



SHAPEUP & GO FRANCHISING LIMITED
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Franchise Prospectus

*A healthy opportunity
for the right candidate*

A Future in Fitness



Introduction

Shapeup & Go has developed a successful franchise formula in the UK by using ten individually designed power-assisted machines to offer clients a complete, fun and effective exercise regimen. The Shapeup & Go Franchise has the opportunity to begin trading with a single set of ten machines and then, as membership builds, add a second set thus doubling capacity at the centre.

While many women are unhappy with their bodies and would like to improve their body shape and lose extra pounds, most find traditional gyms intimidating. The advantage of Shapeup & Go is that we offer a relaxing ladies only environment with personalised attention from our fully trained staff.

Equipped with the latest power-assisted exercise equipment, we provide individualised exercise programmes designed to help our clients achieve their goals—be it inch loss, weight loss, improved mobility or simply looking good and feeling great—all in a fun and relaxed 30 minute workout. Our clients typically see results in weeks rather than months.

Shapeup & Go has made it easy to find the time and the place to exercise and we are reaping the benefits for doing so.

The rapid and phenomenal success of our pilot locations testify to the inherent appeal of the Shapeup & Go proposition. We invite you to read on to learn about this Healthy Business Opportunity.

The Context

A recent Industry Report projects the UK market for health and fitness clubs will reach a peak of £4.946 billion (at 2007 prices) in 2012, equivalent to overall cumulative growth of 10% compared with 2007. The 24% growth witnessed during the previous 5-year period has slowed as large gyms face market saturation. In fact, almost all future growth is anticipated to be driven through smaller, personalised gyms and fitness centres.

Anticipated increases in obesity levels and a projected growth in GP exercise referrals are likely to provide additional growth opportunities for personally tailored training programmes.

A Proven Track Record



The Shapeup & Go Franchise concept was created by a team headed by John Mollart, a well respected professional within the power assisted health and fitness sector. It comes as no surprise to discover that John is behind the latest significant innovation in power assisted health centres.

To trace the conception and subsequent development of power assisted exercise centres it is necessary to go back to the start of the toning table revolution. Toning tables were first used in the 1980's in the USA. Noting the enthusiasm with which they were embraced by the American health club scene, they were soon imported to the UK. Toning tables quickly became an integral part of many fitness clubs, attracting a large following amongst females who were often over 50, unfit or overweight. However, deficiencies in the toning table concept gradually became apparent.

Clients using simple single action toning tables struggled to burn fat and improve their aerobic fitness as the tables offer no cardiovascular benefits. The single action machines offered limited exercise combinations and were generally seen as a gimmick by exercise and health professionals. Despite initial inch loss, clients' results diminished over time, leading to a rapid decline in membership and attendance levels.

What was needed was a power assisted machine that offered both an isotonic (resistance) and cardiovascular (aerobic) workout.

The first generation of power assisted exercise equipment represented a genuine exercise revolution for the mature lady. Using whisper quiet motors, the new machines integrated resistance and cardiovascular exercise to halve the time of a workout and eliminate the discomfort and danger of high intensity exercise. Here was a machine that even non-exercisers could benefit from.

The latest range of power assisted equipment has been developed even further with the help of fitness trainers and experts in sports physiotherapy. The new generation of machines provide the user

with a comprehensive series of exercises that mobilise and strengthen all of the major joints and muscles of the body in a balanced and functional manner. Clients are guided through simple and safe exercise programmes and see results after just a few sessions.

The beauty of the Isokinetic Fitness System is that it takes the guesswork out of exercising. It is totally adaptable and controllable, delivering exactly the right workout according to each user's age and fitness level. It opens up the opportunity for exercise to the broadest range of customers. The unfit, the elderly and people recovering from illness or injury are able to build up strength and mobility through active exercise without the risk of overloading joints and soft tissue structures. Equally, users who want to maintain peak fitness can undertake the most challenging workout.

The combination of power assistance, touch screen technology and our bespoke software system makes the Shapeup & Go fitness system unique. It provides an active exercise programme set within precise parameters for each user.

Fitness providers now see power assisted equipment as an exercise revolution - a unique activity for the non-active population that can produce results without the pain associated with traditional exercise. For the end users themselves, power assisted exercise is praised for making exercise fun and for achieving rapid results.

Shapeup & Go have now developed a successful Franchise formula to allow the benefits of power assisted exercise to be brought directly to clients across the UK.

A Growing Market



Market Outlook

Encouraged by government initiatives, media coverage and product advertising, the UK has grown remarkably health conscious. The general population is now widely aware of the benefits of eating healthier food and losing excess weight.

Britons seeking to reduce their waistlines have caused the health and fitness market to balloon. By 2007, the industry was turning an estimated £4,486 billion, representing an increase of 8% over the previous year and 24% compared with 2003.

As the mainstream market begins to saturate a problem has come to light: the industry has left older adults behind. Across the UK, young gym members outnumber their elders by a remarkable 3:1. This is a shame when it is older adults who can benefit most from increased physical activity.



Older women in particular have shied away from gyms, despite their greater tendency to be mindful of both their weight and figure. The reason is obvious: the traditional gym environment can be intimidating.

Ladies desperately need and are actively seeking an alternative approach to achieving their fitness goals. The Shapeup & Go formula has been specifically designed to appeal to this important and underserved market.

Customer Base

Our potential clients include:

- Image conscious 40+ ladies
- Time poor females
- Retirees with time and financial security
- People with limited mobility
- Corporate members/charitable groups.

Shapeup & Go offers a unique client offering:

- State of the art power assisted exercise machines
- Individually tailored exercise routines
- Luxurious surroundings
- VIP customer service
- Sociable activity
- Affordability and value for money
- Fast results.

Earnings Potential

Franchisee earnings are largely dependent on individual efforts and determination. We have provided some information within this pack, along with an enquiry form. If you wish to take your enquiry further, you will be provided with income projections and other financial details to enable you to discuss the opportunity with your professional advisors. We strongly recommend that you seek advice, conduct a thorough evaluation of your preferred location and draw up an individual business plan for your proposed Shapeup & Go Franchise.

A Complete Package



The Start-up Costs

Prospective Franchisees will be required to invest £18,800 + VAT and start-up and working capital provision for one Shapeup & Go Fitness Studio. A complete breakdown of this investment requirement will be supplied to qualified applicants. There will also be costs for securing a premises lease, and conversion works. As these will vary from location to location, Shapeup & Go will give individual guidance as and when required.

As part of our comprehensive package, Shapeup & Go will provide Franchisees with the necessary training, equipment and support to allow them to run their own Shapeup & Go Fitness Studio business. Qualified applicants will receive full details of the Franchise Package.

Training

We will provide training in all aspects of running a Shapeup & Go Fitness Studio Franchise. Franchisees will be taught our proven methods, including how to promote their service to potential members within their chosen location. A fully comprehensive Shapeup & Go Operations Manual, on loan to Franchisees for the duration of their trading licence, outlines our business practices. These skills and procedures, along with determination and an ability to communicate at all levels, are key to a successful Shapeup & Go business.

The Franchise will not deliver immediate wealth. The best Franchisees are those who are prepared to grow their business in their location and provide excellent service levels. In time, due to the financial structures laid down, you will reap the rewards of your own hard work and our transferred expertise.

Location

We are seeking Franchisees throughout the United Kingdom. Not all geographical locations are suitable and it is therefore essential the chosen area is fully assessed. We retain the final decision on location.

Legal Agreement

Shapeup & Go Franchisees secure the rights to operate a Shapeup & Go fitness studio within their chosen area. This Legal Agreement clearly sets out the roles of both Franchisor and Franchisee.

Branding

The Shapeup & Go brand, image and trading style has been developed by the Franchisor. As a Shapeup & Go Franchisee, you will trade under this brand name. As the network develops, you will benefit from strong national and regional promotional activity and a coherent national identity.



Shapeup & Go will provide you with all the training you need to allow you to look after your clients' individual needs.

A Look at the Figures



The Projections

The financial projections below assume that franchise owners will operate with similar overheads and third-party costs. Whilst illustrative, they are based upon the performance of our two existing locations. Actual turnover and profitability will depend upon the effort of each franchise owner, their location, overheads and market conditions.

Disclaimer

These figures are for the purpose of illustration only, and are not intended as a guarantee. A full description of the assumptions upon which they are based is available from Business Doctors Franchising Limited, and will be provided during any presentation.

<i>Projected Trading Profit (£)</i>	<i>Example 1</i>	<i>Example 2</i>	<i>Example 3</i>	<i>Example 4</i>
<i>No. of Members</i>	<i>300</i>	<i>350</i>	<i>400</i>	<i>500</i>
<i>Total Sales⁽¹⁾</i>	<i>91,800</i>	<i>107,100</i>	<i>122,400</i>	<i>153,000</i>
<i>Overheads⁽²⁾</i>	<i>71,618</i>	<i>73,421</i>	<i>80,224</i>	<i>82,780</i>
<i>Operating Profit⁽³⁾ (£)</i>	<i>13,297</i>	<i>25,646</i>	<i>32,996</i>	<i>58,745</i>

Notes

- Total Sales:** Based on an annual membership fee of £360 plus a joining fee of £60 (both excluding VAT).
- Overheads:** Are the estimated costs of running the business.
- Operating Profit:** Excludes any capital repayments and directors' remuneration, and is stated before taxation.



BANKERS

Lloyds TSB plc

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Contact: Adam Perry
Telephone: 0845 0725 555

ACCOUNTANTS

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Address: 205A Ashley Road
Hale, Altrincham
Cheshire
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Contact: Mike Twist
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Fax: 0161 233 0910
E-mail: office@mstwistco.com

FRANCHISE LAWYERS

David Bigmore & Co.

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Chester Road
Gresford
LL12 8NU
Contact: David Bigmore
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Fax: 01978 854623
E-mail: db@dbigmore.co.uk

FRANCHISE CONSULTANTS

Franchise Development Services

Address: Oakfield House
Oakfield Road
Altrincham, Cheshire
WA15 8EW
Contact: Tony Urwin
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Fax: 0161 926 8257
E-mail: tony@fdsnorthern.com



What Next?

Naturally, neither party can make any decisions at this early stage. You need further details and professional advice, whilst we need to learn more about you. The franchise owner plays a fundamental role in the expansion of the Shapeup and Go brand. We therefore need to apply a careful selection process.

Aptitudes

While Shapeup & Go Franchising Limited will provide training in all aspects of the operation, you will still need to consider your aptitudes and suitability for this franchise business. We are entrusting our name and reputation to each of our franchise owners, and are investing both time and energy in their business. Naturally, we intend to get it right. We have a clear idea of the attributes that make a person well-suited to our franchise opportunity and we are prepared to take the time to find such an individual.

The successful franchise owner will have a mind for business, managerial experience, and well-developed people skills. They will be a good communicator who demonstrates competence, focus, initiative and a determination to succeed.

This is a challenging and fast-moving environment, so a prompt and level-headed response to problems is also essential, along with a strong client care mentality.

The Enquiry process

If you are interested in finding out more, here is how to proceed:

- Begin by completing the preliminary enquiry form on the following page. (Completion of the form places you under no obligation.)
- Applicants who meet our criteria will be invited to an exploratory meeting. During this meeting, we will explain the business in greater detail, discuss the figures and explore possible locations. We will also be able to answer your questions.
- Following the meeting, you will need time to consider the opportunity, review the figures with your professional advisors, talk to your family, and examine the market potential in your preferred location. You may also have further questions for us.
- If, after you have completed your consultations, you wish to apply for a Shapeup & Go Franchise Licence, you will be required to complete an Intent to Proceed Agreement and pay a deposit.

At no point will we pressure you to come to a decision. At this stage, the next step is simply to submit a completed preliminary enquiry form to obtain further information.

We look forward to hearing from you.

Tell Me More



I have read your prospectus and would like further information about the **Shapeup & Go** Franchise. Please contact me to arrange a meeting.

Name (please write below)

E-mail

Home Telephone No.

Daytime or Mobile No.

Address

City

County

Postcode

Date of Birth

Current Situation

House Owner Tenant

Marital Status

Married Single
Divorced

(If applicable) Does your spouse/partner work?

Yes No

Dependents

0 2 4
1 3 5+

Ages:

Current Income Band

<25k 50-75k
25-50k 75k+

Do you own, or have you ever owned, a business?

Yes No

If yes, please provide details:

.....
.....

How do you propose to fund this investment?

.....
.....

Where in the UK are you interested in operating?

.....

I confirm that the information I have provided is to the best of my knowledge true and complete.

Signed:

Date:

Please return the form along with your CV to:

Shapeup & Go Franchising Limited
2-4 Eden Place
Cheadle, Stockport SK8 1AT

Alternatively, you can scan and send them to
info@shapeupandgo.com

Please note that this questionnaire is for general information and will be used in assessing your suitability to become a Shapeup & Go Franchise Owner. It will be treated in the strictest confidence under the terms of the Data Protection Act and in no way places you under any obligation. Further information will be required should a mutual interest develop.