

## **ANTICIPATED COMBINATION OF PURE GYM LIMITED AND THE GYM LIMITED**

1. In exercise of its duty under section 33(1) of the Enterprise Act 2002 (**'the Act'**) to make a reference to a Phase 2 Inquiry Group in relation to an anticipated merger, the Competition and Markets Authority (**'CMA'**) believes that it is or may be the case that:
  - (a) a relevant merger situation has been created, in that:
    - (i) arrangements are in progress or in contemplation which, if carried into effect, will result in an enterprise carried on by or under the control of Pure Gym Limited ceasing to be distinct from an enterprise carried on by or under the control of The Gym Limited, and
    - (ii) as a result, the condition specified in section 23(3) of the Act is satisfied with respect to the supply of budget gyms in Great Britain and the supply of budget gyms in several local areas, including in any case Bournemouth and Reading
  - (b) the creation of that situation may be expected to result in a substantial lessening of competition within a market or markets in the UK for goods or services, including the supply of gyms in:
    - a. the United Kingdom;
    - b. 10 local areas where both merging parties operate (Bournemouth, Reading, Edinburgh, Leeds, Glasgow, Milton Keynes, Southampton, Bristol, Luton and Dunstable, and London South); and
    - c. four local areas where one party operates and the other party has firm plans to enter in the short-term (Sheffield, Manchester East, Wolverhampton and Cardiff).
2. Therefore, in exercise of its duty under section 33(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013, for investigation and report within a period ending on 10 December 2014, the following questions in accordance with section 36(1) of the Act:

- (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and
- (b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the UK for goods or services.

**Andrea Coscelli**  
**Executive Director – Markets and Mergers**  
**26 June 2014**