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KKR to Acquire The Bay Club Company

Landmark California company bridges gap between fitness and hospitality

NEW YORK & SAN FRANCISCO--(BUSINESS WIRE)-- KKR, a leading global investment firm, and The Bay Club Company ("Bay Club"), a premier active lifestyle and hospitality company, today announced the signing of a definitive agreement under which KKR will acquire Bay Club from York Capital Management and minority investors, including JMA Ventures and Roxborough Group. Financial details of the transaction were not disclosed.

Founded in 1977, Bay Club operates a collection of active lifestyle campuses, welcoming more than 50,000 members throughout California. The clubs are designed with innovative amenities to support the company's focus on Fitness, Sports, Family and Hospitality.

Bay Club is recognized as the pioneer of the urban sports resort. Over the past several years, Bay Club has assembled an experienced management team—a blend of fitness, hospitality, technology, and finance veterans. Under the direction of this team, Bay Club was given the opportunity to evolve beyond the fitness industry. As a result, the Company entered the realm of hospitality by grouping complementary properties into campuses and offering its members a range of high-end lifestyle amenities typically only found at country clubs and luxury resorts.

"At Bay Club, we are proud to have created California's leading active lifestyle community. In partnering with KKR, we are excited to build even further on what we've accomplished thus far and bring our unique offering to even more communities across the country," said Matthew Stevens, President and CEO of Bay Club.

"Bay Club's pioneering and differentiated model is one of the few scaled platforms in a large and highly fragmented health and wellness industry, where members can find options that meet all of their - and their families' - needs," said Nate Taylor, KKR Member and Head of KKR's Americas Consumer Retail team. "We're thrilled to be partnering with Matthew and the rest of Bay Club's management team."

KKR is making the investment through separately managed accounts and its balance sheet.

Bay Club is being advised by Morgan Stanley & Co. LLC as lead financial advisor, North Point Advisors LLC as co-financial advisor, and Skadden, Arps, Slate, Meagher & Flom and Brownstein Hyatt Farber Schreck, LLP as legal advisors. Simpson Thacher & Bartlett is serving as legal advisor to KKR.

About Bay Club

Headquartered in San Francisco, California, The Bay Club Company is an active lifestyle and hospitality company with a network of experiential campuses that welcome more than 50,000 members. The company operates across seven California campuses in the San Francisco, San Jose, Los Angeles and San Diego markets, employing more than 4,000 people. For more information on The Bay Club Company, please visit BayClubs.com or its blog, OneLombard.com. The Bay Club Company is also on **Facebook** and **Instagram**.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate and credit, with strategic manager partnerships that manage hedge funds. KKR aims to generate attractive investment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

About York Capital Management

York Capital Management is a global private investment firm that was established in 1991. The firm manages approximately \$18 billion in assets across public and private investment strategies, including its private equity platform, the York Special Opportunities Fund, which owns Bay Club. York Capital employs approximately 60 investment professionals and 200 total employees globally, located primarily in New York, London, and Hong Kong.

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