYMENTS

David Lloyd's Developments M-B Ltd, like all businesses, is vulnerable to financial difficulties and investing in the Bonds may involve significant risk of default. There is no guarantee that the Company's strategy or funding activities will be successful. The returns generated by the regulated broker's activities will inevitably vary from the target financial returns set out in this Information Memorandum and may indeed be lower than expected.

The Bonds are secured debts of the Company, however, there is no certainty that holders of the Bonds will be repaid at Maturity. On any winding-up of the Company, there may not be sufficient assets left available in the Company to satisfy the claims of all or any of the Bondholders.

There is no certainty or guarantee that the Company will be able to repay the Bonds in full, or any proportion of them. If the Company was to become insolvent, there is a risk that: (a) some or all of the nominal value of the Bonds will not be redeemed; and (b) some or all of the interest returns due on the Bonds will not be paid.

## FINANCIAL SERVICES COMPENSATION SCHEME

The Compensation Scheme does not apply to an investment made via this Information Memorandum and application process. All prospective Investors and Bondholders are strongly recommended to seek advice on the suitability of this investment.

## NO RIGHT TO PARTICIPATE IN MANAGEMENT

Bondholders have no right or power to participate in the management of the Company or to call any notices except where the Security Trustee decides to act on behalf of Bondholders, or the Bondholder/s are entitled to exercise their rights in accordance with the terms of the Trust Deed.

## ILLIQUID INVESTMENT

The Bonds are not negotiable on the capital markets and no application will be made for the Bonds to be admitted for listing or trading on any market. Investment in an unquoted security, in the nature of the Bonds, being an illiquid investment, is speculative, involving a degree of risk. It might not be possible to sell or realise the Bonds until they are repaid by the Company.

Prospective Investors should not submit an Application Form unless they are prepared to hold the Bonds to Maturity.

## SECURITY TRUSTEE

The Security Trustee shall not be responsible, nor shall face any liability, for any loss incurred by the Bondholders relating to a failure of the Company to make payments (whether of interest or of the principal amount) to the Bondholders when due.

The Security Trustee will not have any ability or responsibility to protect any monies in the accounts of the Company which may have been set aside for payment of interest or the principal amount in respect of the Bonds.

The Security Trustee cannot guarantee return of any monies to Bondholders in the event of default. Please also note that the Security Trustee has no role in the day to day management of the Company.

## INTEREST RATE AND INFLATIONARY RISK

The Bonds are issued subject to a maximum term of 3 and 5 years, respectively, from their date of issue. The Bonds carry a fixed rate coupon and as such will not benefit from any subsequent



increases in market interest rates. The last Maturity date of the Series A Bonds will be 18<sup>th</sup> April 2023 and the last Maturity date of the Series B Bonds will be 18<sup>th</sup> April 2025.

The Bonds pay interest at a fixed rate rather than by reference to an underlying index. Accordingly, Prospective Investors should note that a rise in interest rates may adversely affect the relative returns that the Bonds offer. Further, inflation may reduce the real value of the returns over time.

### **TAXATION**

Bondholders may be liable to taxation on the interest payable on the Bonds and will be required to meet such liabilities from their own resources. The statements in this Information Memorandum relating to taxation are intended to be a brief description of some of the taxation consequences of an investment in bonds. They do not apply to certain classes of Bondholders, so all potential Bondholders should seek their own advice on the taxation consequences of an investment in the Bonds. The Bond coupons are usually paid net, but the Company will pay the coupons gross and investors should take advice on how to record this on their tax returns.

### **CANCELLATION RIGHTS**

Investors in the Bonds will have a limited period to cancel an agreement to subscribe. They should review the terms and conditions in the Application Form accordingly.

### **ISSUE OF FURTHER BONDS**

The Company is entitled to issue further series of Bonds and other loan arrangements. If the Company should default and lose management control, all the assets attributable to all series may be pooled and be subject to prior claims by preferred creditors. This may reduce the amount available to investors subscribing under the terms of this Qualified Offer.

### **RUNNING COSTS PAID AHEAD OF DISTRIBUTIONS TO BONDHOLDERS**

The Company's fees and operating costs will be paid ahead of distributions to Bondholders. Consequently, in the event of default these fees and running costs may reduce the amount available for distribution to Bondholders.

### **INSOLVENCY**

In the event the Company becomes insolvent the assets available to pay to Bondholders may be deemed to be insufficient to do so in full and, therefore, notwithstanding any priority payment rankings established by the Company through registration of the security for the Bonds, Bondholders may not receive all returns of capital and/or interest that may be properly due and owing to them.

### **RISKS RELATING TO THE COMPANY**

Investments in this type of company carry particular risks. Investors are reminded that there is no guarantee that the Company's strategy or trading activities will be successful.

### **PERFORMANCE RISK**

Investors are reminded that the trading results described by the Company are hypothetical. Hypothetical performance results have

many inherent limitations. There are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any trading strategy or algorithm. The Company cannot make any representation or warranty as to what the actual results will be.

### **LEGAL AND JURISDICTION RISK**

The risk that government makes changes to existing laws or regulations or creates new laws or regulations that can have an adverse effect on financial instruments, for example laws regarding capital transfers across borders. Any legislative changes could have an effect on the Company's profitability.

### **LEGISLATION & TAXATION RISK**

Investors are reminded that any future legislative or changes to taxation could have an effect on the Company's profitability.

### **PERSONNEL**

The Company's performance is dependent on the continued services and performance of its Directors and Senior Management team and skilled personnel. If the Company does not succeed in retaining skilled personnel, fails to maintain the skills of its personnel or is unable to continue to attract and retain all personnel necessary for the development and operation of its business, it may not be able to grow its business as anticipated or meet its financial objectives which may have an adverse effect on the Company's business, results of operations, financial condition and/or prospects.

### **COUNTERPARTY RISKS**

If a counterparty to a transaction fails to meet its obligation to sell or to buy, the Company may suffer a loss which could affect its ability to pay interest on the Bonds, to repay them or to establish or make payments to the Security Fund.

### **SPECIAL PURPOSE VEHICLE**

David Lloyd's Development M-B Ltd is a special purpose vehicle formed for the purpose of raising funds through issuing the Bonds and other bonds. There are no other business activities which generate revenue.

### **TAXATION RISKS**

It is possible that legislation may change in the future or may be introduced with retrospective effect.

Individual tax circumstances may differ from Bondholder to Bondholder and persons wanting to invest are advised to seek specific tax advice based on their personal circumstances.

### **OTHER RISKS AND CONSIDERATIONS**

#### **Diversified Portfolio**

Investors are reminded to maintain a balanced portfolio. Diversification by spreading your money across different types of investments should reduce your overall risk. Investors should only invest a proportion of their available investment funds via this instrument due to the high risks involved.

#### **MONEY LAUNDERING REGULATIONS**

To ensure compliance with the Proceeds of Crime Act 2002, the Money Laundering Regulations 2017 and the Money Laundering,

Terrorist Financing and Transfer of Funds Regulations 2017, the Company may, at its absolute discretion, require verification of identity from any subscriber for the Bonds and without prejudice to the generality of the foregoing, in particular, where any person appears to be acting on behalf of some other person, verification of the identity of the person on whose behalf the subscriber appears to be acting may be required.

If within a reasonable period of time following a request for verification of identity the Company has not received evidence satisfactory to it as aforesaid, it may, at its absolute discretion, reject any such application for Bonds, in which event the remittance submitted in respect of that application for Bonds will be returned to the relevant subscriber (without prejudice to any rights to undertake proceedings to recover any loss suffered as a result of the failure to produce satisfactory evidence of identity).

The above information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection

of an Application Form (but without limiting the Company's right to require verification of identity as indicated above).

### THE UNITED KINGDOM AND THE EUROPEAN UNION

On 23<sup>rd</sup> June 2016, the United Kingdom conducted a referendum on the question of whether the United Kingdom should remain a member of the European Union, with the result that the majority of the electorate choose to leave the European Union. On 14<sup>th</sup> November 2018 the European Union and the United Kingdom government concluded negotiations relating to an withdrawal agreement setting-out details of the United Kingdom's exit from the European Union. As at the date of this Information Memorandum, however, the final terms and date of implementation of the withdrawal agreement remain uncertain and, accordingly, such uncertainty may have an adverse effect on the leisure sector within the United Kingdom.





# STATUTORY INFORMATION

## STATUTORY COMPANY INFORMATION

The Company was incorporated in England and Wales as a private limited company on 20 September 2018. The Company's registration number is 11578705. The principal legislation under which the Company operates is the Companies Act 2006. The liability of members of the Company is limited. The Company has no subsidiaries.

### REGISTERED ADDRESS:

The registered address of the Company is:  
6<sup>th</sup> Floor, 60 Gracechurch Street, London  
United Kingdom, EC3V 0HR

### DIRECTORS, COMPANY SECRETARY & ADVISERS

#### DIRECTORS:

Adam Smith  
Mark Hutchings

## ARTICLES OF ASSOCIATION

The Company's current Articles can be viewed on-line at the Companies House website or will be provided on request.

<https://beta.companieshouse.gov.uk/company/11578705>

## INTERESTS OF DIRECTORS AND PERSONS WITH SIGNIFICANT CONTROL

The interests of each person with significant control ("PSC"), as defined by The Register of People with Significant Controls Regulations 2016, are provided below:

Adam Smith	Director
Mark Hutchings	Director

Name	Position	Number of shares held	Nominal Amount £	% of total issued shares
Adam Smith	Director of the Company	1	£1.00	50%
Mark Hutchings	Director of the Company	1	£1.00	50%

## OTHER MATTERS

As at the date of this Information Memorandum, there are no loans or guarantees provided by the Company for the benefit of the Directors. As of the date of this Information Memorandum, none of the Directors or any PSC have, in the past five years immediately preceding the date of this Information Memorandum:

- |   |   |
|---|---|
| I. any convictions in relation to fraudulent offences or unspent convictions in relation to indictable offences;  | IV. been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;  |
| II. had a bankruptcy order made against him or entered into an individual voluntary arrangement;  | V. been subject to the receivership of any asset of such director or of a partnership of which the director was a partner at the time of or within 12 months preceding such event; or   |
| III. been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was acting in that capacity for that company or within the 12 months after he ceased to be so acting; | VI. been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer. |

Other than as set out in this document, no Director or PSC has been interested in any transaction with the Company, which was unusual in its nature or conditions or significant to the business of the Company during this current financial year to 5<sup>th</sup> April 2020, which remains outstanding or unperformed.

**WORKING CAPITAL**

Taking into account the minimum net proceeds of the Qualified Offer, and assuming such offer raises a minimum amount of £20m, the Directors are reasonably of the opinion that the Company will have sufficient working capital for its present requirements, that is for at least 12 months from the date of this Document.

**LITIGATION**

The Company is not engaged in legal or arbitration proceedings, active (or so far as the Company is aware pending or threatened) against or being brought by the Company which are having or may have a significant effect on the Company's financial position.

**OTHER INFORMATION**

The Company's accounts will be prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The accounts will be drawn up on a going concern basis.

**MATERIAL CONTRACTS**

No material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company with a commercial value greater than £50,000 per annum within two years preceding the date of this Document, other than as stated below.

**LICENCE FEE AGREEMENT**

The Company has a Licence fee agreement with David Lloyd for the use of his name by the Company for the purposes described in this Information Memorandum and for Company's business operations and functions.

**TAXATION**

Investors are advised to take their own tax advice on any tax consequences of or relating to acquiring, holding and/or disposing of the Bonds. The comments below are of a general nature and are based on current United Kingdom law and practice. The comments below do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of the Bonds or any of them, and relate only to the position of Bondholders who are the absolute beneficial owners of Bonds. Tax treatment relating to any holdings on Bonds depends upon individual circumstances and may be subject to change in the future.

All payments on the Bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (Taxes) imposed or levied by or on behalf of the United Kingdom or any political subdivision or any authority of the United Kingdom having power to tax, unless the withholding or deduction of the Taxes is required by law.

For a corporate investor or charity, in each case resident in the UK for corporation tax purposes, the interest payments will be paid gross without any withholding of tax at source from the interest paid.

Interest on the Bonds may be subject to additional United Kingdom income tax or corporation tax by direct assessment, depending on the circumstances of a particular Bondholder.

David Lloyd's Developments M-B Ltd does not offer tax advice and, as highlighted in the section titled "*Important information*" Prospective Investors and existing Bondholders should seek their own tax advice from a suitably qualified tax adviser.

**FUND RAISING COSTS**

As is typical in the current market for raising capital for new, smaller, higher risk entrepreneurial businesses such as the Company, the costs for generating suitable numbers of potential investors to introduce to the Company and competition from promotion agents to promote the Company is relatively high. Commissions and fees of up to 8 per cent. of funds raised may be paid by the Company, and marketing fees of up to a further 7 per cent may be payable. The full principal sum invested by a Bondholder remains due to them from the Company and the interest payable is due on the full principal sum invested and outstanding from time to time. The Directors are confident that these costs are competitive and appropriate in the current market, and believe that the strength of the Company's business strategy and partners adequately compensates to recover these costs both in terms of the rollout of the business to service the Coupon and the security and value developed to redeem the principal sums invested.





## FREQUENTLY ASKED QUESTIONS

every investor should be aware that their capital is at risk.

### **WHY DO COMPANIES ISSUE BONDS RATHER THAN BORROWING FROM A BANK?**

When companies or other entities need to raise money to finance a new project or to maintain ongoing operations, they may issue bonds directly to investors instead of obtaining loan from a bank. Most companies can borrow from banks but view direct borrowing from a bank as more restrictive, less flexible, and often more expensive than selling debt to private investors through bond issues. With finance not being as freely available from traditional lenders, more and more businesses are turning to bond issues as a favourable alternative.

### **HOW IS THE INVESTMENT SECURED?**

There are fixed charges over certain classes of fixed assets of the Company and a floating charge in favour of the Trustee which attaches to all the current and future assets of the company, as provided for in the Security Deeds.

### **IS THE BOND ADMINISTERED IN THE UK?**

It is. The Bond Registrar, the Regulated Broker and the Security Trustee are all UK registered professionals with the necessary credentials to carry out this work.

### **WHO CAN INVEST?**

Any individual who is over the age of 18, or a trust, company or charity that is not prevented by the law of its governing jurisdiction from applying for or holding bonds. Investors must also fall within one of the categories of a Qualifying Investor.

We recommend all investors speak to an advisor who is authorised under the Financial Services and Market Act 2000 and specialises in investments of this kind.

### **WHAT HAPPENS TO THE INVESTMENT MONEY?**

Subscription monies from the Bonds will be paid to a Fund Manager regulated by the FCA.

### **HOW MUCH IS THE COMPANY HOPING TO RAISE?**

Up to Forty Million Pounds (£40,000,000).

### **IS THERE A MINIMUM AMOUNT TO BE RAISED?**

The minimum raise under the Bonds is Twenty Million Pounds (£20,000,000) and the maximum is Forty Million Pounds (£40,000,000) (the maximum an investor can invest is £40 million of all 6 per cent. or all 8 per cent. or a mixture to a maximum overall limit of £40 million).

### **IS THERE A MINIMUM AND/OR MAXIMUM INVESTMENT I CAN MAKE?**

The minimum you can invest is £100,000 and the maximum is £40,000,000.

### **CAN I REDEEM MY INVESTMENT EARLY?**

It is at the discretion of the directors of the Company as to whether investors can redeem their Bonds early.

### **DO I GET SHARES OR PROFITS IN DAVID LLOYD'S DEVELOPMENT M-B LTD?**

No, you will not get either. You would be investing in a Bond and Bonds do not participate in the share capital or dividends of the company.

### **WHAT HAPPENS IF THE BONDS ARE FULLY SUBSCRIBED?**

If this Qualified Offer is fully subscribed, the Company will create a new series of Bonds and offer those to investors. The subscription value will depend on demand and the number of sites planned approved.

### **WHAT WILL BE THE INTEREST ON NEW SERIES OF BONDS?**

Any new Bonds issue may be at a lower rate of interest than what is being offered in this current bond.

### **WHAT IS A BOND?**

A Bond is a form of debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. Bonds are used by companies to raise money and finance a variety of projects and activities. Owners of bonds are debtholders or creditors, of the issuer.

Bonds are commonly referred to as fixed income securities and are one of the three main generic asset classes, along with stocks (equities) and cash equivalents.

### **WHO IS THE ISSUER OF THESE BONDS?**

They are being offered and issued by David Lloyd's Development M-B Ltd, a UK registered company.

### **HOW ARE DAVID LLOYD'S DEVELOPMENT M-B LTD BONDS DIFFERENT FROM LISTED BONDS OR GOVERNMENT BONDS?**

The Bonds are effectively a private borrowing agreement between the Company and a Bondholder that cannot be transferred to someone else. In contrast, retail corporate bonds and government gilt-edge securities are freely tradeable instruments. While safeguards are in place, the FCA is very clear that

# FREQUENTLY ASKED QUESTIONS

## **IS THIS A COLLECTIVE INVESTMENT SCHEME?**

No, it is not. Debt issues, where the instruments are not convertible into or exchangeable for investments of any other description are excluded from the definition of a collective investment scheme under the Financial Services and Markets Act 2000 (Collective Investment Schemes) Order 2001.

## **CAN I INVEST IF I AM NOT IN THE UK?**

Yes, you can, but you may be affected by the laws of the country in which you live or of which you are a citizen. You are advised to consult a professional adviser prior to making any application. Unfortunately, US Persons and citizens of and residents of Canada, Australia, Japan, South Africa and Singapore are not eligible to take up investments.

## **WHEN CAN I INVEST?**

You can invest at any time, provided that the Directors have not closed the Offering Period.

## **WHEN DO I GET MY ORIGINAL INVESTMENT BACK?**

All your original investment is expected to be returned in full at the end of the relevant term of the Bonds (either 3 or 5 years from the date of subscription).

## **WHAT RETURNS DO I GET?**

You will get paid interest (a Coupon) at a rate depending on your investment value and Bonds subscribed for, of either 6 per cent. or 8 per cent. per annum. Interest is calculated and paid quarterly in arrears on the Company's Quarter date or compounded cumulatively.

## **HOW DO I GET MY INTEREST PAID TO ME?**

You will be paid by bank transfer into the bank account you nominate. This bank account must be in your name or

the name of your legal representative if you are not able to hold a bank account in your name.

## **ARE THE BONDS TRANSFERABLE?**

Yes, the Bonds are transferable, but the Company has no intention of providing a trading facility or access to an appropriate trading platform.

## **CAN I SEE THE ONGOING PERFORMANCE OF THE BONDS?**

Our Company results will be subjected to a full and independent audit and will be published at Companies House and made available upon request subject to Directors' discretion.

## **CAN I PURCHASE THIS INVESTMENT THROUGH MY SIPP OR SSAS?**

Yes, this investment can be included as part of your SIPP or SSAS, but usually at the relevant providers discretion. The Directors believe that a Bond investment can be included as part of your SIPP or SSAS, but you should seek independent advice on the subject.

## **CAN I INVEST AS A COMPANY AND ARE JOINT APPLICATIONS ALLOWABLE?**

Yes, company investment or joint applications can be accepted.

## **WHAT HAPPENS IF I CHANGE MY MIND?**

If you wish to cancel your application, you should write to:

David Lloyd's Development M-B Ltd  
6th Floor 60 Gracechurch Street  
London  
United Kingdom,  
EC3V 0HR

which must be received no later than 7 days of the date of your Application Form or the date we received your Application Form whichever is the latest. After this date, your application

will be irrevocable and will not be capable of being terminated or rescinded.

## **IF I DIE WHAT WOULD HAPPEN TO MY BONDS?**

Ordinarily bonds would normally form part of a Bondholder's estate and title would pass to the executors or administrators of their estate, but each person's circumstances are different so this might not apply in all cases.

## **WHAT TAXES DO I NEED TO PAY?**

For all information about tax, please see the section, "Tax" in this document.

## **SHOULD I DISCUSS THIS INVESTMENT OPPORTUNITY WITH A FINANCIAL ADVISOR?**

Yes, we strongly suggest that you do.

## **WHAT WILL THE BONDS BE SECURED AGAINST?**

The Bonds will be secured against the underlying assets of the Company, including property, income and cash reserves by way of a fixed and floating charges against the Company. The charges will be contained in a Debenture, which is a legal security document incorporating charges to be taken over the assets and undertaking of the Company, and which security will be registered against the Company's register at Companies House.

## **THE SECURITY TRUSTEE**

To protect Bondholders' interests, the Trustee has been appointed to act as an independent trustee to hold the security on behalf of the Bondholders. If, for whatever reason, the Company defaults in making payments in respect of the Bonds, the Security Trustee will be able to enforce the registered charges over the Company's assets, in order to realise their underlying value, and to direct that any proceeds



of realisation are used to repay all or any part of the capital and interest due to Bondholders.

### THE BOND INSTRUMENT, TRUST DEED & SECURITY DEED

The Bonds being issued by the Company have been established under a bond instrument constituted by the Trust Deed dated 18th April 2019 between the Company and the Trustee.

The Trustee acts on behalf of the Bondholders holding the security and is responsible for enforcing such security to recover funds on behalf of Bondholders in an event of default by the Company. An event of default such as the delay or non-payment of interest or capital redemption are defined within the Trust Deed, a copy of which can be obtained on request by emailing [admin@dldltd.com](mailto:admin@dldltd.com).

The Security Deeds are the agreements

containing fixed and floating charges granted by the Company in favour of the Trustee, and which specify the details of the security for either the Series A Bonds or the Series B Bonds, as the case may be.

A copy of the Security Deed can be obtained on request by emailing [admin@dldltd.com](mailto:admin@dldltd.com).

The Bonds being subscribed for under the terms of this IM are secured bonds. The Directors believe that the level of security offered by the Company is a key element for all potential Investors and are of the opinion that they have structured the offer of the Bonds to ensure that Investors are afforded adequate security by the Company to protect their interests.

### FINANCIAL BOND INDEMNITY

The Company has negotiated a Financial Bond which guarantees the investor coupon and bond repayment in an event

of default by the Company but which excludes a default occasioned by the Company becoming insolvent in any manner.

### I HAVE MORE QUESTIONS – HOW CAN I GET THEM ANSWERED?

If you have any questions regarding the procedure for investment or payment, please contact the Company using the details below:

Telephone: 020 3930 3760

Email: [admin@dldltd.com](mailto:admin@dldltd.com)

Please note: lines are open between 9.00am and 5.00pm, Monday to Friday. Alternatively, you can write to:

**David Lloyd's Development M-B Ltd**

6<sup>th</sup> Floor 60 Gracechurch Street  
London  
United Kingdom,  
EC3V 0HR









# APPENDIX I

## TERMS AND CONDITIONS OF THE BONDS

**The following are the terms and conditions applicable to the Bonds (these “Conditions”).**

The £20,000,000 6% secured bonds due for final redemption no later than 18<sup>th</sup> April 2023 (“Series A Bonds”) and the 8% secured bonds due for final redemption no later than 18<sup>th</sup> April 2025 (“Series B Bonds”) (together the “Bonds” and any of them a “Bond”) of David Lloyd's Developments M-B Ltd, a company incorporated and registered in England and Wales with number 11578705 whose registered office is at 6<sup>th</sup> Floor, 60 Gracechurch Street, London, EC3V 0HR (the “Company”), are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the “Trust Deed”) and secured by Security Deeds (as defined below), each dated April 2019 and made between the Company and Woodside Corporate Services Limited a company incorporated and registered in England and Wales with number 06171085 whose registered office is at 4<sup>th</sup> Floor, 50 Mark Lane, London, EC3R 7QR (as trustee pursuant to both the Trust Deed and the Security Deeds, the “Trustee”, which expression shall include any successor as Trustee) as trustee for each Registered Bondholder (as defined below).

Copies of the Trust Deed and the Security Deeds are available for inspection during normal business hours at the registered office for the time being of the Company being at the date of the issue of the Bonds and at the registered office of the Trustee. The Registered Bondholders are entitled to the benefit of, and are deemed to have notice of, all the provisions of the Trust Deed and the Security Deeds.

Certain of the statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes these Conditions) and the Security Deeds. In the event of any conflict between these Conditions and the Trust Deeds or the Security Deed, the Trust Deed or the relevant Security Deed, as applicable, shall govern.

### 1. DEFINITIONS

**Capitalised terms used herein without definition shall have the same meanings ascribed to such terms in the Trust Deed unless the context otherwise requires or unless otherwise stated.**

**In these Conditions:**

**“Applicable Issue Date”** means, in respect of a Tranche, the date on which such Tranche is issued (which, in the absence of manifest error, is the date of first entry of the relevant Bondholder(s) into the Register);

**“Appointee”** means any attorney, manager, agent, delegate, nominee, custodian, receiver or other person appointed by the Trustee under, or pursuant to, these Conditions, the Trust Deed or any Security Deed;

**“Business Day”** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the City of London.

**“Class Meeting”** means a meeting of the holders of either the Series A Bonds or the Series B Bonds (as appropriate) duly convened and held in accordance with the provisions of Schedule 2;

**“Company Security”** has the meaning given to it in Condition 4 (Security);

**“Events of Default”** means the events detailed in Condition 12.1 (Events of Default) and “Event of Default” means any of them;

**“Interest Payment Dates”** means the dates of interest payments made quarterly in each year during the Term of the Bonds, the final interest payment being made on the final Maturity Date of the Series A Bonds or the Series B Bonds (as appropriate), and

**“Interest Payment Date”** means any such date;

**“Interest Record Dates”** means the dates at the end of each consecutive quarterly interest period during the Term of the Bonds (such dates being 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December in each year), up to and including the date on which the Bonds are redeemed, and “Interest Record Date” means any such date;

**“Maturity Date”** means, in respect of a Tranche, the date which falls either three (3) or five (5) years (as the case may be) after the Applicable issue Date in respect of that Tranche, with the last maturity date in respect of any Tranche relating to the Series A Bonds being no later than 18<sup>th</sup> April 2023, and in respect of any Tranche relating to the Series B Bonds the last maturity date shall be no later than 18<sup>th</sup> April 2025;

**“Potential Event of Default”** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request, would constitute an Event of Default;

**“Registered Bondholder”** means the person(s) in whose name any Series A Bonds and/or Series B Bonds are, or any Bond is, registered (regardless of underlying beneficial ownership), and “Registered Bondholders” means all or any of the them (as the case may be);

**“Relevant Date”** means, with respect to any payment due in respect of the Bonds, the date on which such payment first becomes due but, if the full amount of the money payable has not been received by the Paying Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect is duly given to the Registered Bondholders by the Company in accordance with Condition 13 (Notices);

**“Reserved Matter”** means a modification of a Maturity Date or any Interest Payment Date, a reduction or cancellation of the principal or interest payable in respect of the Bonds (or any series of them) or an alteration of the currency of payment of the Bonds;

**“Security Deeds”** means the fixed and floating charge security documents dated 18th April 2019 made between the Company and the Trustee (as modified and/or supplemented and/or restated from time to time) securing the assets of the Company in favour of the Trustee as described therein;

**“Taxes”** has the meaning given to it in Condition 10.1 (*Withholding*);

**“Term of the Bonds”** means, in respect of a Tranche, the period commencing on the relevant Applicable Issue Date and ending on the corresponding Maturity Date; and.

**“Tranche”** means either issued Series A Bonds or Series B Bonds (as the case may be), such Bonds ranking *pari passu* with any issued Bonds of the same series and having a common Maturity Date and having the same Applicable Issue Date, so that Bonds of the same series but with different Applicable Issue Dates shall be designated as different Tranches by reference to their respective Applicable Issue Dates, but shall together constitute either Series A Bonds or Series B Bonds (as applicable).

## 2. FORM, DENOMINATION AND TRANSFER

2.1 The Bonds shall be issued in registered form, in the denomination of £10,000 per unit with a minimum aggregate subscription of £100,000 per investor.

2.2 The Bonds shall be held by, and issued to, Registered Bondholders in certified form. The person(s) in whose name(s) any Bonds are registered in the register (the *“Register”*) relating to the Bonds maintained by the Company will (in the absence of manifest error) be treated at all times for all purposes (including the purpose of making payments, whether or not any such payments are overdue) as the absolute owner thereof.

2.3 The Bonds are transferable in integral multiples of £10,000 by transfer by instrument in writing in common form or in such form as the Company may approve from time to time.

2.4 Each instrument of transfer shall be signed by the transferor, and the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register in respect of such Bonds.

2.5 Each instrument of transfer shall be lodged at the registered office of the Company for the time being, and shall be accompanied by the certificate(s) for the Bonds to be transferred and any other evidence that the Company may require to prove the title of the transferor or his right to transfer the Bonds (and, if such instrument is executed by some other person on his behalf, the authority of that person to do so). All instruments of transfer that are registered may be retained by the Company.

2.6 If any certificate is worn out or defaced then, on production of it to the Company, it may cancel it and may issue a fresh certificate in lieu. If any certificate is lost or destroyed it may be replaced on such terms (if any) as to evidence and indemnity as the Company may require. An entry recording the issue of the new certificate and indemnity (if any) shall be made in the Register.

## 3. STATUS

The Bonds are direct limited recourse obligations of the Company, are secured in the manner set out in Condition 4 (Security), and rank *pari passu* without preference or priority amongst themselves.

## 4. SECURITY

4.1 The Company's obligations in respect of the Bonds are secured pursuant to the Security Deeds by way of charge and assignment in respect of the Charged Assets in favour of the Trustee for the benefit of itself and the Registered Bondholders, as more fully described in the Security Deeds.

4.2 The security created by the Security Deeds and/or pursuant to any deed or document supplemental thereto is referred to herein as the *“Company Security”*.

4.3 The Company Security shall become enforceable upon the delivery of an Acceleration Notice (as defined in Condition 12).

## 5. ORDER OF PAYMENTS

**Following the enforcement of the Company Security, the net proceeds of enforcement of the Company Security shall be applied in the following order of priority:**

- a. first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any Appointee in preparing and executing the trusts under the Trust Deed or the Security Deeds (or any of them);
- b. second, in payment or satisfaction of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any Appointee in realising any Company Security and the Trustee's and any such Appointee's remuneration including (without limitation) under clause 17 of the Trust Deed and under clause 17 of either Security Deed;
- c. third, in payment, on a *pro rata* and *pari passu* basis, to the Registered Bondholders of any interest due and payable in respect of the Bonds;
- d. fourth, in payment, on a *pro rata* and *pari passu* basis, to the Registered Bondholders of any principal due and payable in respect of the Bonds;
- e. fifth, in payment of any other unpaid fees and expenses of the Company (in each case insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis; and
- f. lastly, in payment of any surplus to the Company.



## 6. COVENANTS

### 6.1 General Covenants

In addition to the covenants of the Company set out in the Trust Deed and the Security Deeds, for so long as any of the Bonds remain outstanding, the Company covenants that it will not without the consent in writing of the Trustee engage in any activity, or do anything other than:

- a. carry out the business of a company which has as its purpose raising finance and using the proceeds for the acquisition of land for development purposes in the residential, holiday and leisure industries; and
- a. perform any act incidental to or necessary in connection with (a) above.

**The Company also covenants, for so long as any of the Bonds remains outstanding, not to create or permit to subsist, over any of the security constituted by or created pursuant to the Security Deeds, any mortgage or charge or any other security interest ranking in priority to the security created by or pursuant to the Security Deeds, save as expressly permitted by the Security Deeds.**

### 6.1 Information Covenants

For so long as any of the Bonds remain outstanding, the Company shall:

- a. Send (by conventional postal transmission in printed form or electronic means, as determined by the Company in its sole discretion) to each Registered Bondholder a copy of the annual report of the Company no later than six months after the Company's fiscal year end; and
- b. at the request of Registered Bondholders holding not less than 75 per cent in principal amount of the Bonds for the time being outstanding, convene a meeting of the Registered Bondholders to discuss the financial position of the Company, **provided, however, that** the Company shall not be required to convene any such meeting pursuant to this Condition 6.2(b) more than once in any calendar year. Upon the request of Registered Bondholders to convene any such meeting, as aforesaid, the Company shall notify all Registered Bondholders of the date (which date shall be no more than 21 days following such request), time and place of the meeting in accordance with Condition 13 (*Notices*). The Company shall act in good faith in addressing any questions regarding its financial position raised at any such meeting, **provided, however, that** the Company shall not be obliged to disclose any information which it, in its absolute discretion, considers to be of a confidential nature. For the avoidance of doubt, the provisions of this Condition 6.2(b) are in addition to the meetings provisions set out in Condition 14 (*Meetings of Registered Bondholders, Modification and Waiver*).

## 7. INTEREST

### 7.1 Interest Rate and Interest Payment Dates

Subject to Condition 7.2, the Bonds will bear interest from (and including) the Applicable Issue Date at an annual rate of 6 per cent in respect of any Series A Bonds and at an annual rate of 8 per cent in respect of any Series B Bonds, all interest being payable quarterly in arrears on each Interest Payment date (in accordance with Condition 8.1), calculated on the basis of the following periods:

- a. in relation to the first Interest Payment Date applicable to any Tranche in respect of which the Applicable Issue Date falls within the period of one (1) calendar month prior to the Interest Record Date first occurring after such issue date, the period of interest shall accrue from and including the Applicable Issue Date for such Tranche up to but excluding the second Interest Record Date occurring after such Applicable Issue Date; or
- b. in relation to the first Interest Payment Date applicable to any Tranche in respect of which the Applicable Issue Date falls within the period of two (2) calendar months immediately following an Interest Record Date, the period of interest shall accrue from and including the Applicable Issue Date for such Tranche up to but excluding the Interest Record Date which first occurs after such Applicable Issue Date, and
- c. in relation to each subsequent Interest Payment Date applicable to all and any Tranches, the relevant interest period shall accrue from and including the immediately preceding Interest Record Date up to but excluding the current Interest Record Date.

**Interest shall be calculated on the basis of the actual number of days elapsed in the relevant period and a 365-day year.**

### 7.2 Interest Accrual

Each of the Bonds will cease to bear interest from (and including) its due date for redemption, unless payment of the principal in respect of the Bonds is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in this Condition 7.

### 7.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period that ends prior to an Interest Payment Date, it shall be calculated on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the "*Accrual Date*") to (but excluding) the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by 4, and multiplying this fraction by the rate of interest specified in Condition 7.1 (*Interest Rate and Interest Payment Dates*) and the relevant principal amount of the Bonds.

## 8. PAYMENTS

### 8.1 Payments in respect of the Bonds

Payments of principal in respect of each of the Bonds will be made by the Company to the relevant Registered Bondholder appearing on the Register of Bonds on the Maturity Date.

Subject to Condition 7.2, payments of interest in respect of each and any of the Bonds will be made 14 calendar days after the Interest Record Date by the Company to the relevant Registered Bondholder appearing on the Register on the Interest Record Date.

### 8.2 Method of Payment

Payments of principal and interest in respect of each of the Bonds will be made by the Company by credit in Sterling to the account maintained by the relevant Registered Bondholder as at the Interest Record Date.

### 8.3 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Bonds is subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

### 8.4 Payment Day

If the date for payment of any amount in respect of any Bonds is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

## 9. REDEMPTION AND PURCHASE

### 9.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified in these Conditions, the Bonds will be redeemed by the Company at their principal amount (together with any accrued interest) on the applicable Maturity Date, payable to those persons registered as the holders of such Bonds on the Maturity Date.

### 9.2 Early redemption by the Company

Subject to the prior written approval of the Trustee on behalf of the Registered Bondholders, at any time after issue of any Tranche, the Company may, by giving the Trustee and the Registered Bondholders not less than 21 calendar days' notice in writing (a "Company Redemption Notice"), redeem from such Registered Bondholders, the aggregate principal amount of all Series A Bonds and/or Series B Bonds then in issue and outstanding, as stated in such Company Redemption Notice (subject to such amount being a multiple of £10,000) together with all accrued interest thereon on the date specified in such Company Redemption Notice. The service of a Company Redemption Notice under this Condition 9.2 shall be irrevocable.

Upon any redemption of the Bonds pursuant to this Condition 9.2, the Company shall pay (in the manner specified in these Conditions) to each Registered Bondholder an additional amount equal to the aggregate interest which, but for the redemption of Bonds pursuant to a Company Redemption Notice served under this Condition 9.2, would have accrued and been payable to each Registered Bondholder as if they had continued to hold the number of Bonds registered in their name (as at the date of the Company Redemption Notice) for the period from the last Interest Payment Date up to and including the date of redemption.

### 9.3 Calculations

Each calculation, by or on behalf of the Company, for the purposes of this Condition 9 shall, in the absence of manifest error, be final and binding on all persons. If the Company does not at any time for any reason calculate amounts referred to in this Condition 9, such amounts may be calculated by the Trustee, or an agent appointed (at the expense of the Company) by the Trustee for this purpose (without any liability accruing to the Trustee as a result) based on information supplied to it by the Company, and each such calculation shall be deemed to have been made by the Company.

### 9.4 Purchase of Bonds by the Company

Any Registered Bondholder may at any time, by serving written notice on the Company, request the Company to purchase some or all of the Bonds registered in the name of the Registered Bondholder on such terms and conditions as shall be agreed between the relevant Registered Bondholder and the directors of the Company.

### 9.5 Cancellation of purchased or redeemed Bonds

All Bonds redeemed by the Company pursuant to Condition 9.2 (*Early Redemption by the Company*) or purchased by the Company pursuant to Condition 9.4 (*Purchase of Bonds by the Company*) shall be cancelled and may not be issued or resold.

## 10. TAXATION

### 10.1 Withholding

To the extent required by law, payments of principal and interest in respect of the Bonds by or on behalf of the Company shall be made subject to withholding and/or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of the United Kingdom or any political subdivision or authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or authority thereof or therein having power to tax to which the Company becomes subject in respect of payments made by it of principal and interest on the Bonds.



## 10.2 No obligation to pay additional amounts

Neither the Company, the Trustee nor the Paying Agent shall be obliged to pay any additional amounts to the Registered Bondholders as a result of any withholding or deduction made in accordance with Condition 10.1 (*Withholding*).

## 11. PRESCRIPTION

Claims in respect of the Bonds will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

## 12. EVENTS OF DEFAULT AND ENFORCEMENT

### 12.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least 75 per cent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being secured and/or indemnified to its satisfaction) shall (but in the case of the happening of any of the events described in paragraphs 12.1(b) and (i) below, only if the Trustee shall have certified in writing to the Company that such event is, in its reasonable opinion, materially prejudicial to the interests of the Registered Bondholders), give notice in writing (an "*Acceleration Notice*") to the Company that the Bonds are, and the Bonds shall thereupon immediately become, due and repayable at their principal amount together with accrued interest as provided in the Trust Deed if any of the following events (each, an "*Event of Default*") shall occur:

- a. if default is made in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of fourteen (14) calendar days in the case of principal and fourteen (14) calendar days in the case of interest; or
- b. if the Company fails in any material respect to perform or observe any of its other obligations under, or in respect of, these Conditions, the Trust Deed or the Security Deeds or if any representation given by the Company to the Trustee in the Trust Deed or the Security Deeds is found to be materially untrue, incorrect or misleading as at the time it was given and (except in any case where, in the reasonable opinion of the Trustee, the failure or inaccuracy is incapable of remedy) the failure or inaccuracy continues for a period of thirty (30) calendar days next following the service by the Trustee on the Company of notice requiring the same to be remedied; or
- c. (A) any other present or future indebtedness of the Company for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Company fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £100,000 or its equivalent in other currencies (as reasonably determined by the Trustee); or
- d. if any order is made by any competent court or resolution passed for the winding-up or dissolution of the Company save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- e. if the Company ceases or threatens to cease to carry on the whole or, in the opinion of the Trustee, a substantial part of its business, save for the purposes of reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution; or
- f. if the Company stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- g. if (A) proceedings are initiated against the Company under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, liquidator, manager, administrator or other similar official, or an administrative or other receiver, liquidator, manager, administrator or other similar official is appointed, in relation to the Company or, as the case may be, in relation to all or substantially all of the Company's undertaking or assets, or an encumbrancer takes possession of all or substantially all of the Company's undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the Company's undertaking or assets and (B) in any case (other than the appointment of an administrator) is not discharged within fourteen (14) calendar days; or
- h. if the Company initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium); or
- i. if the Company makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- j. if it is or will become unlawful for the Company to perform or comply with any of its obligations under or in respect of the Bonds, the Trust Deed or the Security Deeds.

## 12.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Company (or any of its subsidiaries) as it may think fit to enforce the provisions of the Trust Deed, the Security Deeds or otherwise, including (without limitation) the right to require the Company to take steps to enforce any security it may hold from time to time in respect of or in connection with the assets and undertaking of any of its subsidiaries, but the Trustee shall not be bound to take any such proceedings or other steps or action in relation to the Trust Deed, the Security Deeds or otherwise unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 75 per cent in principal amount of the Bonds then outstanding and (ii) it shall have been secured and/or indemnified to its satisfaction.

No Registered Bondholder shall be entitled to (i) take any steps or action against the Company to enforce the performance of any of the provisions of the Trust Deed or the Security Deeds or (ii) take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Company, in each case unless the Trustee, having become bound so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

## 13. NOTICES

### 13.1 To Registered Bondholders

Notices to be given to Registered Bondholders regarding any Bonds will be deemed to be validly given if sent by first class pre-paid letters to the Registered Bondholders at their addresses entered in the Register or by means of electronic communication if a Registered Bondholder has provided electronic communication details. Any such notices will be deemed to have been given on the date two days after the date of despatch of such letters or on the same day in the case of electronic transmission. The Company shall also ensure that notices are duly published in a manner which complies with the rules of any Bonds exchange or other relevant authority on which the Bonds is for the time being listed or by which they have been admitted to trading. If, in the opinion of the Trustee, publication as provided above is not practicable, a notice shall be validly given if published in a leading daily English language newspaper with general circulation in Europe.

### 13.2 From Registered Bondholders

Notices to be given by any Registered Bondholder shall be in writing and will be deemed to be validly given if sent by first class pre-paid letters to the then-current registered office of the Registrar.

## 14. MEETINGS OF REGISTERED BONDHOLDERS, MODIFICATION AND WAIVER

### 14.1 Meetings of Registered Bondholders

The Trust Deed contains provisions for convening meetings of the Registered Bondholders (or any Class Meeting) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of the Trust Deed (including these Conditions) or the Security Deeds (or either of them). Such a meeting may be convened by the Company or the Trustee following an Event of Default, and shall be convened by the Trustee following an Event of Default if so requested in writing by Registered Bondholders holding not less than 10 per cent in principal amount of the Bonds (or, in the case of a Class Meeting, the holders of 10 per cent in principal amount of Bonds of the relevant class) for the time being outstanding (other than in respect of a meeting requested by Registered Bondholders to discuss the financial position of the Company, which shall be requested in accordance with, and shall be subject to, Condition 6.2(b) (Information Covenants)).

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in aggregate at least 75 per cent in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons holding or representing in aggregate at least 75 per cent in principal amount of the Bonds for the time being outstanding, except that at any meeting the business of which includes a Reserved Matter, the quorum shall be one or more persons holding or representing in aggregate not less than 75 per cent in principal amount of the Bonds for the time being outstanding, or at any such adjourned meeting one or more persons holding or representing in aggregate not less than 75 per cent in principal amount of the Bonds for the time being outstanding.

The Trust Deed defines "*Extraordinary Resolution*" as a resolution expressed as such and passed at a duly convened meeting of the Registered Bondholders by a majority consisting of not less than 75 per cent of the persons voting at such meeting upon a show of hands or if a poll is duly demanded by a majority consisting of not less than 75 per cent of the votes given on such poll. An Extraordinary Resolution passed by the Registered Bondholders is binding on all the Registered Bondholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

**14.2** A resolution in writing signed by or on behalf of Registered Bondholders holding not less than 75 per cent in principal amount of the Bonds for the time being outstanding or a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of Registered Bondholders holding not less than 75 per cent in principal amount of the Bonds for the time being outstanding, shall, in each case, be



as valid and effective as an Extraordinary Resolution passed at a meeting of the Registered Bondholders.

**14.3** In respect of any meeting that may be convened of either the holders of Series A Bonds or Series B Bonds (as the case may be), the rights attached to any such series may only be varied or abrogated (whilst the relevant Bonds are outstanding) by a majority of not less than 75 per cent of those holders of Bonds entitled to attend and vote at a Class Meeting duly convened and held under the Trust Deed or with the consent in writing of the holders of at least 75% in nominal value of the issued Bonds of the relevant class.

#### **14.4 Modification, Waiver, Authorisation and Determination**

The Trust Deed provides that the Trustee may agree, without the consent of the Registered Bondholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed (including these Conditions), the Security Deeds or any other agreement relating to the Bonds to which the Trustee is a party, or determine, without any such consent as aforesaid, that any Potential Event of Default or Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Registered Bondholders so to do or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or necessary to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification, waiver, authorisation or determination shall be in writing, shall be binding on the Registered Bondholders and shall be notified to the Registered Bondholders in accordance with the notice provisions of the Security Deeds as soon as practicable thereafter (unless the Trustee determines such notice is unnecessary).

#### **14.5 Trustee to have regard to interests of Registered Bondholders as a class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall: (i) have regard to the general interests of the Registered Bondholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Registered Bondholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Registered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub division thereof and the Trustee shall not be entitled to require, nor shall any Registered Bondholder be entitled to claim, from the Company, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Registered Bondholders and (ii) shall not be required to have regard to the interests of any other secured parties.

#### **15. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE COMPANY**

The Trust Deed and the Security Deeds contain provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless secured and/or indemnified to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into or be interested in any contract or financial or other transaction or arrangement with the Company or any subsidiary and (b) to accept or hold the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Company or any subsidiary.

The Trustee shall not be bound to take any step or action in connection with the Trust Deed, the Security Deeds or the Bonds or obligations arising pursuant thereto, where it is not satisfied that it is indemnified and/or secured against all its liabilities and costs incurred in connection with such step or action and may demand, prior to taking any such step or action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so as to indemnify it.

The Trustee shall have no responsibility for the validity, sufficiency or enforceability of the Company Security. The Trustee shall not be responsible for monitoring the compliance by the Regulated Broker with its obligations under the Regulated Broker Agreement.

#### **16. FURTHER BONDS**

The Trust Deed provides that the Company has the power, without the consent of the Registered Bondholders, to create and issue further series of bonds ranking *pari passu* or junior in point of security with the Series A Bonds and/or the Series B Bonds and carrying such rights and forming such class of bonds or upon such terms as the Company may determine at the time of their issue. The Company is not permitted to issue any further bonds that are expressed to be and rank senior in point of security to the Bonds.

#### **17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person other than the Trustee shall have any right to enforce these Conditions under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **18. GOVERNING LAW**

**18.1** These Conditions and any dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England.

**18.1** the parties to this Deed irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Conditions or their subject matter or formation (including non-contractual disputes or claims).







# ADRENALIN WORLD

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