



**POWERHOUSE
GYM**



**PIONEERING & DEFINING FITNESS
SINCE 1974**

www.PowerhouseGym.com



SHAPE UP YOUR CAREER WITH POWERHOUSE GYM

BE YOUR OWN BOSS...TAKE CONTROL OF YOUR CAREER

The people in your community will be excited to be able to join Powerhouse Gym. Highly qualified staff and trainers, using the best training equipment, technology, and nutrition programs will be available to your members in a motivating environment where real results are finally within their reach.

These are very exciting times at Powerhouse Gym, and there is much more on the horizon than we could possibly mention here. If you have been thinking about owning a business in the fitness industry and want something that is truly a cut above other clubs, then stop thinking about it and call us today!

GIVE YOUR CURIOSITY A GOOD WORKOUT

We look forward to our first conversation, because that's when we both have a chance to discover a possible fit.

"The best brother, partner and friend a man could ever have. Until we're together again."

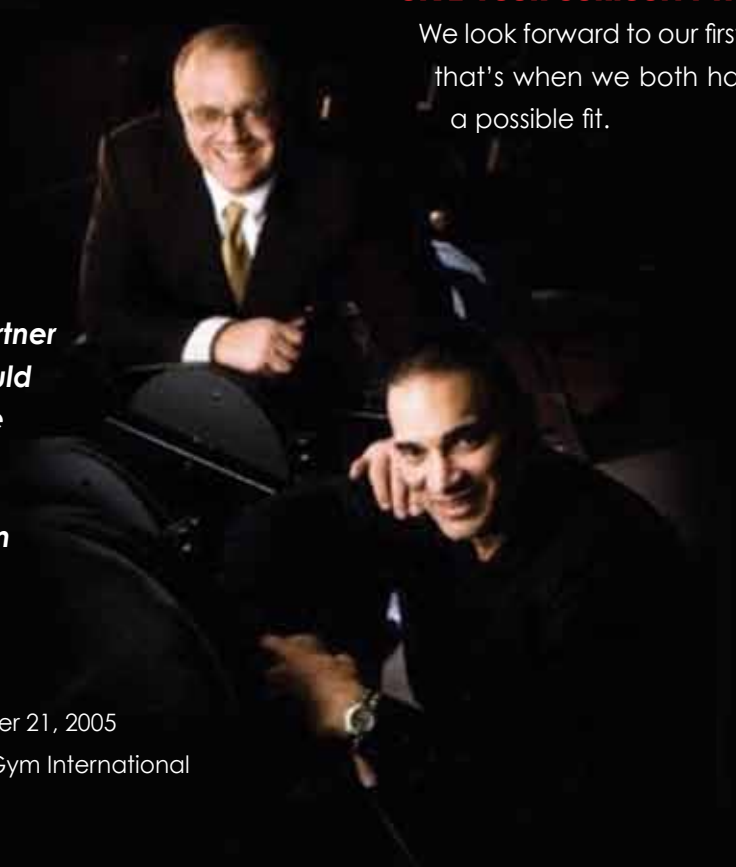
- Your brother, William

Dedicated to

NORMAN K. DABISH

February 19, 1959 - October 21, 2005

co-founder Powerhouse Gym International





THE HISTORY OF POWERHOUSE GYM

Founded in 1974 by brothers, William and Norman Dabish, the Powerhouse Gym chain, which began as a single inner-city establishment in Highland Park, Michigan. It has since grown into one of the most well-known and well respected gym/fitness club organizations in the world. The Powerhouse name and brand has been one of the top leaders in the fitness industry for over 40 years. With 400 licensees in 40 states, Powerhouse has continued to steadily gain global attention by expanding into 21 different countries and 6 continents worldwide. Powerhouse Gyms International is the holder of trademark and intellectual properties for the Powerhouse brand in various trademark classes worldwide, including fitness equipment. The private company earns income through licensing, operating company-owned gyms, and selling apparel, accessories, and equipment with the Powerhouse name and logo. Powerhouse Gym headquarters is now located in Novi, Michigan.

Will and Norm Dabish were two teenage boys with little formal education, who dropped out of school to care for their ailing father. Growing up they studied martial arts, and at the age of thirteen, started a small martial arts supply store out of their bedroom with a \$200 loan from their parents. At the age of fifteen, the brothers opened a store in Detroit. Will Dabish knew weight training would help make him a stronger and faster fighter. Their love for fitness and weightlifting led them to open a small gym in the back of a grocery store in Detroit, Michigan, which was then moved to Highland Park, Michigan. Will and Norm opened a gym to introduce the benefits of weightlifting, to local athletes. At the time, weightlifting was frowned upon by coaches in most sports, as they assumed it would make athletes "bulky" and stiff, therefore making them slower. Now, however, that thinking is inconceivable. Will and Norm opened the first bodybuilding and weightlifting gym in the Midwest to open its doors to women in 1980, and, as a result, produced Lenda Murray, 8-time Ms. Olympia, from the original Highland Park gym.

Powerhouse was also the first to hold the first ever women's competition, "Ms. Galaxy Competition." As a footnote, Will and Norm found the "Ms. Galaxy Competition" with George Snyder. The "Ms. Galaxy Competition" was the precursor to the functional cross-training competitions we see today. What started out as 12 contestants in 1993, grew to 400 contestants and a network television coverage seen on ESPN by 1996, airing opposite to the Super Bowl. Powerhouse became the place to train for numerous professional athletes; two Powerhouse Gym members became NBA rookie and NFL rookie of the year, in the same year; Chris Webber and Jerome Bettis, respectively; championship boxers such as Tommy Hearns, Leon Spinks along with numerous other professional athletes in every major sport.



Powerhouse grew from a single inner-city gym in 1974 to its current position as a worldwide presence in the fitness industry. As they began to open up Powerhouse Gyms nationwide, Will and Norm Dabish would travel regularly to each location all around the country, where they would personally assist and help layout their clubs. What started as a dream of two teenage boys evolved into one of the most iconic brands in the fitness industry.

Today, Powerhouse is returning to where we left off with the new cutting edge gyms, introducing the Powerhouse FX Training system, showcased in the "Powerhouse Gyms Ultimate Athlete Challenge." Powerhouse is currently partnered with the University of Tampa, Florida and implemented a Human Performance Lab inside one of our most prestigious clubs in Tampa, Florida. Our Powerhouse FX training gym, is led by University of Tampa researcher, Dr. Jacob Wilson. We are proud and excited to be one of the first health clubs in the world to offer these services to the public. This presence allows us to empirically measure our athletes and our members' performance.

Powerhouse Gyms' relationships in the fitness industry, built over four decades, has allowed us to develop strong partnerships throughout the athletic fitness spectrum, men and women's fitness, health, and training.

TIME-TESTED EXCELLENCE

Powerhouse Gym has built an outstanding reputation by empowering members with the best training equipment, expert knowledge, committed customer service and a truly motivating atmosphere all in an affordable first-class facility. The bottom line: Powerhouse Gym is a fitness and training center

for real people, looking for real results. Licensees can incorporate extra services, including personal training, tanning and nutritional counseling; thus offering members even more "feel good-look good" options! And with a 40+ year history of helping independent business owners achieve their personal, professional, and financial goals, Powerhouse Gym is welcoming a brand new generation of owners into its dynamic organization. Powerhouse also offers an option for starter clubs and/or personal training based facilities.

Powerhouse FX combines the benefits of training with functionality. Powerhouse FX is just what you need to compliment your facility or as a stand alone studio.

If you have a background in fitness, you know that many factors combine to make a great fitness center. Powerhouse Gym is where all the best attributes come together, with abundant exercise options and personal service. Naturally, Powerhouse Gym is looking for like-minded individuals who match the excellence of their product offering.

Are you customer service and relationship oriented with a strong ability to work with others? Can you see yourself running a state-of-the-art fitness and training center that is committed to helping people achieve real results? If so, you could be just the kind of person that Powerhouse Gym is searching for!



A GROWING INDUSTRY

Total consumers top 63 million; more than 34,000 U.S. clubs generate \$24.2 billion in revenue.

BOSTON, MA - April 22, 2015 - While many industries have hit a plateau, health clubs are healthier than ever! More than 63 million Americans utilized a health club in 2014, up 2.3% from 2013 when 62.1 million consumers indicated using a health club. Total U.S. health club memberships exceeded 54 million.

"For the second consecutive year, total health club visits surpassed 5 billion, an impressive mark for the industry," says Joe Moore, IHRSA's president and CEO. "By another measure, members frequented their health clubs for an all-time high of 103 visits, on average, in 2014. These numbers demonstrate the important role health clubs play in helping more and more Americans improve their overall health and wellbeing."

Based on a study conducted by The International Health, Racquet & Sports club Association (IHRSA) as part of the Physical Activity Council (PAC), results show that 54.1 million Americans belonged to at least one of the 34,460* health clubs nationwide.

Since 2008, membership has grown by 18.6%, while the total number of consumers has increased by 19.2% over the same time. The number of health club facilities rose by 6.4% in comparison with the previous year.

In 2014, health club industry revenue in the U.S. increased to \$24.2 billion, up from \$22.4 billion in 2013, an improvement of 7.4%. "All key performance metrics reached an all-time high in the United States," says Jay Ablondi, IHRSA's Executive Vice President of Global Products. "With one in five Americans utilizing health and fitness facilities, the industry is well-positioned for future growth."

HEALTH CLUB INDUSTRY OVERVIEW

Updated 6/30/2015

▲ There were 34,460 U.S. Health Clubs in 2014 (as listed in the Yellow Pages as of January 2014; includes YMCAs, community centers, studios, etc.), up 6.4% over 2013.

▲ 54.1 million Americans belonged to at least one of the 34,460 health clubs nationwide in 2014.

▲ In 2014, total U.S. Industry Revenues increased 7.4% to \$24.2 billion.

▲ More than 63 million Americans utilized a club in 2014, up 2.3% over 2013.

▲ Total health club/gym/studio visits surpassed 5 billion.

▲ Average Rate of Member Retention for IHRSA Clubs: 72.4%.

▲ Global Outlook: Industry revenues worldwide totaled \$84 billion in revenue as more than 180,000 clubs attracted 144.7 million members in 2014.

Total (U.S.) Health Club Membership by Year (including YMCA, JCC, etc.):

▲ 2005 – 41.3M ▲ 2006 – 42.7 million ▲ 2007 – 41.5M ▲ 2008 – 45.5M ▲ 2009 – 45.3M
▲ 2010 – 50.2M ▲ 2011 – 51.4M ▲ 2012 – 50.2M ▲ 2013 – 52.9M ▲ 2014 – 54.1M

Total Number of (US) Health Clubs: As of January 1 of year listed

▲ 2005 – 26,830 ▲ 2006 – 29,069 ▲ 2007 – 29,357 ▲ 2008 – 29,636 ▲ 2009 – 29,750
▲ 2010 – 29,890 ▲ 2011 – 29,960 ▲ 2012 – 30,500



THE STRONGEST NAME IN FITNESS

As a Powerhouse Gym owner, you get more than “just the name”. You’ll have access to a multitude of benefits such as:

- ▲ Instant recognition and credibility associated with an internationally registered Trademark/Service Mark known worldwide that symbolizes quality and excellence in the health and fitness industry.
- ▲ An exclusive line of officially-licensed Powerhouse Gym sportswear and products to sell and help advertise your business. These products are often worn by athletes and celebrities and featured in national and international media.
- ▲ Access to sample business plans that can help in your effort to secure financing and map out your business future.
- ▲ Exclusive discounts with leading equipment manufacturers and supplement suppliers through our Preferred Vendor Program guaranteed to save you more money than the cost of your license fee.
- ▲ National and international media campaigns, feature articles and promotional pieces on Powerhouse Gym.
- ▲ Regular communication with the corporate office and support assistance with just about every aspect of gym development, management and operation.
- ▲ An exclusive territory means competitive peace of mind. You don't have the threat of having to compete against a Powerhouse Gym in your protected market area and it may deter competitors from opening facilities in your area.
- ▲ Help with recommending equipment vendors and reviewing equipment orders to ensure that your investment receives the maximum benefit and life expectancy.
- ▲ Access to sample pre-sale and grand opening plans and checklists to help generate an initial membership base and ensure a smooth opening.
- ▲ Access to group business insurance, guaranteeing you the lowest rates available.
- ▲ A highly informative annual convention designed to help educate licensees and help improve their bottom line.
- ▲ PowerhouseGym.com, a comprehensive health and fitness resource, generates prospective member traffic with a customized location website, is a sale-closing benefit and increases member retention.
- ▲ A 40+ year history of gym operating, retail and service business experience.
- ▲ Access to blueprints to help you design your Powerhouse Gym to maximize space, traffic flow and management efficiency not only for now, but for the future.
- ▲ Over 40+ years of international licensing and gym operational experience.
- ▲ A network of hundreds of Powerhouse Gym owners to share management and marketing ideas.
- ▲ Our publication, Powerhouse Business Journal, provides insight on what's happening within the industry and the Powerhouse Gym organization.



A GREAT BRAND SHOULD DO MORE THAN JUST LOOK GOOD

We believe that workout apparel should be fun and fashionable as well as functional. The Powerhouse Gym line of Pro Shop merchandise offers a consistent collection of quality fitness apparel, as well as the season's hottest trends. Everyone wants to look and feel great... after all, that's why they come to Powerhouse Gym.

A wide selection of Powerhouse Gym sportswear and accessories are available and most of it is custom made for us in the USA. All of our products are made from the best fabrics at the best prices, and quality-tested to ensure that your customers get the best value for their money.

Our Pro Shop specialists know the clothing business because they've been manufacturing top-quality custom apparel for major retail and private organizations for years. They're ready and willing to work one-on-one with you to ensure that your Pro Shop is the best that it can be, offering Pro Shop layouts, fixtures, software, and security systems.

Fast, friendly and efficient service is important to us and you'll receive nothing less when ordering Powerhouse Gym merchandise. Most in-stock orders are shipped from our manufacturer within 48 hours. New items are introduced regularly to energize your sales and keep your Pro Shop fresh and interesting. Additionally, many of our apparel items can even be personalized with the location of your Powerhouse Gym by city and state.

When your members wear Powerhouse Gym sportswear, they're not only enjoying quality fitness apparel, they're also boosting your profits and advertising your business. So keep your Pro Shop stocked with our great products and discover the true power behind the Powerhouse Gym name.



MIKE TYSON



LOU FERRIGNO



KEN SHAMROCK



EVANDER HOLYFIELD



JAY CUTLER



ERIN STERN



MONTHLY POWERHOUSE GYMS EDITORIALS



△ August 2013 Powerhouse Gym Editorial



△ October 2013 Powerhouse Gym Editorial



△ December 2013 Powerhouse Gym Editorial



△ December 2014 Powerhouse Gym Editorial

NATIONAL ADVERTISING AMI PUBLICATIONS



POWERHOUSE CELEBRITY MEMBERS





POWERHOUSE FX HUMAN PERFORMANCE LAB



11/26/2014.

RE: Powerhouse FX Human Performance Lab 2

Matthew, I wanted to inform you that we have secured the grant I spoke to you earlier about so that we can fully equip our second new Powerhouse FX Human Performance Laboratory location. The grant brings us approximately 2.3 million dollars in total funding! This will allow us to get the latest technology into the new Powerhouse Westchase Facility. Myself and the faculty are very excited about our continued partnership with your ownership group and the Powerhouse brand.

Led by the renowned Dr. Jacob Wilson and supported by the brightest minds in the field, the Powerhouse FX Gym and the University of Tampa Human Performance Lab represents the nation's premier science lab dedicated to the science of athletic performance.

"INNOVATION: WHERE SCIENCE MEETS TRAINING"

Available for research and development, and athletic performance training.

Available for promotional use including:

- △ Photo shoots
- △ Functional testing
- △ Athlete enhancement
- △ Endorsement

△ Dr. Jacob Malachi Wilson grew up playing sports. He played elite hockey in Calgary, Canada. Realizing that he needed to gain more weight for his sport he decided to study nutritional and training factors that regulated muscle growth. These topics soon became his passion, which led him to study exercise nutrition at California State University, Hayward (CSUH).

△ Dr. Wilson graduated from CSUH with summa cum laude honors, placing him in the top 1 percentile of all graduating students.

△ Dr. Wilson also has a Masters Degree in psychology and exercise physiology.

△ After completing his M.S. with a 4.0 GPA, Jacob entered into Florida State Universities' Ph.D. program in exercise physiology.

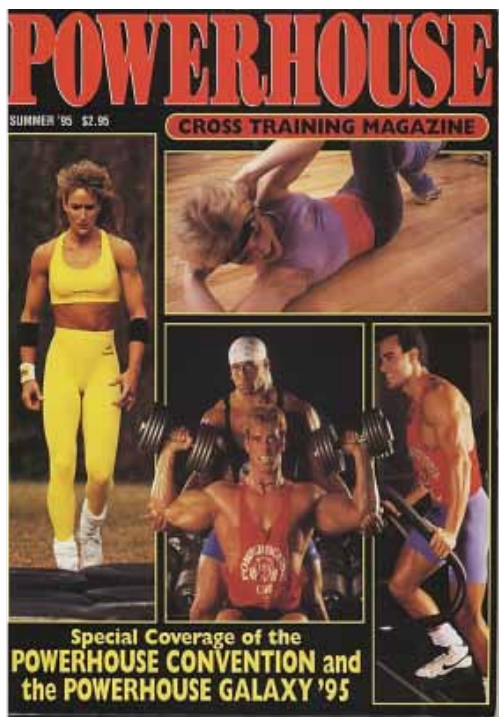
△ For the past 4 years Dr. Wilson has worked as a professor and scientist at the University of Tampa. There he has developed a state-of-the-art Human Performance Lab which has established itself as one of the most advanced in the nation. In fact, his research was recently featured in theaters across the nation in the movie "Generation Iron."

△ Dr. Wilson conducts research in the lab, overseeing a team of researchers conducting multiple studies with the help of the hundreds of thousands of dollars in grant funding the lab's prestigious work has garnered. Dr. Wilson's research encompassed the cellular, molecular and whole body changes in muscle size, strength and power, in response to resistance training and nutrition interventions. On these topics, he has published more than 100 peer-reviewed papers, book chapters and abstracts.

△ Dr. Wilson's next goal is to continue his colleagues' and his own work cultivating the University's graduate program in exercise science and nutrition. Dr. Wilson has always had one specific goal in mind during his academic tenure: "To Bridge the Gap Between Science and Exercise Nutrition."



PIONEERING WOMEN'S FITNESS



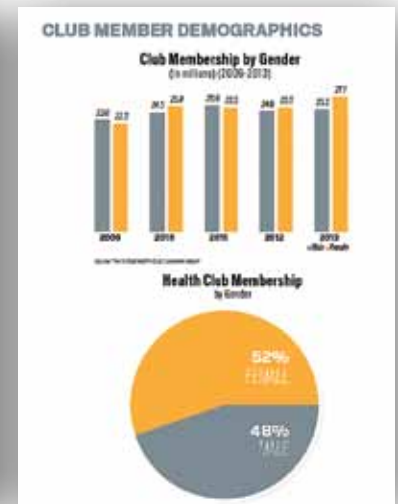
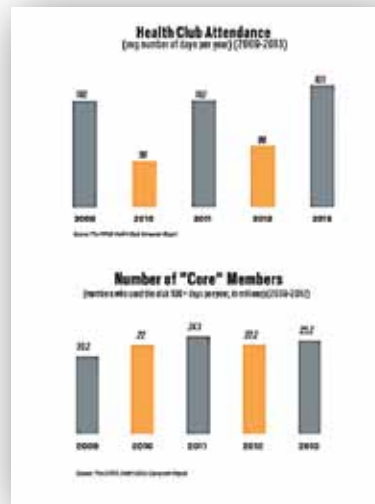
- △ First gym in the midwest to allow women to train inside our gyms, resulting in 8X Ms. Olympia Lenda Murray.
- △ Powerhouse held the first ever women's fitness competition. 50% of score judged on athletic ability in a 150-yard military obstacle course.
- △ Powerhouse Ms. Galaxy ran opposite the Super Bowl on ESPN.
- △ Received over 120 pages of newsstand coverage.
- △ Powerhouse Gyms: Over 50% female membership.





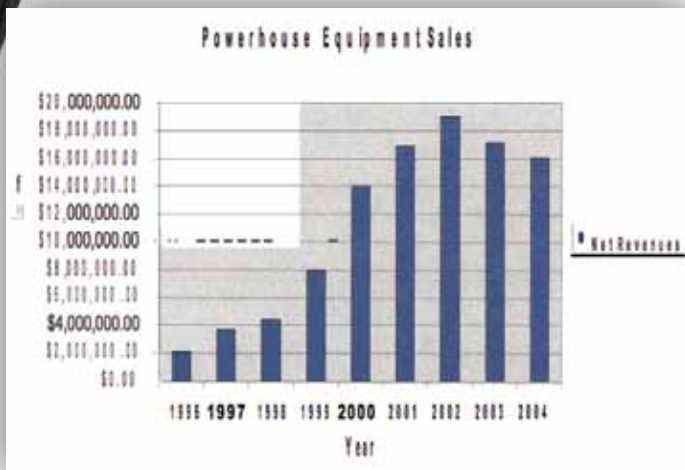
POWERHOUSE GYM HEALTH CLUB STATISTICS

- △ Total Adults: 2,200,000
- △ Gender: 45% Male, 55% Female
- △ Median Age: 31
- △ Age 18-24: 18.1%
- △ Age 25-34: 35.3%
- △ Age 35-44: 25.5%
- △ Age 45-54: 13.8%
- △ Attended Any College: 67.4%
- △ Married: 57.8%
- △ Employed: 82.4%
- △ Median HHI: \$76,198
- △ General: 74% of members are "active," working out at least once a week.



7 OUT OF 10 PEOPLE SURVEYED RECOGNIZE THE POWERHOUSE GYM NAME AND LOGO*

*Pricewaterhouse Market Survey



- △ Impex retail sales of Powerhouse equipment exceeded \$104 million dollars from 1996 through 2004.
- △ Retailers included Big 5 Sporting Goods, Costco, Dick's Sporting Goods, Dunham's Sports, MC Sporting Goods, and Meijer.
- △ From 2000 to 2004 the leading retailers were Dick's Sporting Goods and Wal-Mart, with \$41.4 and \$44.5 million dollars, respectively.
- △ Leading seller among various brands including:
 - Gold's Gym: 7-1
 - Marcy: 10-1
 - Powertec

Powerhouse Gym is among the most recognized names in fitness since 1975 and has helped generations of fitness enthusiasts, athletes, and celebrities achieve life changing results.



REAL MUSCLE BEHIND YOUR BUSINESS

The company that “has it all” for its members also “has it all” for its valued licensees. The Powerhouse Gym support network is the product of over 100 years of combined health club management experience by a team with unparalleled standards of excellence.

START-UP ASSISTANCE

Licensees chosen to join Powerhouse Gym will have access to experienced health club consultants to learn the key administrative, operational, management, and customer service functions of a health club business.

MARKETING

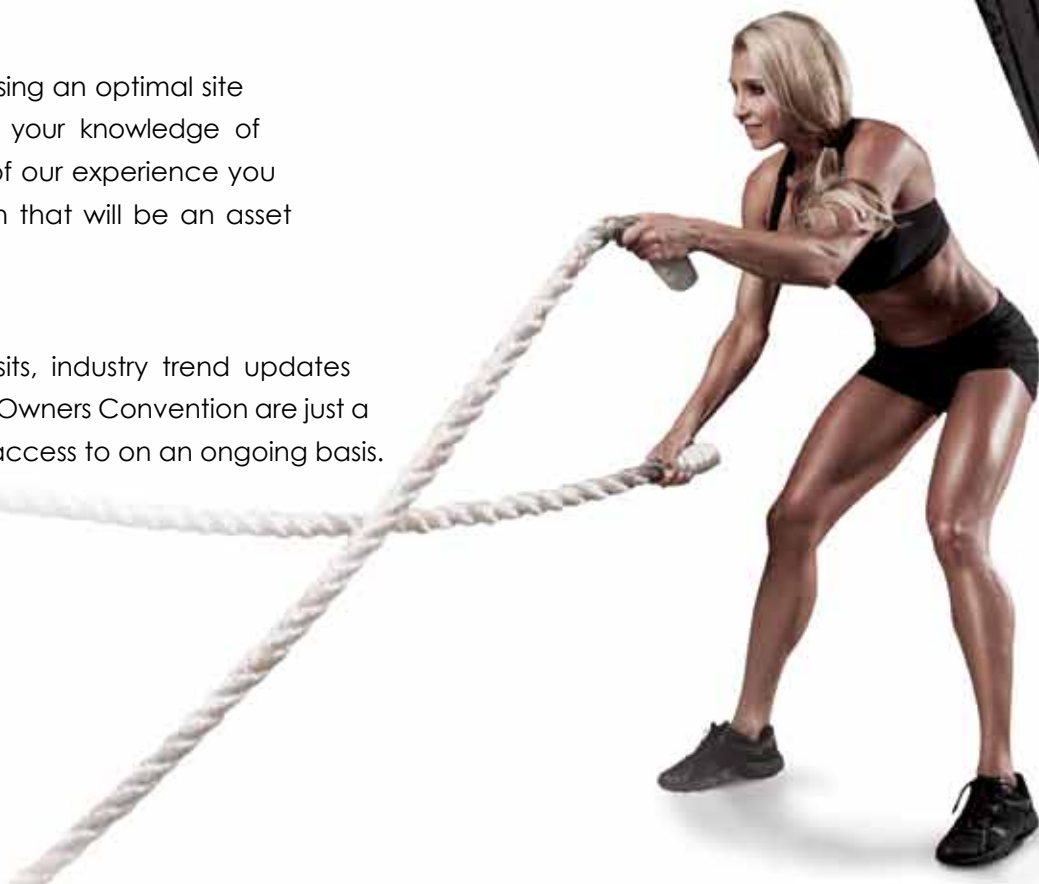
Having the best club doesn't matter much if you don't know how to attract, sell, and maintain customers. As a Powerhouse Gym you'll have access to sample marketing materials and learn techniques for implementation in your business.

SITE SELECTION

You will receive guidance on choosing an optimal site for your Powerhouse Gym. With your knowledge of your community and the benefit of our experience you should be able to find a location that will be an asset today and long into the future.

OPERATIONAL SUPPORT

Regular communications, field visits, industry trend updates and our annual Powerhouse Gym Owners Convention are just a few of the things that you'll have access to on an ongoing basis.





FAQ

Frequently Asked Questions and Answers About the Powerhouse Gym License Program

WHAT IS POWERHOUSE GYMS INTERNATIONAL?

Founded in 1974 by brothers Will and Norm Dabish, Powerhouse Gyms International is operated by a staff of business professionals dedicated to assist present and future licensees in their quest for personal, professional and financial independence in the fitness industry.

WHAT IS POWERHOUSE GYMS INTERNATIONAL'S GOAL?

To have our facilities recognized as the consumers' choice for fitness and training by aligning ourselves with business owners who are committed to servicing their members and providing state-of-the-art workout facilities.

WHY SHOULD I BECOME A POWERHOUSE GYM LICENSEE?

According to experts, the success rate of an internationally recognized trade name can be many times that of an independent, non-licensed/non-franchised business. As a Powerhouse Gym, you capitalize on the success of an established name that is known, recognized and respected throughout the fitness industry, while enjoying the pride and privileges that come from owning your own business. It's one of the best methods of combining the independence and initiative of individual ownership with the strength, leadership and experience of an organized group. With licensing, you're in business for yourself, not by yourself.

AM I REALLY IN TOTAL CONTROL OF MY BUSINESS?

Absolutely. You make all the decisions. For example, you choose the services you want to offer, marketing strategies, membership fees, employees, location of your gym and methods of operation.

ARE THERE ANY RESTRICTIONS OR EXPECTATIONS?

As outlined in the License Agreement, we'll expect you to operate your Powerhouse Gym in a reputable and business-like manner at all times, as well as maintain a certain level of quality throughout the facility.

WOULD IT BE OF VALUE IF I VISITED YOUR CORPORATE OFFICES?

Absolutely. Starting a new business is a decision that needs to be researched thoroughly. During your visit you'll see a Powerhouse Gym in action, meet corporate personnel, have all of your questions answered to determine the best way to proceed.

I'D LIKE TO REVIEW YOUR LICENSE AGREEMENT. WILL YOU SEND ME ONE?

Our License Agreement is a highly valued and confidential document which we only distribute once you have completed the Confidential License Agreement Application.

HOW LONG DOES THE LICENSING PROCESS TAKE?

We'll make sure that license approval and processing is the quickest and easiest part of opening your new business. You can be open for business after you find your location and sign the lease in as early as 60 - 120 days.



FAQ CONTINUED

AM I GIVEN ANY TERRITORIAL PROTECTION?

Yes. You will be in sole possession of a protected territory in which no other Powerhouse Gym license will be sold.

ARE THERE ANY ROYALTIES OR HIDDEN COSTS?

Absolutely not! Because this is not a franchise, your only financial obligation to Powerhouse is the flat license fee. We believe that you should be rewarded for your efforts and financial success, not penalized.

DOES POWERHOUSE PROVIDE FINANCING?

While Powerhouse does not provide financing, third-party financing programs are available for qualified Powerhouse Gym licensees. We can also assist qualified licensees in obtaining financing through the SBA, equipment manufacturer, or the institution of their choice.

WHAT GOES INTO DEVELOPING A POWERHOUSE GYM?

Your initiative, resources, hard work and commitment to fitness and health management, your entrepreneurial spirit. Your desire for success and control over your future. Your need for independence. Combine these qualities with the International reputation and recognition of the Powerhouse Gym brand products and services and you can build your business and be part of the Powerhouse success story.

WHAT IF I ALREADY OWN A GYM?

With site selection, financing and startup matters out of the way, you can easily convert your gym into a Powerhouse Gym and witness firsthand the 'power' of the Powerhouse brand. Former independent gym owners can attest to the positive, and often immediate, impact that the Powerhouse Gym name has had on their business. Referrals available upon request.

HOW DOES A POWERHOUSE GYM MAKE MONEY?

While membership sales will be your primary source of revenue, it represents only a portion of a gym's potential gross income. Income can be generated by the sale of Powerhouse Gym sportswear, personal training, tanning, nutritional supplements, juice bar, daycare, rehab services, nutritional counseling, massage and other services.

HOW MUCH CAN I EXPECT TO EARN?

Your profit potential will depend on a number of factors which include your expenses, the quality of your facility and location, the amount of time and effort you put into the business, how good a business person you are, the staff you employ, your marketing conditions as well as your competition. Naturally, as with any business venture, there is no guarantee of success or profitability but Powerhouse helps minimize your risk by allowing you to tap into our many years of goodwill and experience.

OKAY, I'M CONVINCED. WHAT IS MY NEXT STEP?

Simply complete the Confidential License Agreement Application and return it to us. If, after reviewing your qualifications, we feel you have the potential to join the Powerhouse Gym family, you'll be invited to meet with us in person and given a copy of our License Agreement.



SITE SELECTION: IT ALL STARTS WITH A SOLID FOUNDATION

Selecting the right location starts with knowing your area demographics. Don't know where to start? That's okay, because Powerhouse Gym can provide you with a demographic report and help you analyze it. When selecting a site for your Powerhouse Gym you should also consider the following:

DOES THE LOCATION SATISFY YOUR TARGET MARKET?

Analyze the demographics around the proposed site, taking into account such factors as age, gender, family size, spending patterns, occupation, average income, etc. Does the profile of the average local resident or worker coincide with the member profile outlined in your feasibility study? If not, find another site or alter your plans to accommodate the needs of that market.

DOES THE STREET HAVE HEAVY TRAFFIC?

If you're depending on walk-in traffic to generate sales, your gym must be located on a busy street. To ensure this, research and compare the number of drive-bys that pass a prospective site during the course of an average day.

IS THE SITE VISIBLE FROM THE STREET?

Locating a gym on a highly trafficked street does little good if your facility will be obscured from view.

In order to generate walk-in traffic, your facility must be visible to passersby. Easily visible signage is also very important.

IS THE LOCATION CONVENIENT?

Most people will join a facility only if they perceive it to be convenient. Industry studies indicate that members will not spend much more than 15 minutes driving or walking to a gym, so it is important that your facility be located within 15 minutes of the greatest concentration of prospective members. This rule, however, can sometimes be broken. In general, the smaller the community, the farther people will drive because they're used to driving a longer distance. Conversely, the larger the community, the less people will want to travel because they're used to having everything easily accessible.

IS THERE ENOUGH ROOM FOR PARKING?

Adequate parking is a critical success factor. In densely populated urban areas an abundance of parking may not be essential, since many people are likely to walk to the gym from their homes or offices, or use public transportation.





HOW MUCH WILL IT COST?

One of the most important aspects to consider when starting any business is money. The cost to open a Powerhouse Gym relates directly to the quantity and quality of the space. Costs will also differ from region-to-region. For example, a club built in Los Angeles will cost more than a club in a small town. With that in mind, it's important that the following factors are given adequate consideration:

LEASING SPACE

Lease cost will vary depending on the type of space (i.e. retail, industrial) and geographic location. In addition to rent, it's likely that you will also pay an additional amount for "triple net" charges (NNN) which cover your proportionate share of the building's taxes, insurance and common area maintenance charges.

BUILDING RENOVATIONS

Building renovations include carpet, rubber flooring, aerobic flooring, mirrors, paint, interior graphics, counters, bathroom fixtures and any plumbing and electrical work above the standard "white box". The costs of such renovations will vary depending on the initial conditions of the space, the elaboration of your design plans, building codes and other related issues. To offset these costs, we recommend that you negotiate your lease, addressing a full or partial build-out/construction allowance where your landlord pays for most, if not all, of the up-front renovation/construction costs.

BUILDING CONSTRUCTION

New building construction estimates can vary greatly depending on the quality of the facility, planned programs, equipment, and other considerations. Most often the construction costs include the actual building, mechanical systems (computer, electrical, HVAC, phone, audio/visual, and fire alarm and suppression), fixed equipment (front desk, juice bar, flooring, mirrors and locker rooms), and site development (paving, roads, landscaping, etc.), associated with project. For cost estimates you will need to consult with a realtor, architect and commercial contractor.

EQUIPMENT COSTS

The average cost to equip your training area with both strength and cardiovascular equipment is \$20 - 25 per square foot. For example, a 10,000 square foot facility would cost approximately \$75,000 - 250,000 to equip. This cost will vary depending on the product mix and amount of equipment.



A GROWING INDUSTRY

Financing is a major consideration when planning and developing any business. The ability to obtain adequate financing is as important to the potential for success as finding a good location, providing quality equipment, and having a competent staff.

Before going to a bank or approaching investors to borrow money to open your own Powerhouse Gym, you must figure out how much money you'll need.

You will need to consider initial capital for startup costs, operating capital which allows you to manage the facility until profits begin to show, and reserve capital to cover unexpected expenses. Realize that potential lenders must be sold on the profit making potential of your project. As the size of your loan increases, the lender will need more extensive documentation. Generally, a lender considers the following information most carefully.

THE BUSINESS PLAN

Regarded as the most important element of the financing process, a professionally prepared business plan provides a prospective lender/investor with key information about your business, its objectives and your strategy to achieve those objectives. It also spells out how you will use the loan and how you plan to repay it. It should be designed to provide supportive data that will help sell your concept to the potential lenders, while educating them about the fitness industry. By providing extensive information, you show the lender that you are serious about the project and have addressed all of the essential issues. According to the American Institute of Small Business "preparing a business plan increases your business' chances of success by 50%".

INFORMATION ABOUT YOU AND YOUR PARTNERS

Your business plan should include information about your business and personal background. For new start-up businesses, personal tax returns may be requested.

YOUR EQUITY INVESTMENT

How much money are you contributing to finance the project without borrowing? In general, a bank will expect you to personally contribute a minimum of 20% of the total cost of the project to be considered for financing. Most lenders are unwilling to lend money unless you are willing and able to risk personal funds.

You should also contact your prospective lender to see if they have any specific instructions, requirements, expectations or helpful advice. A 10,000 square foot Powerhouse Gym starts at approximately \$75,000 - \$250,000.



"I'm my own boss. I work, I train, I love helping people make changes they only dreamed about."

- Christie Eastwood

JOIN OUR POWERHOUSE FAMILY

WWW.POWERHOUSEGYM.COM

**POWERHOUSE GYMS INETRATIONAL
44125 W 12 MILE RD. NOVI, MI 48377**

248.476.2888