



FLAGSHIP

FITNESS[®] INC.

"Leading Families to a Healthier Way of Living."



What Is Flagship Fitness?

- A multifaceted family lifestyle with comprehensive wellness and fitness programs
- An opportunity to appeal to the entire family, regardless of age, race, gender or income

A Family Wellness and Fitness Resort

What Makes Flagship Fitness So Great?

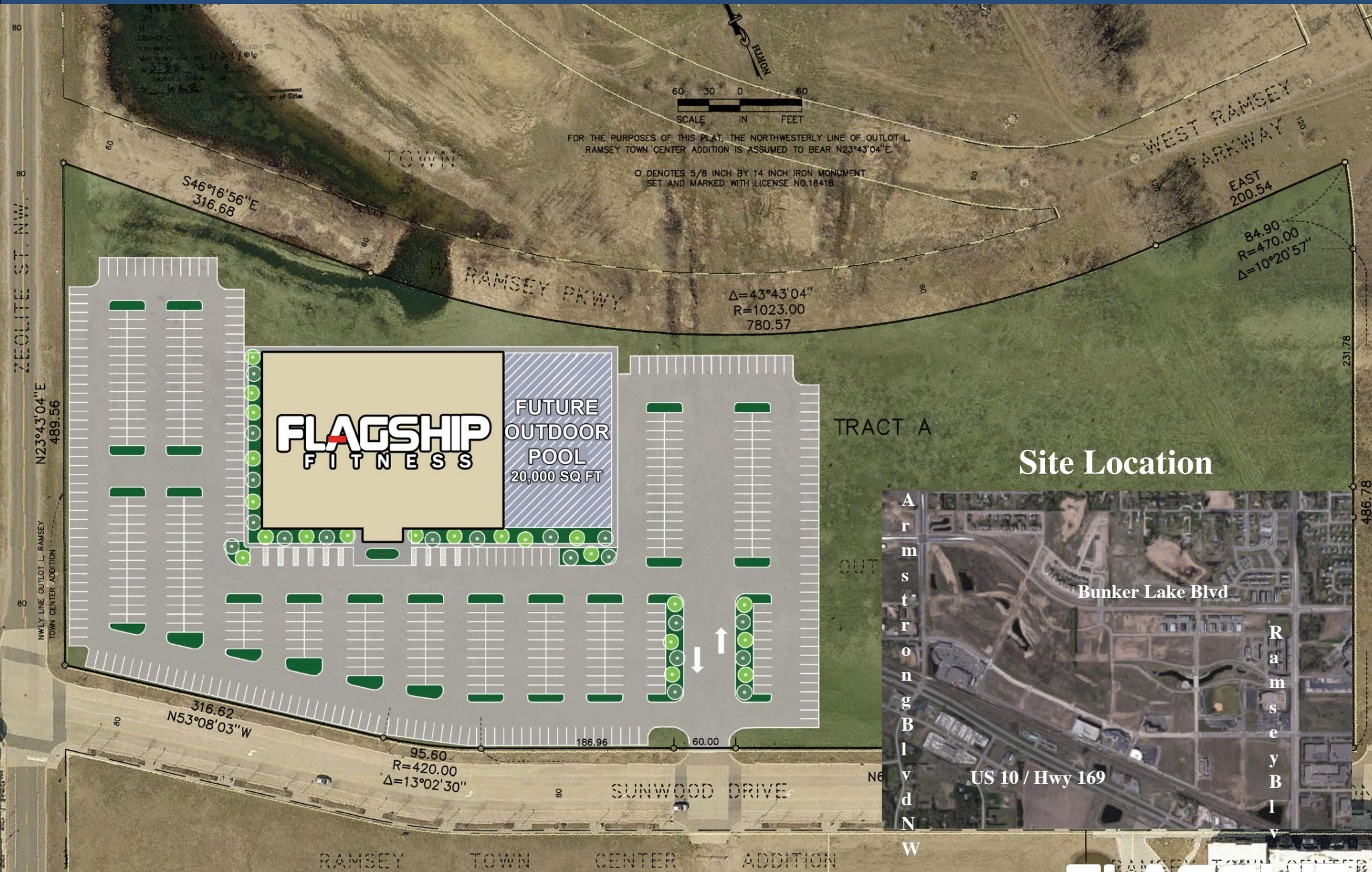
New and unique look on family-oriented fitness

Poised to benefit overall wellness and fitness for all types of families

Youth & Teen programs. Activities geared towards improving overall health and well-being, starting at a young age

A way to help communities economically, while raising a cherished health standard for every family's household

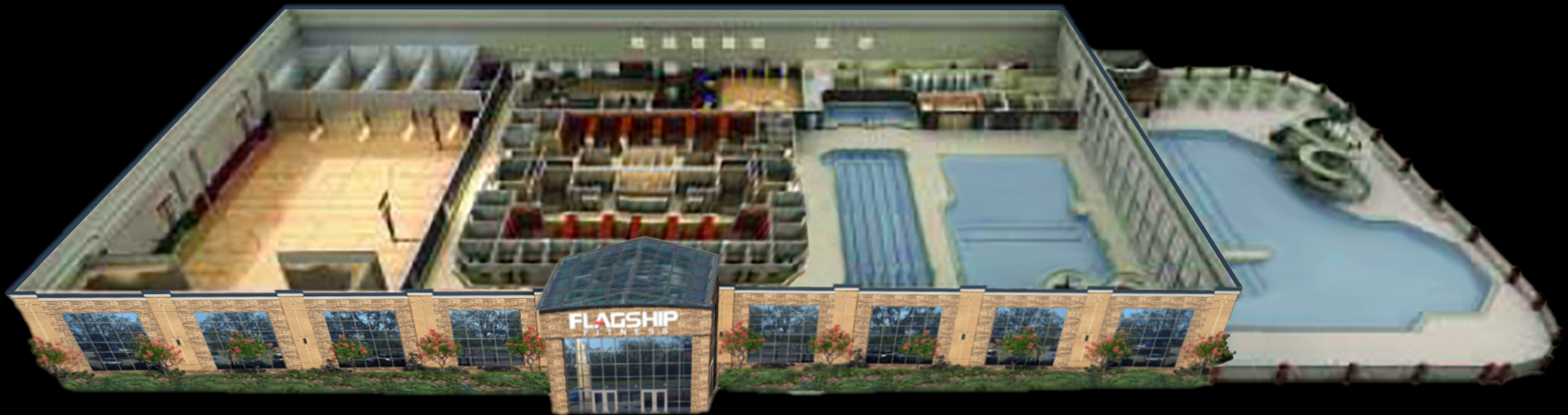
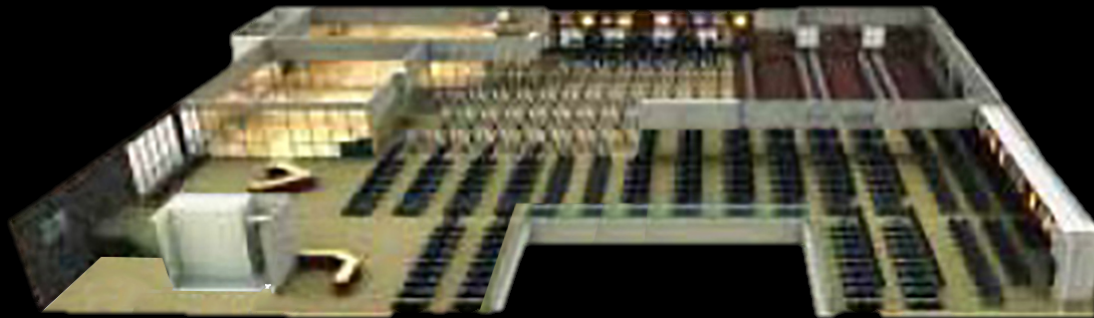
Proposed Ramsey Flagship Fitness Site



Proposed Building Exterior



Conceptual Design



Proposed Indoor Aquatic Center





Flagship Fitness Offerings

What Can You and Your Family Do at Flagship Fitness?



Flagship Day Spa

What Can You and Your Family Do at Flagship Fitness?

A photograph of the interior of a Flagship Cafe. In the foreground, two women are seated at a round, light-colored marble table, smiling and talking. Two large iced coffee cups are on the table. In the background, a male staff member in a dark polo shirt and cap is standing near the counter, holding a basket. Another female staff member is visible behind the counter. To the left, a woman in a pink shirt is standing near a display of snacks. The cafe has a modern, clean look with wooden chairs, a tiled floor, and shelves stocked with various products. A menu board is visible above the counter area.

Flagship Cafe

What Can You and Your Family Do at Flagship Fitness?

A group of children are playing in an indoor aquatic pool. In the foreground, a young girl in a red polka-dot swimsuit is smiling and splashing water. Behind her, several other children are running and playing. The pool is surrounded by large, colorful slides with abstract patterns in blue, red, yellow, and green. The scene is bright and lively, with water splashing everywhere.

Indoor Aquatics

What Can You and Your Family Do at Flagship Fitness?

A photograph of two men playing racquetball on an indoor court. The man on the left is in a ready stance, holding a racquet and a ball. The man on the right is in a backswing position, ready to hit the ball. The court has a wooden floor and a white wall in the background.

Racquet Ball

What Can You and Your Family Do at Flagship Fitness?



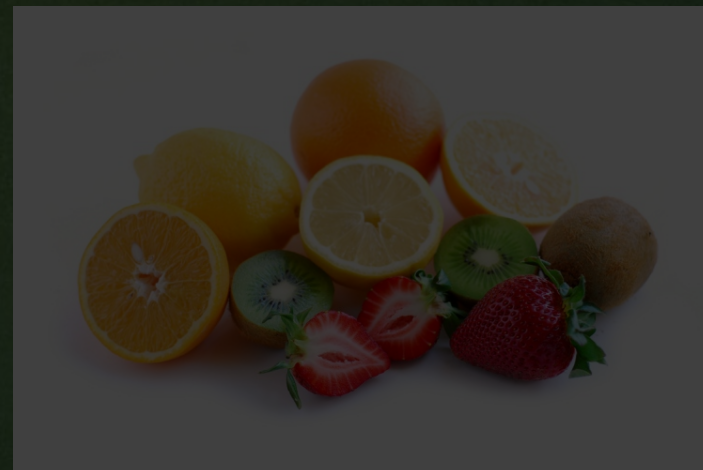
Family Cardio Arcade

What Can You and Your Family Do at Flagship Fitness?

A group of people, including adults and children, are playing basketball in a large indoor gymnasium. In the foreground, a man in a black jersey is jumping to shoot the ball, while a boy in a blue shirt jumps to defend him. Other players are visible in the background. The word "Gymnasium" is overlaid in white text on the image.

Gymnasium

What Can You and Your Family Do at Flagship Fitness?



Wellness & Comprehensive Education Seminars

What Can You and Your Family Do at Flagship Fitness?

A woman with blonde hair, wearing a white zip-up top, is looking directly at the camera. A personal trainer, wearing a dark blue polo shirt, is standing behind her, holding her right arm and a silver dumbbell. The background is a blurred gym setting.

Personal Training Services

What Can You and Your Family Do at Flagship Fitness?

Weight / Cardio Floor

What Can You and Your Family Do at Flagship Fitness?



Flagship Spin Club

What Can You and Your Family Do at Flagship Fitness?

A group of people are participating in a fitness class using TRX suspension training equipment. They are in a gym setting with a wooden floor and a ceiling with exposed beams. The participants are wearing athletic wear and are holding onto the TRX straps, which are suspended from the ceiling. They are performing a lunge-like exercise. In the background, there are red exercise balls and other gym equipment.

Group Fitness Studios

What Can You and Your Family Do at Flagship Fitness?



Tai Chi

What Can You and Your Family Do at Flagship Fitness?

A group of people are practicing yoga in a studio. In the foreground, a woman is in a warrior II pose on a green mat. She is wearing a grey t-shirt and white pants. In the background, other people are also in yoga poses on various colored mats. The studio has large windows and a bright, airy feel.

Yoga / Hot Yoga

What Can You and Your Family Do at Flagship Fitness?

A woman in a pink tank top and dark pants is performing a Pilates exercise on a black mat. She is lying on her side, with her knees bent and arms extended. The background shows other people in a gym setting.

Flagship Mind & Body Pilates

What Can You and Your Family Do at Flagship Fitness?

A group of women are in a fitness studio, performing a dance or aerobics routine. They are wearing athletic wear and are in various poses, suggesting a dynamic class. The studio has a wooden floor and a mirror in the background.

Ballet / Aerobic Studios

What Can You and Your Family Do at Flagship Fitness?

Locker Rooms

What Can You and Your Family Do at Flagship Fitness?

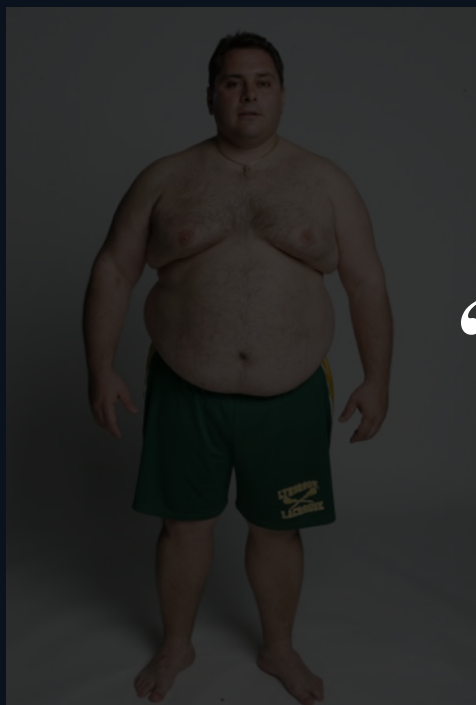


Daycare

What Can You and Your Family Do at Flagship Fitness?

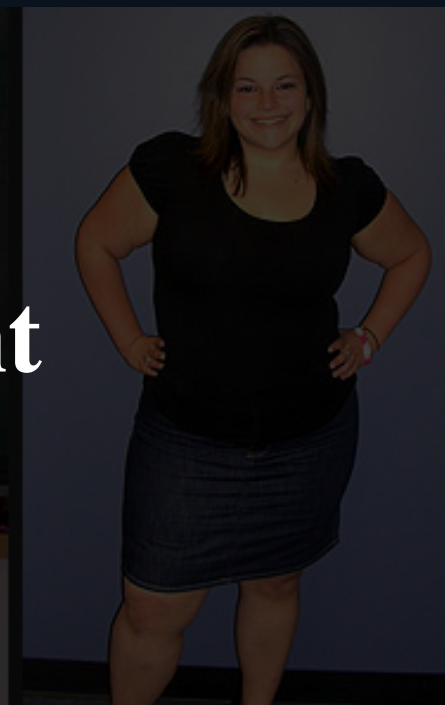
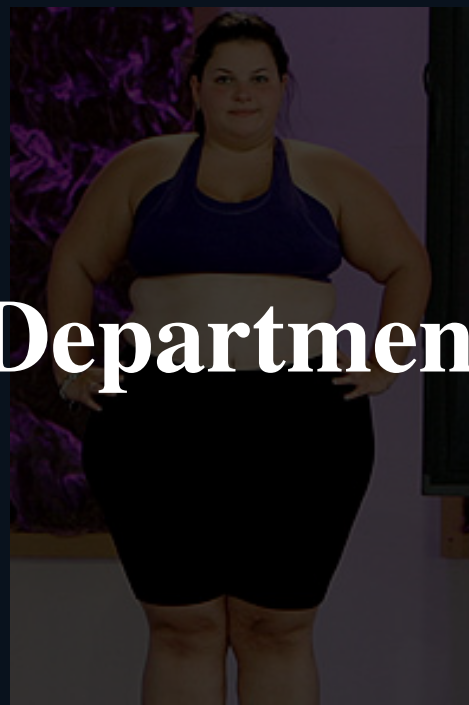
Before

After



Before

After



“UnFit Yet” Department



Profit

How Will Flagship Profit?

83% of the revenue comes from monthly Memberships:

Single: *\$64.95 Couple: *\$102.95 Family: *\$134.85

***Corporate Discount: 10%**

17% is generated from in-center (ancillary) revenue:

Day Spa

Juice Bar

Personal Training

Other Group Activities

Medical Patient Rehabilitation:

Insurance Money





Cost of Acquisition

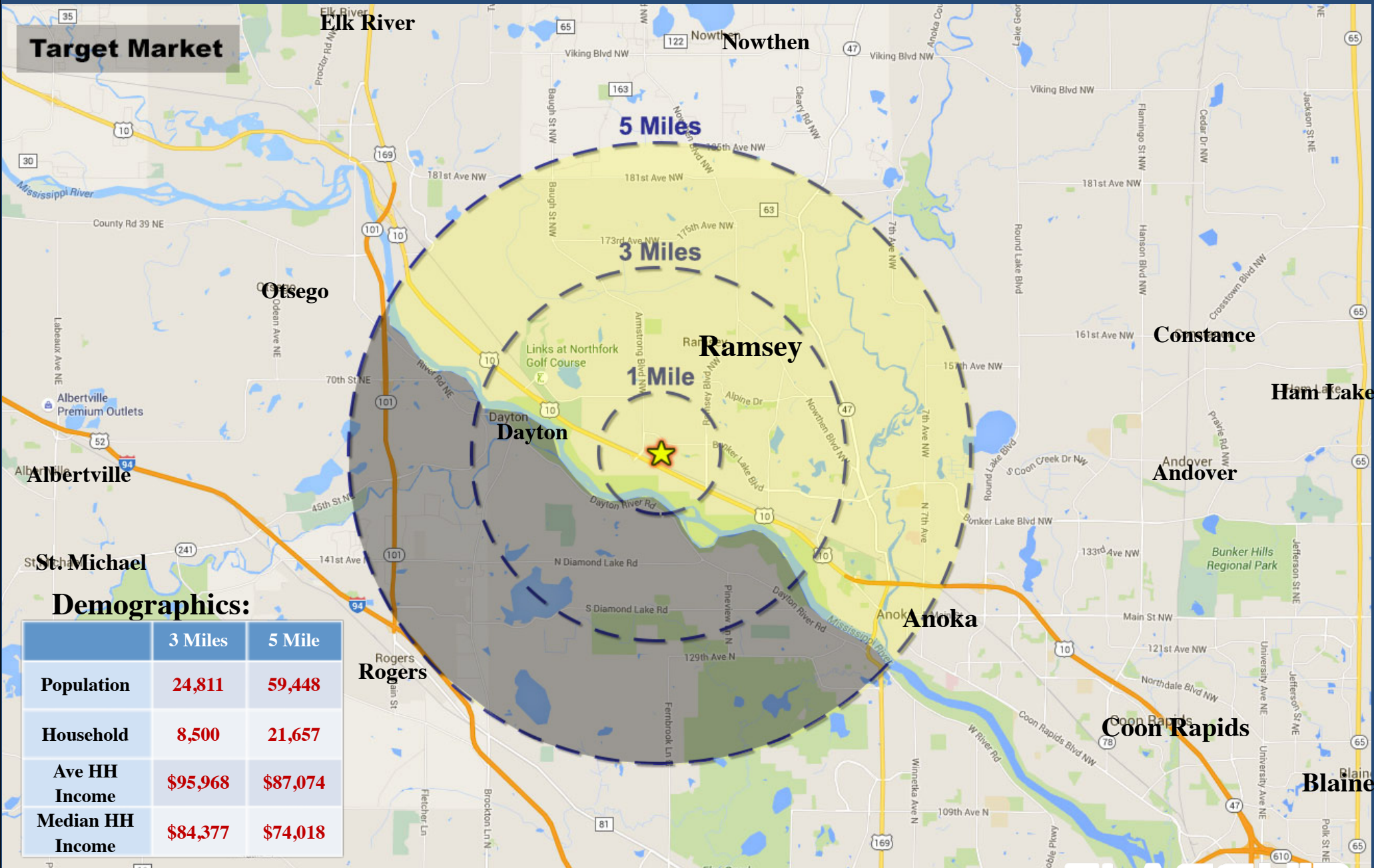
Cost of Acquisition

Cost of Acquisition										
		Pre- Operation	Pre- Operation	Year	Year	Year	Year	Year	Year	Year
		Campaign#1	Campaign#2	1	2	3	4	5	6	7
Budgeted	\$375,000	\$134,400	\$155,000	\$290,000	\$205,000	\$215,250	\$226,013	\$237,313	\$249,179	\$261,638
Grand Opening Expense				\$86,000						
Number of Members		1,500	2,500	3,700	4,350	4,991	5,291	5,591	5,791	5,991
New Members Acquisition each Year		-	-	1,500	650	641	300	300	200	200
Attrition Rate	8.70%			322	378	434	460	486	504	521
Total New Member and Replacement of Attrition Memberships		1,500	1,000	1,822	1,028	1,075	760	786	704	721
Cost of Acquisition New Members		\$89.60	\$155.00	\$159.17	\$199.33	\$200.14	\$297.25	\$301.76	\$354.03	\$362.76



Potential Demographics

Target Market





Summary of Valuation

Summary of Valuation

Summary of Valuation					
Description	Quantity	Unit	SF	Business Value	Comments
Land Valuation					
8 Acres of Commercial Land	348,480	SF	\$4.00	\$1,393,920	Land Contributed by City of Ramsey
Facility Hard Cost Budget - Design Build Estimated Costs					
Design/Build Shell/ Interiors and Site	57,000	SF	\$131.87	\$7,516,371	Based on Flagship Projections
Indoor Pool	7,000	SF	\$278.57	\$1,950,000	Based on Reprise Architects
Parking Lot & Signage		SF	\$5.76	\$952,634	Based on Reprise Architects
Site Development Improvement				\$1,374,611	Based on Reprise Architects
Road Sewer and Water				\$30,000	Based on Flagship Projections
Contingency/ Construction Cost Escalation	10.00%			\$1,182,362	Allowance for Contingency Cost
Permit Fees by City - SAC/WAC				\$359,326	Based on Flagship Projections
Engineering, GC Field Costs	64,000	SF	\$15.43	\$987,272	Based on Flagship Projections
Design Architect	64,000	SF	\$8.27	\$529,000	Based on Reprise Architects
Construction Interest	5.00%			\$470,000	Based on Flagship Projections
Equipment - Workout / Training Equipment				\$1,000,000	Based on Flagship Projections
FF&E				\$444,242	Based on Reprise Architects
Total Hard Costs				\$16,795,817	
Related Soft Costs					
Flagship Pre-Operational Expenses				\$680,000	Pre-opening Budget Expense/Fees
Flagship Operational Reserve Capital				\$750,000	Based on Flagship Projections
Monetization Fees				\$270,000	Cost to convert TIF into Cash / Fundraising Fees
Total Related Soft Costs				\$1,700,000	
Additional Costs					
Closing Costs				\$506,783	Standard Registrations & Fees
Total Additional Costs				\$506,783	
Total Project Cost					
Total Project Cost	64,000	SF	\$285.75	\$19,002,600	Total Hard and Soft Costs
Pre-Financing Development Expenses					
Source of Funding					
Debt Financing				\$15,796,520	Loan
Investment Funding				\$1,700,000	Amount Needed to Cover Soft Costs (Not financeable)
City of Ramsey Contribution Fee (Flagship Equity)				\$200,000	Discounted Permit Fees
City of Ramsey Contribution (Flagship Equity)				\$1,306,080	Cash Contribution (TIF)
City of Ramsey Land Contribution (Flagship Equity)				\$1,393,920	8 Acres of Land
Prior Project Costs - To Date (Flagship Equity)				\$520,000	Already Paid by Owner
Total Source of Funding				\$19,216,520	Loan + Equity



Market Demand Analysis

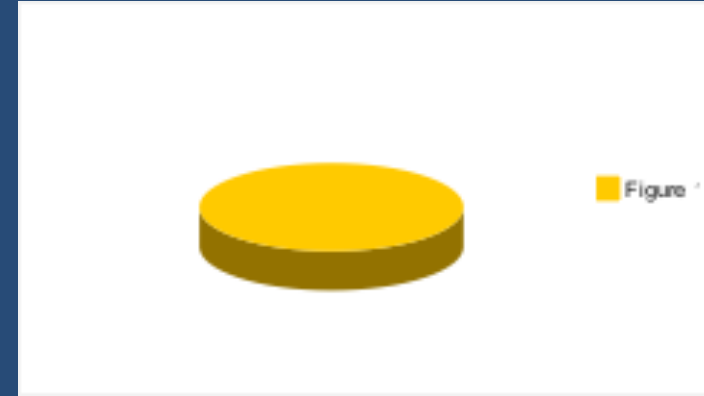
Market Demand Analysis

Sample Survey Questions:

10a. How interested would you be in purchasing a membership to a new family fitness center, within a 10-minute drive? (N=350)



10b. Would you want an individual or family membership?* (N=233)



SURVEY ANSWER	%		ADJUSTED HOUSEHOLD POPULATION (4.5-mile Radius)*		REALISTIC AMOUNT OF POTENTIAL NEW MEMBERSHIPS
Definitely Join	13%	x	12,994*	=	1,689
Probably Join	24%	x	12,994*	=	3,119
Maybe Join	31% (5%**)	x	12,994*	=	4,028 (649**)
TOTAL	68% (42%**)	x	12,994*	=	8,836 (5,457**)

*The Actual Household Population in a 5-mile radius of the proposed site is 21,657. The "Adjusted Area Household Population" (12,994) is 40% less, for a conservative number, than the Actual Household Population (21,657).

**The management reduced expectations for the answer "Maybe join," by lowering the 31% to 5%.



Projected Income, Expenditures & EBITA

Projected Income, Expenditures & EBITA

Cash Flow Analysis

The following graph outlines the projected revenue, costs and cash flow for the first five years of operations. The range of profit grows from 10% to 29.5%, before taxes. The cash flow balance is projected to be \$1,247,234 at the end of year one, building up to \$9,668,230 at the end of year five.

	Year 1 (\$)		Year 2 (\$)		Year 3 (\$)		Year 4 (\$)		Year 5 (\$)	
Revenue	5,326,675		6,944,386		8,241,874		9,171,781		10,050,250	
Expenditures	3,607,974		4,701,386		5,341,789		5,633,809		6,005,736	
EBITA	1,718,701		2,243,000		2,900,085		3,537,972		4,044,513	
Minus EBITA	814,227		1,083,122		1,016,474		1,013,725		989,883	
Net Income	10%	520,223	15.4%	1,067,457	21.7%	1,784,946	38.2%	2,428,528	29.5%	2,962,008
Taxes (30%)	156,067		320,237		535,484		827,558		888,602	
Net Income After Tax	6.8%	364,156	10.8%	747,220	15.2%	1,249,462	17.5%	1,600,970	20.6%	2,073,406
Cash on Hand	1,247,234		2,440,211		4,147,880		6,650,898		9,668,230	
Cash on Hand Minus Tax	1,091,167		2,119,974		3,612,396		5,823,340		8,779,628	

5 Year Income By Category



Potential Future Locations

Future Locations – Nation Wide





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