

**PUREFITNESS FRANCHISING LLC**  
(A Delaware Limited Liability Company)  
6701 Frontier Drive, Springfield, VA 22150  
(276) 800-2057  
www.purefitness.com  
franchise@purefitness.com



Pure Fitness franchises are fitness clubs utilizing innovative technology, offering low-cost, flexible memberships, and featuring cardio equipment, fixed and free weights, personal fitness training, and exercise classes in a distinctive atmosphere.

The total investment necessary to begin operation of a Small Box Pure Fitness franchise ranges from \$399,500 to \$628,000 (excluding lease). This includes \$50,000 paid to us or our affiliates. The total investment necessary to begin operation of a Medium Box Pure Fitness franchise ranges from \$1,554,750 to \$1,783,250 (excluding lease). This includes \$50,000 paid to us or our affiliates. The total investment necessary to begin operation of a Large Box Pure Fitness franchise ranges from \$2,745,000 to \$2,973,500 (excluding lease). This includes \$50,000 paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact Pure Fitness Franchise at franchise@purefitness.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

**Issuance Date: May 9, 2024**

## How to Use This Franchise Disclosure Document

Here are some questions that you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Pure Fitness business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Pure Fitness franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration in Washington, DC and/or litigation only in the Commonwealth of Virginia. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Washington, DC or the Commonwealth of Virginia than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**TABLE OF CONTENTS**

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
Item 1. The Franchisor and Any Parents, Predecessors, and Affiliates.....	- 1 -
Item 2. Business Experience.....	- 3 -
Item 3. Litigation.....	- 4 -
Item 4. Bankruptcy.....	- 5 -
Item 5. Initial Fees.....	- 5 -
Item 6. Other Fees.....	- 6 -
Item 7. Estimated Initial Investment.....	- 11 -
Item 8. Restrictions on Sources of Products and Services.....	- 15 -
Item 9. Franchisee’s Obligations.....	- 15 -
Item 10. Financing.....	- 17 -
Item 11. Franchisor’s Assistance, Advertising, Computer Systems, and Training.....	- 18 -
Item 12. Territory.....	- 27 -
Item 13. Trademarks.....	- 30 -
Item 14. Patents, Copyrights, and Other Proprietary Information.....	- 32 -
Item 15. Obligation to Participate in the Actual Operation of the Franchised Business.....	- 33 -
Item 16. Restrictions on What The Franchisee May Sell.....	- 34 -
Item 17. Renewal, Termination, Transfer, and Dispute Resolution.....	- 35 -
Item 18. Public Figures.....	- 41 -
Item 19. Financial Performance Representations.....	- 41 -
Item 20. Outlets and Franchisee Information.....	- 50 -
Item 21. Financial Statements.....	- 52 -
Item 22. Contracts.....	- 52 -
Item 23. Receipts.....	- 52 -

**Exhibits**

- Exhibit A: Agents for Service of Process and State Regulators
- Exhibit B: Development Agreement
- Exhibit C: Franchise Agreement
- Exhibit D: Table of Contents of Manuals
- Exhibit E: Current and Former Franchisees
- Exhibit F: Financial Statements
- Exhibit G: Form of Confidentiality Agreement
- Exhibit H: Sample General Release
- Exhibit I: State Addenda and Riders
- Exhibit J: State Effective Dates
- Exhibit K: Receipts

## Item 1.

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language of this Disclosure Document, “we,” “us,” or “our” refers to PureFitness Franchising LLC, the franchisor. “You” or “your” refers to the franchisee who enters into a Pure Fitness franchise agreement or development agreement. The franchisee must be a corporation, partnership, or limited liability company. “You” or “your” do not include the principals of the corporation, partnership, limited liability company, or other entity.

***The Franchisor.*** We are a Delaware limited liability company formed on August 10, 2021. We have no predecessors. Our principal business address is 6701 Frontier Drive, Springfield, VA 22150. Our agents for service of process are listed in [Exhibit A](#). We do business under the name “Pure Fitness,” “PureFitness,” “Pure Fitness Franchising,” and under no other names. We do not directly operate the type of businesses being franchised; however, some of our affiliates operate similar businesses as further described in this Item 1. We have been offering franchises of the type described in this Disclosure Document since July 2022. We have never offered franchises in any other line of business. We do not engage, and have never engaged, in any business activities or any other line of business other than as described in this Disclosure Document.

***The Franchisor’s Parents and Affiliates.*** Our affiliate is PureFitness LLC (“PureFitness Corporate”). PureFitness Corporate is a Delaware limited liability company formed under the name Albert Opco LLC on March 1, 2019. PureFitness Corporate changed its legal name to PureFitness LLC effective June 13, 2019. The principal business address of PureFitness Corporate is the same as ours. PureFitness Corporate has operated businesses of the type that you will operate since 2021. The first location opened in late 2021, and the second and third locations opened in early 2022. These businesses are considered our company-owned clubs.

Our direct parent is Pinnacle US Holdings LLC (“Pinnacle US”), a Delaware limited liability company formed under the name Albert Holdco LLC on March 1, 2019. Pinnacle US changed its name to Pinnacle US Holding LLC effective June 13, 2019. The principal address of Pinnacle US is the same as ours. Pinnacle US has never operated businesses of the type you will operate and has never offered franchises of any kind.

Another parent is PureGym Limited (“PureGym”), a UK private limited company originally formed under the name BCOMP 371 Limited on September 5, 2008. Pinnacle US is a wholly owned subsidiary of PureGym. PureGym, along with its affiliates and subsidiaries, is the UK’s leading gym chain and a pioneer of the low-cost, high-quality fitness experience, with over 370 gyms in the UK and more than 1.39 million UK members as of the date of this Disclosure Document. PureGym operates gyms that are similar to the businesses that you will develop, offering affordable 24/7 gym access with flexible membership options, except that they operate under the name “PureGym” instead of “Pure Fitness.” The Pure Fitness model is derived from these PureGym businesses, and PureGym will provide and host some of the technology that you will use in the Pure Fitness Clubs.

PureGym has several parent companies that are also our parents. Our other parents are: Gym Bidco Limited, a UK private limited company; Gym Midco 2 Limited, a UK private limited company; Gym Midco Limited, a UK private limited company; and Gym Topco Limited, a UK private limited company.

On November 30, 2017, Gym Topco Limited and subsidiaries were acquired by the group of companies known as Leonard Green & Partners LP (“LGP”). LGP is a U.S.-based private equity group. The acquisition gave Gym Topco Limited several parent companies that are also our parent companies.

These parent companies are: Pinnacle Bidco PLC, a UK public limited company; Pinnacle Midco 2 Limited, a UK private limited company; Pinnacle Midco 1 Limited, a UK private limited company; and Pinnacle Topco Limited, a UK private limited company. Pinnacle Topco Limited is owned by several LGP-related entities and investment vehicles. The majority owner and our ultimate parent is Green Equity Investors Side VII, L.P., a Delaware limited partnership. In this Disclosure Document, Pinnacle Bidco PLC, Pinnacle Midco 2 Limited, Pinnacle Midco 1 Limited, and Pinnacle Topco Limited entities will collectively be referred to as the Pinnacle Entities.

In this Disclosure Document, we will refer to PureGym and all of its UK-based parent companies, including the Pinnacle Entities, and our other various intermediate parents as “PureGym Group.” The principal business address of all of the companies in the PureGym Group is Town Centre House, Merrion Centre, Leeds LS2 8LY, United Kingdom (c/o PureGym Ltd.).

On January 14, 2020, the PureGym Group completed the acquisition of Fitness World Group, the largest gym and fitness provider in Denmark, with a growing presence in Switzerland, and a few sites in Poland (the “Fitness World Acquisition”). Prior to the acquisition, Fitness World had a similar business model to PureGym, characterized by affordable and flexible gym memberships with no fixed term contracts and extended opening hours. Following the Fitness World Acquisition, PureGym Group became the second largest gym and fitness operator in Europe, with approximately 1.8 million members and over 500 sites across the UK, Denmark, and Switzerland. PureGym has not offered franchises in the U.S.; it began offering franchises internationally in 2020 and its first franchised clubs launched in late 2021 in Riyadh, Saudi Arabia. In addition, PureGym acquired a small franchisor, BASEFIT.CH AG (“Basefit”), as part of the Fitness World Acquisition. Basefit became an affiliate of PureGym and us when PureGym acquired Fitness World in 2020. Basefit offered and sold three franchises in Switzerland from 2012 to 2015. There is currently one Basefit franchise in Switzerland, however Basefit no longer offers franchises.

***The Franchised Business.*** We grant franchises for the establishment and operation of fitness facilities under the trade name “Pure Fitness” (each a “Pure Fitness Club” or “Club”). We and our affiliates have developed a distinctive system (the “System”) for the operation of Pure Fitness Clubs. The distinguishing characteristics of the System include affordable, flexible memberships; innovative technology; 24/7 access; high quality cardio equipment; fixed and free weights; personal fitness training; and exercise classes; all in a distinctive atmosphere. Pure Fitness Clubs currently offer group exercise classes, cycle classes, a wide range of cardio and strength equipment and a number of ancillary products such as vending (food, drinks, and some branded products), body composition scans, sports drinks dispensers, and recovery massage beds. The group exercise and cycle studios offer a combination of both in person training and digital classes. In addition, Pure Fitness memberships include contactless access to the Clubs, the ability for new joiners to sign up in as little as two minutes online, the provision of live on-demand classes in clubs, virtual coaching, and a library of hundreds of workouts on the Pure Fitness app. We reserve the right to modify and add or reduce these offerings at any time.

***The Agreements and the System.*** We grant qualified candidates the right to establish and operate one or more Pure Fitness Clubs according to a franchise agreement with us. In most cases, you will commit to develop a minimum of five locations in a specified area under a development agreement (“Development Agreement”). We may grant rights for fewer units in some circumstances and in some regions. Our standard form of Development Agreement is attached as Exhibit B. Under the Development Agreement, we will specify the minimum number of Pure Fitness Clubs you must develop within the Development Area and will establish deadlines by which you must open each Club (“Development Schedule”). You will sign the Franchise Agreement (in the form attached at Exhibit C) for the first location at the same time as you sign the Development Agreement. For each additional Pure Fitness Club that you open under the Development Agreement, you must sign a separate, then-current, franchise agreement (the “Franchise Agreement”) prior to opening the Club.

Each Pure Fitness Club will be operated in accordance with its Franchise Agreement and our confidential operating manuals (the “Manuals”), a copy of which will be made available to you. Under the Franchise Agreement, you will also be provided with the right to use certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the marks “PureFitness,” “Pure Fitness,” the Pure Fitness logo, the P device, and “TrainSafe,” as are now designated and may be designated by us in writing for use in connection with the System (collectively, the “Proprietary Marks”). We offer franchises for Pure Fitness Clubs in three formats depending on the commercial real estate available for lease in a particular market: small box format Pure Fitness Clubs can be developed on premises that are 7,500 sq ft to 10,000 sq ft; medium box format Pure Fitness Clubs can be developed on premises that are approximately 10,000 sq ft to 12,000 sq ft, and large box format Pure Fitness Clubs can be developed on premises that are 12,000 sq ft to 20,000 sq ft or more.

***The Market and Competition.*** Pure Fitness Clubs are high-quality gyms in the High Value Low Price (HVLP) market that members can access all day and every day. Typically, members tend to be between the ages of 18-45, but in general there is no single primary group that Pure Fitness targets as we believe “Everybody is Welcome.” While we offer a distinctive format and System, the market for gyms and health clubs is developed and competitive. Pure Fitness Clubs will compete with other national, regional, and local health clubs, including others in the HVLP segment (such as Blink Fitness, Crunch Fitness, Planet Fitness and Retro Fitness) and others in the mid-market segment (Anytime Fitness, Gold’s Gym and LA Fitness), and with specialty fitness offerings such as cycle studios, yoga studios, boxing gyms, and independent personal training. Pure Fitness Clubs are expected to experience peak joining season after the summer and after the winter holidays in January and February; however, there may be regional variations.

***Industry Specific Laws and Regulations.*** Your Pure Fitness Clubs will be subject to federal, state, and local laws and regulations that are applicable to businesses generally, such as the Americans with Disabilities Act and the Occupational Safety and Health Act. Your Pure Fitness Clubs may also be subject to specific federal, state, and local laws and regulations that relate to the particular nature of the business, such as occupancy and zoning codes. Many states have health club laws that regulate the offer and sale of health club memberships, and fitness businesses generally. Some laws limit the length and terms of your membership contract, or provide certain customers rights, including the right to terminate their membership contract. Some laws impose special requirements on sales of memberships before the business opens (so-called “presale” memberships) such as requiring you to escrow or post a bond for any pre-opening membership fees you collect. In some states, you may be required to post specific notices to your members regarding activities conducted in your business including, but not limited to, tanning, and the availability of automatic external defibrillators. It is your sole responsibility to investigate these laws, and we recommend that you do so before you sign a Franchise Agreement or Development Agreement with us.

## **Item 2.**

### **BUSINESS EXPERIENCE**

#### **Humphrey Cobbold** **Chief Executive Officer**

Mr. Cobbold has served as our Chief Executive Officer since our inception in August 2021. In addition, Mr. Cobbold has served as the Chief Executive Officer of the PureGym Group since January 2015 in London, UK.

**Alex Wood**  
**Chief Financial Officer**

Mr. Wood has served as our Chief Financial Officer since our inception in August 2021. In addition, Mr. Wood has served as the Chief Financial Officer of the PureGym Group since September 2018 in Leeds, UK.

**Bradford Smith**  
**Chief Development Officer**

Mr. Smith has served as our Chief Development Officer since June 2024. Prior to this, Mr. Smith was the Chief Development Officer with Circus Trix Franchise, LLC from October 2019 to December 2023 in Los Angeles, California. Mr. Smith was the Chief Development Officer for Interim Healthcare Franchise, Inc. from February 2017 to October 2019 in Sunrise, Florida. He is based in West Palm Beach, Florida.

**James Hathaway**  
**International Strategy and Franchising Director**

Mr. Hathaway has served as International Strategy and Franchising Director for the PureGym Group since January 2021 in London, UK. Prior to this, Mr. Hathaway served as an independent consultant to Pure Gym Ltd from January 2020 to December 2020. From September 2017 to December 2019, Mr. Hathaway served as the International Director for LK Bennett Ltd, in London UK.

**Francine Davis**  
**Group Chief Strategic and Business Development Officer of PureGym Group**

Ms. Davis has served as Group Chief Strategic and Business Development Officer for the PureGym Group since May 2015 in London, UK.

**Richard Stanway**  
**Head of International Operations**

Mr. Stanway has served as Head of International Operations for the PureGym Group since January 2023 in London, UK. Prior to this, Mr. Stanway served as the Senior Manager, Central Operations for John Lewis Partnership from April 2021 to January 2023, and Regional Trade Manager from September 2018 and April 2021, in London, UK.

**Lucy Chadwick**  
**Divisional Manager**

Ms. Chadwick has served as Divisional Manager for Pure Fitness since November 2022 in Springfield, Virginia. Prior to that role, Ms. Chadwick served as Cluster Manager and Regional Manager for PureGym from June 2018 to November 2022 in the UK.

**Item 3.**

**LITIGATION**

No litigation information is required to be disclosed in this Item.

**Item 4.**

**BANKRUPTCY**

*In re Fitness World A/S* (District Court for Wrocław-Fabryczna, Poland, KRS Number 0000388795). In connection with its Fitness World Acquisition, PureGym determined that one of its acquired companies that operated 19 gyms in Poland (“Fitness World Poland”) was not profitable. Shortly after the Fitness World Acquisition, on or about November 9, 2020, Fitness World Poland filed a petition for insolvency. Fitness World Poland was purchased out of the bankruptcy administration by a third-party in early 2021 and the administration was concluded on or about April 16, 2021.

Other than the above matter, no bankruptcy information is required to be disclosed in this Item 4.

**Item 5.**

**INITIAL FEES**

**Initial Franchise Fee**

The initial franchise fee (“Initial Franchise Fee”) is \$50,000 for a single Pure Fitness Club and is due when you sign the Franchise Agreement.

**Development Fee**

If you commit to developing multiple Pure Fitness Clubs under a Development Agreement, we offer reduced initial franchise fees for multi-unit commitments as noted below:

<b>Number of Committed Locations</b>	<b>Initial Franchise Fee per Location</b>
1-4	\$50,000
5-9	\$45,000
10+	\$40,000

To support franchisees committing to a multi-unit agreement, the payment of Initial Franchise Fees is phased. Upon signing the Development Agreement, you must pay a development fee (“Development Fee”) equal to the Initial Franchise Fee for one location, plus \$10,000 for each additional location you commit to establishing. This \$10,000 acts as a non-refundable deposit towards the Initial Franchise Fee for each such additional location, with the outstanding balance due in the year that each location opens.

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**5-Location Example**

As a multi-unit example, if you sign a Development Agreement for 5 locations, you will be charged \$85,000 upon signing the Development Agreement (\$45,000 Initial Franchise Fee for the first location and \$40,000 for the additional 4 locations).

<b>Upfront Fees</b>	
Initial Franchise Fee (IFF) for first location	\$45,000 x 1 = \$45,000
\$10,000 for each additional location	\$10,000 x 4 = \$40,000
<b>TOTAL</b>	<b>\$85,000</b>

<b>Outstanding Balance</b>	
Outstanding IFF for 4 locations	(\$45,000 - \$10,000) x 4 = \$140,000
<b>TOTAL</b>	<b>\$140,000</b>

The Initial Franchise Fee and Development Fee are non-refundable and, except as noted above, uniformly applied.

**Item 6.**

**OTHER FEES**

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty	6% of Gross Sales per gym	Monthly	During the term of the Franchise Agreement, you must pay a monthly continuing royalty fee to us in the amount equal to 6% of your Gross Sales per gym for the preceding month. For purposes of calculating this royalty fee, "Gross Sales" means all revenue generated at, from, or in connection with the operation of your Pure Fitness Clubs, including from sales of all products and services conducted at, from, or with respect to the Pure Fitness Club whether or not in compliance with this Agreement and whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the Pure Fitness Club. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, or any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority.
Online Enrollment Processing	n/a	n/a	We do not currently charge these fees.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Brand Fund	1% of Gross Sales	Monthly	You must pay to the System’s national advertising and brand promotion fund (the “Brand Fund”) a monthly fee in the amount of 1% of your Gross Sales for the preceding month.
Grand Opening Marketing	\$30,000 to \$50,000	60 days prior to Opening	Beginning 60 days before the grand opening of each Pure Fitness Club and within 30 days after the grand opening of each Pure Fitness Club, you must conduct an initial, grand opening local advertising, marketing, and promotional program as we require. We will provide recommendations about the amount to spend based on the format of the Pure Fitness Club, brand recognition in the market, and other factors.
Advertising & Local Marketing	At least 7% of Gross Sales or \$10,000 per month per gym, whichever is higher	Annually	For each 12-month period of your operations under the Franchise Agreement, you must spend no less than 7% of your yearly Gross Sales on local marketing or \$10,000 per gym per month, whichever is greater, on advertising, and promotion in such manner as we may direct or approve in writing.
Additional Training or Assistance	Currently, \$500 per day plus our travel expenses	15 days after training completed	<p>If you request additional training beyond our standard pre-opening training and assistance, you must pay us the then current per diem fee published in our Operations Manual, which is typically \$100-\$1,000 per day but is currently \$500. For example:</p> <p>Sales &amp; Operations training – Currently \$500 per day, plus all our travel expenses.</p> <p>Group Fitness Training (minimum 3 days) – \$1,500 plus all our travel expenses.</p>
Insurance	Cost of insurance and, if necessary, our procurement expense	As required and as incurred	Before you open your Pure Fitness Club, you must purchase and maintain at your sole expense at all times during the term of the Franchise Agreement the insurance coverage required by the Franchise Agreement, including comprehensive general liability insurance (including, without limitation, coverages for medical expense, abuse, and molestation), property insurance (including fire, vandalism, and malicious mischief insurance for the replacement value of the Pure Fitness Club and its contents), statutory workers’ compensation insurance, employer’s liability insurance, crime coverage for employee theft, business interruption insurance, cyber insurance, directors and officers insurance, and automobile insurance coverage for all vehicles used in connection with the operation of the Pure Fitness Club. If you fail to obtain or maintain the insurance required, we will have the right and authority (but not the obligation) to

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			procure and maintain the required insurance in your name and to charge you for it, which charges, together with a reasonable fee for our expenses in so acting, will be payable by you immediately upon notice. Insurance requirements are described in more detail in the Manuals.
Inspection/Audit & Re-Inspection	Cost of audit and travel expenses	As incurred	We and our designated agents have the right at all reasonable times to examine, copy, and/or personally review, at our expense, your books, records, accounts, and tax returns. We have the right at all reasonable times to remove your books, records, accounts and tax returns for copying. We also have the right, at any time, to have an independent audit made of your books and records. If an inspection or audit reveals that any income or sales have not been reported or have been understated in any report to us, then you must pay us the amount underpaid immediately upon demand, in addition to interest from the date the amount was due until paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less, plus all of our costs and expenses in connection with the inspection or audit, including travel costs, lodging and wage expenses, and reasonable accounting and legal fees and costs.
Site Selection (including on-site evaluation)	Currently, up to \$5,000	As incurred	Under the Franchise Agreement and Development Agreement, we will conduct, if we deem necessary and appropriate, on-site evaluations of a properly submitted proposed site. For each on-site evaluation (if any), we may require you to reimburse us for all of our reasonable out-of-pocket costs and expenses up to \$5,000.
Transfer	50% of the then-current Initial Franchise Fee, or our actual cost, including legal fees, if higher	Time of transfer	If there is a transfer under the Franchise Agreement, you must pay to us a transfer fee equal 50% of the then-current Initial Franchise Fee, provided, however, that the transfer fee will be waived for any approved Transfer you or your owners make to a spouse, sibling, or child.
Successor Franchise Fee	\$10,000	Time of renewal	If we grant you a successor franchise at the expiration of the Franchise Agreement, you must pay to us a successor franchise fee in an amount equal to \$10,000.
Indemnification	Cost of liability	As incurred	Under the Franchise Agreement and Development Agreement, you must indemnify and hold us, and our officers, directors, and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			operation of the club, as well as the costs, including attorneys' fees, of the indemnified party in defending against them.
Collection Costs and Attorneys' Fees	Cost of collection and attorneys' fees	As incurred	Under the Franchise Agreement, you must pay to us all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorneys' fees, and all other expenses we incur in enforcing any obligation or in defending against any claim, demand, action, or proceeding relating to the Franchise Agreement or Development Agreement, including the obtaining of injunctive relief.
Technology Fee	Currently, \$800 per month per location	Monthly	You will pay us the then-current technology fee for the club management software, website, app and other technology resources used in the Clubs.
Securities Offering	\$20,000	As incurred	For each proposed offering of securities in you, you will pay us a non-refundable fee of \$20,000, or such greater amount as may be necessary to reimburse us for our reasonable administrative and professional costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees.
Grace Period Fee	\$2,500 for the first three delayed months, and then \$10,000 thereafter	Monthly	<p>Payable for any extension we may grant for a Pure Fitness Club that is not opened in accordance with the Development Schedule, for each month until that Pure Fitness Club has commenced operations.</p> <p>You may request an extension of your opening deadline for a location under the Development Schedule if you are diligently and in good faith pursuing the opening of the Club as evidenced by a signed lease, commencement of construction or other equivalent progress as we determine in our sole judgment. We will not unreasonably withhold your written request for such extension provided that: (i) you agree to pay a Grace Period Fee of \$2,500 per location for each month or partial month of delay for the first three months, and then \$10,000 thereafter; (ii) you are not in default of any other obligation under this Agreement or any Franchise Agreement; (iii) you and any affiliates with Franchise Agreements entered into pursuant to this Agreement execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our and their respective officers, directors, agents, shareholders, and employees; and (iv) we have not previously granted extensions of more than 3 months per location or 12 months in the aggregate. We may grant other extensions or waive this fee in our sole discretion.</p>

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Approved Suppliers Fee	Currently, \$1,500	As incurred	Currently our standard fee is \$1,500 and incurred expenses above that amount. Charged if you request to buy Approved Products or Services from another source than our approved Suppliers, or if you request to use other products or services than Approved Products or Services.
Unauthorized Operations Fee	\$1,000 per day	Upon demand	If you operate your Pure Fitness club before we have approved it for opening (initial opening, or opening following, temporary closure during the term), or if you operate it in contravention of applicable law. Unauthorized operation may also result in the termination of your Franchise Agreement.
Document Review Fee	\$1,500, or if higher, our legal fees	Upon demand	Payable when you present to us a candidate for transfer. This fee is payable whether the transfer is completed or not. The fee doesn't apply if you are an individual franchisee who wishes to transfer your franchise to a legal entity.
Past Due Service Charge on Overdue Amounts	1.5% per month or maximum permissible rate, whichever is less	Upon demand	
Unauthorized Product / Service Fee	\$250/day that you sell or give away any unauthorized products or services	Upon demand	If you sell any products or services that we have not authorized, including approved products and services purchased from non-approved Suppliers, we have the right to charge you a daily fee for this breach of the Franchise Agreement.
Replacement Equipment	\$50,000 to \$600,000	Upon required modelling	We have the right to require you to remodel your Franchised Business. The estimate range may differ between the 3 different formats.

The above table describes other recurring or isolated fees or payments that you must pay to us, or which we impose or collect on behalf of a third party, in whole or in part. Unless otherwise indicated, all of the fees listed are non-refundable, are uniformly imposed, and are imposed by, payable to, and collected by us.

**Item 7.**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

TYPE OF EXPENDITURE	AMOUNT			METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	SMALL BOX	MEDIUM BOX	LARGE BOX			
Initial Franchise Fee <sup>1</sup>	\$40,000 to \$50,000	\$40,000 to \$50,000	\$40,000 to \$50,000	Lump Sum	At signing of Franchise Agreement	Franchisor
Site selection costs <sup>2</sup>	\$0 to \$5,000	\$0 to \$5,000	\$0 to \$5,000	Lump Sum	As incurred	Franchisor
Lease Deposits <sup>3</sup>	Note 2	Note 2	Note 2	As arranged	At the signing of the Lease	Landlord
Leasehold Improvements <sup>4</sup>	\$0	\$982,500	\$2,000,000	As arranged	Before opening, as incurred	Landlord/ Contractors
Furnishings, Fixtures, Equipment <sup>5</sup>	\$220,000	\$292,500	\$365,000	As arranged	Before opening, as incurred	Contractor
Office Equipment, Furniture, Graphics Package & Supplies	\$17,500	\$19,750	\$22,000	Varies	Varies	Preferred Vendors
Signage <sup>6</sup>	\$30,000	\$35,000	\$40,000	As arranged	Before opening	Contractors
Supplies <sup>7</sup>	\$1,000	\$2,500	\$4,000	As arranged	Before opening	Suppliers
Opening Inventory and Promotional Items <sup>8</sup>	\$5,000	\$6,250	\$7,500	As arranged	Before opening, as incurred	Suppliers
Grand Opening Advertising <sup>9</sup>	\$30,000 to \$50,000	\$30,000 to \$50,000	\$30,000 to \$50,000	Lump sum	Before opening	Suppliers
Prepaid Insurance Premiums <sup>10</sup>	\$4,000	\$4,000	\$4,000	As arranged	As incurred	Insurance Broker

TYPE OF EXPENDITURE	AMOUNT			METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	SMALL BOX	MEDIUM BOX	LARGE BOX			
Professional Fees <sup>11</sup>	\$5,000 to \$35,000	\$5,000 to \$35,000	\$5,000 to \$35,000	As arranged	As incurred	Lawyers, Architects, Accountants
Computer and Supplies <sup>12</sup>	\$7,500	\$10,250	\$13,000	As arranged	Before opening, as incurred	Suppliers
Training Expenses <sup>13</sup>	\$2,000 to \$8,000	\$2,000 to \$8,000	\$2,000 to \$8,000	As arranged	As incurred	Franchisor
Utility Costs and Deposit <sup>14</sup>	\$0 to \$30,000	\$0 to \$30,000	\$0 to \$30,000	As arranged	Before opening, as incurred	Suppliers
Permits & Licenses <sup>15</sup>	\$7,500 to \$35,000	\$7,500 to \$35,000	\$7,500 to \$35,000	Lump Sum	As incurred	Government Authorities
Cleaning Contractor & Suppliers <sup>16</sup>	\$5,000	\$5,000	\$5,000	As arranged	As incurred	Suppliers
Ancillary Equipment <sup>17</sup>	\$0 to \$100,000	\$0 to \$100,000	\$0 to \$100,000	As arranged	As incurred	Suppliers
Working Capital <sup>18</sup>	\$25,000	\$112,500	\$200,000	As arranged	As incurred	Suppliers/ Employees
<b>TOTAL<sup>19</sup></b>	<b>\$399,500 to \$628,000</b>	<b>\$1,554,750 to \$1,783,250</b>	<b>\$2,75,000 to \$2,973,500</b>	<b>(Excludes the cost of purchasing or leasing real estate)</b>		

Except as otherwise described in the notes below, the above table provides an estimate of your initial investment for your first Pure Fitness Club in your Development Area. All costs listed in the table are estimates only. All fees and payments described in this Item 7 are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each location depending upon a number of factors. We estimate that the monies described in the chart will be necessary before and during the first 3 months that your first Pure Fitness Club is open and operating.

## **NOTES**

<sup>1</sup> Please review Item 5 for a full description of the Initial Franchise Fee and Development Fee, including the multi-unit discounts available under the Development Fee.

<sup>2</sup> We will conduct, if we deem necessary and appropriate, on-site evaluations of a properly submitted proposed site. For each on-site evaluation (if any), we may require you to reimburse us for all of our reasonable out-of-pocket costs and expenses up to a maximum amount per site, currently \$5,000.

<sup>3</sup> If you do not own or purchase a site for your Pure Fitness Clubs, you must lease or acquire a site for each Pure Fitness Club for the term of the Franchise Agreement. We do not estimate these costs because the cost of purchasing or leasing a site for a Pure Fitness franchise will vary considerably depending on factors such as the location's size and local real estate market amongst other factors. Your deposit amount is heavily dependent on your negotiations with your landlord. Your lease must contain certain provisions as required under the Franchise Agreement. The size of the premises for your Pure Fitness Clubs should be approximately 7,500 sq ft to 10,000 sq ft for a small box format, 10,000 sq ft to 12,000 sq ft for a medium box format and 12,000 sq ft to 20,000+ sq ft for a large box format.

<sup>4</sup> You must renovate or construct your Pure Fitness Clubs according to our standards and specifications. Depending on the building leased by you, your landlord may cover the costs of certain renovation or construction. The estimate in the table includes the cost of constructing the various indoor spaces required in Pure Fitness Clubs (gym floor, exercise and training studios, locker rooms, lockers, staff areas, lighting, display technology such as screens/projectors, improvements to shower areas and HVAC, etc.) but assumes that basic plumbing, electricity, and heat or air conditioning exists on the premises. The low end of the estimate also assumes the landlord provides you with a tenant improvement allowance of \$500,000. Before you begin any improvements or construction of the Pure Fitness Club, you must, at your expense, employ a qualified, licensed architect or engineer to prepare preliminary and final architectural drawings and specifications of the premises in accordance with our standard specifications for a Pure Fitness Club. These preliminary and final drawings and specifications must be submitted to us for our written approval.

<sup>5</sup> This estimate reflects the cost of purchasing and installing the exercise equipment, furniture, fixtures, wall coverings, decorative items, and other equipment necessary to operate your Pure Fitness Club.

<sup>6</sup> All signage must be approved by us, and we will provide specifications for approved signage. The figures in the chart reflect the estimated cost of interior signage and graphics package (combination of vinyl, lighting and other 3D materials) to be put up on the internal walls of the gym to bring the Pure Fitness image to life; along with exterior signage on the external building walls to allow prospective members to see the Pure Fitness name from afar, and banners with messages such as coming soon to build excitement up to the opening of the gym, and other signage that meet our standards, specifications and requirements. The cost of signs depends on the size and location of your Pure Fitness Club, the particular requirements of the landlord, and local and state ordinances and zoning requirements.

<sup>7</sup> You must purchase supplies for the Pure Fitness Club. This estimate includes the cost of cleaning products and supplies, basic office supplies, and computer supplies.

<sup>8</sup> You must stock an opening inventory of snacks and drinks for vending along with an initial inventory of promotional items as we require.

<sup>9</sup> Beginning 60 days before the grand opening of the Pure Fitness Club, and within 30 days after the opening, you must spend at least \$30,000 on an initial, grand opening advertising, marketing, and promotional program in the form and manner we prescribe. We may recommend that you spend up to \$50,000, depending on the format of your Pure Fitness Club, and the brand recognition in your local market. On an annualized basis, you are also required to spend at least 7% of your Gross Sales (or \$10,000 per month, if higher) on local advertising during each year that you operate under the Franchise Agreement. The grand opening expenditures count toward the amount that you must spend on local advertising in your first year of operations.

<sup>10</sup> Before you open your Pure Fitness Club, you must purchase the insurance coverage required by the Franchise Agreement, and described in Item 6, above. The cost of the business insurance coverage will

vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate, and national or local market conditions.

<sup>11</sup> You will need, in most cases, the assistance of legal counsel to review any important documents, an architect to plan out your health club, and potentially accountants to maintain your books.

<sup>12</sup> This estimate reflects the cost of your computer hardware and software, which includes the cost of your Computer System and the Required Software, and the costs of maintenance fees, license fees, and wireless/broadband costs for your first six months of operation. Please review Item 11 for a full description of technology requirements.

<sup>13</sup> The estimate in the chart includes expenses for travel (by car or air), food, lodging, and other living expenses of your managers and personnel that must attend our initial training program before your first Pure Fitness Club actually opens. Please review Item 11 of this Disclosure Document and Section 6 of the Franchise Agreement for a full description of training program and requirements.

<sup>14</sup> This estimate includes the costs of deposits necessary to begin services for gas, electricity, telephone and water that you will need to operate your Pure Fitness Club, and to operate such services for the first six months of operation.

<sup>15</sup> Before the opening of your Pure Fitness Club, you must obtain all necessary government approvals, permits and licenses. The above estimate includes building permits, certificates of occupancy, certificates of health, and health club registrations. The lower end of the range is more likely in suburban and less densely populated areas, while the higher end of the range is more likely in denser urban areas with higher costs of living. This does not include the cost to post a bond or impound pre-opening payments under local health club laws, as these requirements do not always exist and can vary widely. However, you should investigate these costs.

<sup>16</sup> This estimate includes the costs to secure a cleaning contractor for your Club.

<sup>17</sup> This estimate includes the cost of ancillary equipment such as hydro-massage beds, bodyscan equipment, special automated entrance doors, drinks dispenser, and vending machines.

<sup>18</sup> This estimate includes the additional working capital that we recommend you have to cover things such as salaries and other operating costs and miscellaneous expenses during the first 6 months of operation.

<sup>19</sup> The estimates in the chart, including the amount of working capital, are based on the experience of Pure Fitness Corporate in developing the flagship Pure Fitness Clubs in the U.S. (which are slightly larger than the Clubs that you will develop and had certain delays due to the pandemic), and the experience of the PureGym Group opening and operating more than 360 PureGym businesses in the UK that are very similar to the businesses you will operate. If you develop clubs that are smaller than our flagship locations, your costs may be lower. During the first 3 months of operation, controllable expenses, such as labor, supplies, and direct operating costs, are typically above average for a Pure Fitness Club business due to the need for additional staff training to ensure exceptional service and promoting the Pure Fitness Club. The actual amount of working capital and additional funds you will need will depend on a variety of factors, such as the number of paid employees you hire and their rate of pay, your own management and operational skill, economic conditions, and competition. We do not offer financing for any part of the initial investment.

## Item 8.

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

To ensure that the highest degree of quality and service is maintained, you must operate the Pure Fitness Clubs in strict conformity with the methods, standards, and specifications as we may periodically prescribe in the Manuals or otherwise in writing; and you must refrain from deviating from these methods, standards, and specifications without our prior written consent. We may revise the contents of the Manuals, and you must comply with each new or changed standard and specification.

***Required Purchases.*** All products and services offered or sold at or through the Pure Fitness Club, and other products, materials, supplies, paper goods, fixtures, furnishings, software, and equipment used in the operation of the Pure Fitness Club (collectively, the “Operating Assets”), must meet our then-current standards and specifications, as established in the Manuals or otherwise in writing. The estimated proportion of your required purchases and leases compared to all purchases and leases of goods and services by you in establishing a Pure Fitness Club is 70-80%. The estimated proportion of the required purchases and leases to all purchases and leases of goods and services by you in operating a Pure Fitness Club is 80-90%.

***Designated and Approved Suppliers.*** You must purchase or lease all required equipment (including cardio equipment, treadmills, cross trainers, stair climbers, steppers, exercise bikes, and rowing machines), all required software and technology, secured access entry pods, controlled access technology, vending machines, body composition machines, massage beds, digital class technology, uniforms, the member management system, and other products, services, supplies, materials, merchandise, paper goods, fixtures, and furnishings that we designate (the “Key Operating Assets”), only from suppliers that we approve or designate (the “Approved Suppliers”). We may designate additional items as Key Operating Assets in the future. In addition, we may designate one or more Approved Suppliers for a particular Operating Asset. If we designate a specific supplier for a specified Operating Asset, you must use that supplier for the specified Operating Asset. Currently, neither we nor our affiliates are Approved Suppliers, but we reserve the right to become an Approved Supplier in the future.

***Alternative Suppliers.*** If we have designated a specific supplier for certain Operating Assets (other than the Key Operating Assets), and you desire to purchase such items from a party other than the Approved Supplier, you can submit a written request for us to approve the proposed supplier, together with any additional information we may require. You must pay us a supplier approval fee equal to the greater of \$1,500 or our actual costs to evaluate the proposed supplier. We will attempt, within 60 days after our receipt of your request, and completion of any evaluation and testing we deem appropriate, to notify you of our approval or disapproval of the proposed supplier. We may approve or disapprove of any proposed supplier for any reason. You may not sell or offer for sale any items of the proposed supplier until you have received our approval. We may from time-to-time revoke our approval of particular Operating Assets or Approved Suppliers for any reason. Upon receipt of written notice of such revocation, you must cease to sell any disapproved items and cease to purchase from any disapproved supplier.

***Modifications of Standards and Suppliers.*** We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products and the financial stability of suppliers. We typically review and update our list of Approved Suppliers during an annual procurement review, and we may revise the Manuals to reflect any changes. We do not have to issue our specifications and standards to franchisees or approved suppliers, nor are criteria for supplier approval made available to franchisees.

**Revenue from Franchisee Purchases.** We may receive rebates or other discounts from certain suppliers for purchases made by you and other franchisees. We did not receive any payments from suppliers in 2023; however, in the future we anticipate receiving percentage-based rebates of between 5%-15% from certain Approved Suppliers or recommended suppliers. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of our franchisees. For example, at your option, you will be able to participate in the Omnia Partners procurement program to receive favorable rates for certain services such as contract cleaning, facilities management, stationery, and IT hardware, software, and support. We do not provide any direct material benefit to franchisees for use of Approved Suppliers, and you will not receive any direct material benefit for using designated or approved sources other than the benefit of any preferred pricing typically reserved for more established businesses; however, if you fail to use designated or approved suppliers, you will be in default of your Franchise Agreement. We do not have a purchasing or distribution cooperative related to our franchises. There are currently no Approved Suppliers in which any of our officers own an interest. However, one LGP-related entity is a minority investor in Omnia Partners.

## Item 9.

### FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.2, 5.1, and 5.2	1.1, 3, 5.1, and Exhibit B	11
b. Pre-opening purchases/leases	7.4 and 7.10	3.3 and 3.4	5, 6, 7, and 8
c. Site development and other pre-opening requirements	5, 6, 7.5, and Exhibit B	1.1, 3, and 5.1	11
d. Initial and ongoing training	6	Not Applicable.	6, 7, and 11
e. Opening	5, 12.1	Not Applicable.	11
f. Fees	2.2.8, 4, 6.7, 7.17, 8.10, 12, 14.3.12, and 14.7	2, 6.3.7, 7.3.10, and 7.7	5, 6, and 7
g. Compliance with standards and policies/Operating Manuals	7 and 9	8.2	8 and 11
h. Trademarks and proprietary information	8 and 10	1.4	13 and 14
i. Restrictions on products/services offered	7.2, 7.3, 7.4, 7.5, 7.7, and 7.13	Not Applicable.	8 and 16

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
j. Warranty and customer service requirements	Not Applicable.	Not Applicable.	11
k. Territorial development and sales quota	Recitals, 1.2	1	12
l. Ongoing product/service purchases	7.3	Not Applicable.	8
m. Maintenance, appearance and remodeling requirements	2.2.2, 7.10, and 7.11	Not Applicable.	11
n. Insurance	13	Not Applicable.	6 and 7
o. Advertising	12	Not Applicable.	6, 7, and 11
p. Indemnification	20.3	10.3	6
q. Owner's participation/management/staffing	7.12 and 17.1	8.1	11 and 15
r. Records/reports	11	Not Applicable.	6
s. Inspections/audits	7.8 and 11.5	Not Applicable.	6 and 11
t. Transfer	14	7	17
u. Renewal	2.2	Not Applicable.	17
v. Post-termination obligations	16	6.3, 6.4, and 8.4	17
w. Non-competition covenants	17.2 and 17.3	8.3 and 8.4	17
x. Dispute resolution	26	14	17
y. Personal Guaranty	18.2 and Exhibit E	5.2.1.5 and Exhibit E	15

**Item 10.**

**FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

**Item 11.**

**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

**Pre-Opening Obligations**

**Development Agreement**

For each Pure Fitness Club developed under the Development Agreement, we will provide you with the following:

1. We will provide such site selection guidelines and consultation as we deem advisable (Development Agreement, Section 5.1.1); and
2. We (or our designee) will provide such on-site evaluations as we deem advisable as part of our evaluation of your request for site approval. You will be responsible for our (or our designee's) reasonable out-of-pocket costs and expenses. (Development Agreement, Section 5.1.2).

**Franchise Agreement**

Before the Pure Fitness Club opens, we will provide the following to you:

1. We will make available to you our specifications for a prototypical Pure Fitness Club (Franchise Agreement, Section 3.1.1);
2. We will provide initial training for you and certain employees as described below. We will provide you with up to 5 days of in club training at the location of the Franchised Business in connection with the opening at our expense. (Franchise Agreement, Sections 3.1.2 and 6);
3. We will make available to you advertising and promotional materials at your expense (Franchise Agreement, Sections 3.1.3 and 12);
4. We will make our Manuals available to you through a password protected website (Franchise Agreement, Sections 3.1.4 and 9);
5. We will provide you with our standard list of equipment needed to open a Pure Fitness Club and information regarding any discount packages that we may negotiate periodically with suppliers from which you may purchase the equipment (Franchise Agreement, Section 3.1.6);
6. We will provide site selection guidelines and consultation we deem advisable, including any on-site evaluations (at your expense) as we deem advisable (Franchise Agreement, Section 3.1.7 and 5.1); and
7. We will provide an Initial Training Program and such additional onsite training and assistance as we deem appropriate (Sections 6.1, 6.6).

## **Continuing Obligations**

### **Development Agreement**

Under the Development Agreement, we are not obligated to furnish any assistance to you after the opening of each Pure Fitness Club.

### **Franchise Agreement**

After the Pure Fitness Club opens, we will provide the following to you:

1. We will make available to you advertising and promotional materials at your expense (Franchise Agreement, Sections 3.1.3 and 12);
2. We will provide to you at the time(s) and in the manner determined by us, in our sole discretion, advice, assistance, and written materials about operations, services, business issues, sales methods, and marketing techniques (Franchise Agreement, Section 3.1.5);
3. We will provide supplementary training at your request and at your expense (Section 6.7);
4. We will designate or approve suppliers who will make available to you for sale, certain products, supplies, materials, and other products and equipment used or offered for sale at the Pure Fitness Club (Franchise Agreement, Section 7.5); and
5. Provide you with access to our proprietary member management software, and host the technology that you will use in the business such as the Pure Fitness app (Franchise Agreement, Section 4.4, 4.6, 7.18, and 8.14).

## **Site Selection**

### **Development Agreement**

Under the Development Agreement, before your acquisition by lease or purchase of any site for a Pure Fitness Club, you must submit to us, in the form specified by us, a description of the proposed site and such information or materials as we may reasonably require, including a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. We will endeavor to notify you of our approval or rejection of the site as soon as possible, and in any event within 30 days after receipt of such information and materials from you. No proposed site will be deemed approved unless it has been expressly approved in writing by us. (Development Agreement, Section 3.3.). In providing our approval, our preferred site features include premises of between 7,500 – 20,000+ sq. ft., depending on the format of the franchise; ample parking; single floor sites; simpler shapes for the premises (e.g. rectangular); appropriate zoning; proximity to public transport such as trains, metros or buses, or proximity to a main road with commuter traffic; reasonable rent; minimum lease length of 10 years; landlord willingness to agree to our mandatory lease terms. (Development Agreement, Section 3.4). We do not generally own the premises for Pure Fitness Clubs or lease them to you.

### **Franchise Agreement**

You must operate each Pure Fitness Club only at the location approved by us (“Approved Location”). If you have an Approved Location at the time you sign the Franchise Agreement, you must begin operation of the Pure Fitness Club within 6 months after the date of the Franchise Agreement. If you

do not have an Approved Location when you sign the Franchise Agreement, you must begin operation of the Pure Fitness Club within 18 months after the date of the Franchise Agreement. (Franchise Agreement, Section 5.5.)

If you do not have an Approved Location when you sign the Franchise Agreement, you must obtain our approval of a proposed site within 90 days of the date of the Franchise Agreement. (Franchise Agreement, Section 5.1.) You must sign a lease or otherwise acquire a site for the Approved Location within 120 days after signing the Franchise Agreement. If we and you cannot agree on a proposed site within 120 days of your signing the Franchise Agreement, then your Pure Fitness Club will not be opened, your Franchise Agreement may be terminated, and you will forfeit your initial franchise fee. We have the right to approve the terms of any lease or sublease for the Approved Location, and you must provide a copy of your executed lease to us. (Franchise Agreement, Section 5.2.)

### **Opening Timeline**

The typical length of time between signing the Franchise Agreement and opening a Pure Fitness Club business is 6 to 12 months. Six months is more likely if you have already procured a site at the time the Franchise Agreement is signed, 12 months is more likely if the lease still needs to be negotiated. Other factors that affect this time are your ability to obtain a location meeting our standard requirements; financing; building permits; approvals required under zoning and local ordinances; your ability to complete the initial required training course to our satisfaction; delayed construction or installation of equipment, fixtures, and signage; delays by the leaseholder in delivering the property; delays caused by weather and natural disasters or pandemic resurgence; and unforeseen delays in the bid process.

### **Advertising Programs**

***Advertising.*** Beginning 60 days before the grand opening of the Pure Fitness Club, and within 30 days after the grand opening, you must spend at least \$30,000 on an initial, grand opening local advertising, marketing, and promotional program in the form and manner prescribed by us in the Manuals or otherwise in writing. (Franchise Agreement, Section 12.1.)

In addition to the grand opening marketing program, during the entire term of the Franchise Agreement, you are required to expend, on an annual basis, an amount equal to at least 7% of Gross Sales or \$10,000 per month per gym, whichever is greater, on local marketing, advertising, and promotion as we may, in our sole discretion, direct in the Manuals or otherwise in writing. (Franchise Agreement, Section 12.2.)

All advertising and promotion by you must be in media and of a type and format as we may approve, including digital, television, print media, radio, and local promotional events, must be conducted in a dignified manner, and must conform to these standards and requirements as we may specify. You must not use any advertising or promotional plans or materials unless and until you have received written approval from us. (Franchise Agreement, Section 12.5.) You must submit to us for our prior approval samples of all advertising and promotional plans and materials for any digital, print, broadcast, cable, electronic, computer or other media (including the Internet) that you wish to use and that we have not prepared or previously approved within the preceding 6 months (except with respect to minimum prices to be charged). You must not use these plans or materials until they have been approved in writing by us. If you do not receive written notice of approval from us within 10 days of the date of our receipt of these samples or materials, we will be deemed to have disapproved them. (Franchise Agreement, Section 12.6.)

We may make available to you periodically, at your expense, approved advertising and promotional materials, including merchandising materials, point-of-purchase materials, and materials for special promotions. (Franchise Agreement, Section 12.5.)

**Brand Fund.** You must pay to the Brand Fund a monthly fee in the amount of 1% of your Gross Sales for the preceding month. Your contribution to the Brand Fund will be in addition to any required expenditures on local advertising as described above. (Franchise Agreement, Section 12.3.) We expect that all franchisees will contribute to the Brand Fund at a similar rate. Pure Fitness Clubs owned and operated by us or our affiliates in the United States will contribute to the Brand Fund on the same basis as franchisees.

We and our designees will have the sole authority to direct all advertising, marketing, and promotional programs of the Brand Fund and will have sole discretion over all aspects of those programs, including the concepts, materials, and media used and the placement and allocation of them. (Franchise Agreement, Section 12.4.1.) The Brand Fund will be used, in our discretion, to pay for developing and conducting activities that we believe will enhance the goodwill associated with the Proprietary Marks and the image of the System and to pay for the administration and expenses of the Brand Fund and its programs. The Brand Fund's activities and programs may include, among other things, conducting and preparing advertising, marketing, public relations, customer surveys, and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System, such as preparing and conducting radio, television, print, and Internet-based advertising campaigns; marketing and promoting Pure Fitness events; utilizing social and business networking media sites and other emerging media or promotional tactics; developing, maintaining, and updating our website; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies; purchasing promotional items; purchasing point-of-purchase materials; and providing promotional and other marketing materials and services to the businesses operating under the System. (Franchise Agreement, Section 12.4.2.) We may utilize third party advertising agencies as well as in-house marketing personnel to conduct Brand Fund activities. A portion of the Brand Fund may be used to defray the expenses we incur in operating the Brand Fund. We will not use the Brand Fund on marketing primarily directed to solicit new franchise sales.

There have been no collections or expenditures by the Brand Fund in prior years. We will not be obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditures or activities of the Brand Fund. We will maintain separate bookkeeping accounts for the Brand Fund and may, but will not be required to, cause Brand Fund contributions to be deposited into one or more separate bank accounts. The Brand Fund is not a trust, and we are not a fiduciary or trustee of the Brand Fund or the monies in the Brand Fund. However, we may, in our discretion, separately incorporate the Brand Fund or create a Brand Fund trust, over which we may be the trustee, into which Brand Fund contributions may be deposited. (Franchise Agreement, Section 12.4.3.)

It is anticipated that all contributions to the Brand Fund will be expended for their intended purposes during the fiscal year in which contributions are made. To the extent any contributions are not expended by the end of the fiscal year, they will be expended no later than the end of the taxable year following the year of receipt. (Franchise Agreement, Section 12.4.4.) Although we intend that the Brand Fund will be of perpetual duration, we maintain the right to terminate the Brand Fund. The Brand Fund may not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions. (Franchise Agreement, Section 12.4.5.) The Brand Fund will not be audited. You will have the right to review and obtain an annual accounting of the Brand Fund's expenditures for the prior year upon written request.

We do not have advertising cooperatives, nor do we have an advertising council composed of franchisees.

**Website.** We maintain a website at [www.purefitness.com](http://www.purefitness.com) (“Franchisor’s Website”) and have the right to promote on Franchisor’s Website the Pure Fitness brand and those company-owned and franchisee-owned locations as we determine and in the manner we determine in our sole discretion. You may not own, establish, or maintain a website. However, we can require you to have one or more references or webpages, as designated and approved by us in advance, within Franchisor’s Website. We have the right to require that you not have any Website other than the webpages, if any, made available on Franchisor’s Website. (Franchise Agreement, Section 8.10.). However, you may be permitted or required to establish an account, page, or other presence on a social or business networking media site that uses or references the Proprietary Marks such as Facebook, Instagram, TikTok, Twitter, LinkedIn, virtual worlds, file, audio and video sharing sites, on-line blogs and forums, and other similar present or future online, mobile, or social networking media (“Networking Media Site”), and any postings or contributions to a Networking Media Site will be considered advertising and must comply with our then-current standards and procedures for such platforms. In addition, you must provide us at all times with current administrator-level access credentials, usernames, passwords, tokens, and all other information and items required for complete access to, and control over, your online presence on a Networking Media Site.

### **Computer System**

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, hardware, and other technology to be used by you, including: (a) back office and point of sale systems, and data, audio, video systems for use at the Pure Fitness Club; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (the “Computer System”). (Franchise Agreement, Section 8.6.).

We also have the right, but not the obligation, to designate, develop, or assign the development of: (a) computer software programs for use with the Computer System, which may include club management software (“Club Management Software”) and other web-based software programs (the “Required Software”), which you must install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. (Franchise Agreement, Section 8.6.1.)

At our request, you must purchase or lease, and maintain, the Computer System and the Required Software, which are described below. The approximate cost of purchasing the Computer System for each Pure Fitness Club is \$1,275. We and our affiliates have the right at any time to remotely retrieve and use this data and information from your Computer System or Required Software that we deem necessary or desirable. There are no restrictions on our, or our affiliates, right to access this data and information. You must keep your Computer System in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we may reasonably direct periodically in writing, all at your own expense. You must upgrade or update your Computer System and Required Software at your expense as we may require. There is no limitation on how often we may require these upgrades, or the cost of these upgrades. Your Computer System must be operational before you open your Pure Fitness Club. (Franchise Agreement, Section 8.6.)

Currently, our requirements for the Computer System include:

- Broadband Access with minimum download speeds of 30Mbps and upload speeds of 10Mbps, with 4G failover or second line (i.e. backup line).
- A closed-circuit television system and alarm system for the premises. We do not require a specific vendor, but full coverage closed circuit television is a requirement.
- WiFi for the Pure Fitness Club, with separate public and corporate WiFi.
- iPad, printer, and one or more laptop(s) with the following minimum specifications:
  - OS 64-bit fully patched, latest updated browser version.
  - Processor: At least 3GHz
  - RAM: minimum 4GB+ for 64-bit OS
  - Hard disk: minimum 100GB for 64-bit OS
  - Graphics card: DirectX 9 with WDDM driver

Subject to the above requirements, you may purchase or lease any brand and model of personal computer that will accommodate the Required Software. Currently, the Required Software includes our proprietary Club Management Software. We charge a Technology Fee of \$800 per month per Club to cover our costs related to Franchisor's Website, the Club Management Software, the mobile app, and other technology-related resources. This amount is set forth in the Manuals and may be subject to change. We also recommend a data storage system such as Box, an HR and Payroll system such as Dayforce, and a mass email system for your communication with potential customers such as Microsoft 365. You will pay initial and ongoing fees directly to the providers that you choose. Our recommended vendors charge approximately \$400 - \$1,000 annually, but this may be higher or lower depending on your needs and the services that you select. In addition, you must procure an ongoing maintenance and support contract for the Computer System and Required Software, and other technology in the Pure Fitness Club. We estimate the costs of an ongoing service contract to be approximately \$1,500 per month per location, which includes 2 days of on-site support, and a WiFi/broadband subscription to be \$200-\$300 per month, although this may be subject to change.

In order to provide for inevitable but unpredictable changes to technological needs and opportunities, and to maintain our position as a technology leader, we have the right to establish reasonable new standards for the implementation of technology in the System, and you must abide by them.

### **Operations Manual**

You must operate the Pure Fitness Club in accordance with the standards, methods, policies, and procedures specified in the Manuals that we make available to you through a password-protected website. Currently, our "Manuals" include our Operations Manual and Brand Manual. We may revise the contents of the Manuals, and you must comply with each new or changed standard. You must ensure that your copy of the Manuals is kept current at all times. (Franchise Agreement, Section 9.) The Manuals contains over 250 pages in total, and the number of pages in each Manual and the number of pages devoted to each topic are reflected in the Table of Contents for the Manuals, attached to this Disclosure Document as Exhibit D.

### **Training Programs**

We offer an initial training program ("Initial Training Program") which takes place at the times and places that we designate, primarily at our flagship location in Springfield, Virginia. Before the opening of the Pure Fitness Club, one of your owners who we approve ("Key Owner"), your designated full-time manager of operations who we approve ("Operations Manager"), and any other managers we designate as

key employees such as your gym manager (“Gym Manager”) of each Club must attend and complete, to our satisfaction, the designated portions of our Initial Training Program required for each position. (Franchise Agreement, Section 6.1.) We will provide the Initial Training Program, including the instructors and training materials, at no charge to you for the Key Owner, initial Operations Manager, and your initial Gym Managers for the first 5 Clubs operated by you or your affiliates. Instructional materials for the Initial Training Program consist of the Manuals, PowerPoint slides, online learning modules, printed materials, hands on experience in the Club, and other information to be distributed.

All training will be conducted by, or under the supervision of, Lucy Chadwick, the Divisional Manager of Pure Fitness. Ms. Chadwick has been with PureGym since 2014, and she has over 9 years of experience in gym operations. Additional trainings will be carried out by members from various departments, including but not limited to, our Marketing, Operations, Technology, Commercial, and Finance teams.

Any person employed by you in the position of Operations Manager or Gym Manager must, within 3 months of their date of hire, complete the applicable portions of our Initial Training Program. (Franchise Agreement, Section 6.2.) You and all of your employees who complete the Initial Training Program, or who are designated by us periodically, must attend additional courses, seminars, and other training programs as we may reasonably require periodically. You may have to pay a fee for these programs. (Franchise Agreement, Section 6.3.). At our option, these programs may be provided in person or in a virtual format.

If your Pure Fitness Club is one of the first 5 Pure Fitness Clubs that will be operated by you or your affiliates, we will provide onsite training and assistance as we deem appropriate to assist in training personnel and otherwise assist in the opening of the Pure Fitness Club during the membership presale period and for 3 months after opening. You shall, as we require, either arrange and pay for or reimburse us for the Travel Costs of our personnel providing such training and assistance. In addition, after this date, on your request, and subject to our availability, we will provide you with additional training and assistance on such subjects as may be agreed on in advance by you and us. You will be responsible for our travel costs, and we may require that you pay us a per diem fee ranging from \$100 - \$1,000 per day for this additional assistance.

Most training programs that you must attend, and which are described in this Item 11, will be held at our corporate headquarters and flagship location in Springfield, Virginia. However, we may occasionally offer certain Gym Manager training in the UK. At our option, portions of the initial training or additional programs may be provided via teleconference, video conference, or the Internet. For each of the first 5 Clubs that will be operated by you or your affiliates, we will provide instructors and training materials at no charge for up to four individuals. You will be responsible for any and all expenses incurred by you or your employees in connection with attending all training programs, including the costs of transportation, lodging, meals, and wages. (Franchise Agreement, Section 6.4.)

**[Remainder of Page Intentionally Left Blank]**

The initial training program includes instruction as outlined in the following chart. Each day will consist of the number of hours of instruction indicated. The order of the training days is subject to change, and the courses may or may not run consecutively, in our sole discretion. The timing of our Initial Training Program will be agreed on with you, but must be completed prior to the opening of each Club and prior to your commencing pre-sales for each Club. Our refresher courses will typically be provided once per year.

## TRAINING PROGRAM

### KEY OWNER AND OPERATIONS MANAGER TRAINING PROGRAM

SUBJECT	KEY OWNER		OPERATIONS MANAGER		LOCATION
	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	
Overview	1	0	1	0	Springfield Location (or virtually)
History of the Business	1	0	1	0	Springfield Location (or virtually)
Brand & Culture	2	0	2	0	Springfield Location (or virtually)
The Operations Manual	4	0	16	0	Springfield Location (or virtually)
The Franchise Agreement	2	0	0	0	Springfield Location (or virtually)
Responsibilities of a franchisee	1	0	0	0	Springfield Location (or virtually)
Pre-Opening obligations	1	0	1	0	Springfield Location (or virtually)
Training for product/service presentation	1	0	1	0	Springfield Location (or virtually)
Business registration	1	0	0	0	Springfield Location (or virtually)
Site selection and lease negotiation	2	0	0	0	Springfield Location (or virtually)
Insurance and Banking	1	0	0	0	Springfield Location (or virtually)
Reporting requirements and maintenance	1	0	0	0	Springfield Location (or virtually)
Setting up the Business	2	0	2	0	Springfield Location (or virtually)
Hiring your staff; personnel practices and policy	2	0	4	0	Springfield Location (or virtually)

SUBJECT	KEY OWNER		OPERATIONS MANAGER		LOCATION
	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	
Preparation, shop design and development	2	0	2	0	Springfield Location (or virtually)
Sales & Marketing Training	0	0	2	0	Springfield Location (or virtually)
TrainSafe & Health, sanitation and licensing requirements	0	0	2	0	Springfield Location (or virtually)
Member Management System	0	0	4	0	Springfield Location (or virtually)
Gym Rules & Member Etiquette	0	0	2	0	Springfield Location (or virtually)
Group Exercise Experience	0	0	0	4	Multiple Gym Locations in the Washington, DC Region
Gym Visits & Tours	0	8	0	40	Multiple Gym Locations in the Washington, DC Region
<b>TOTAL HOURS</b>	<b>24</b>	<b>8</b>	<b>40</b>	<b>44</b>	

**GYM MANAGER TRAINING PROGRAM**

SUBJECT	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Overview	1	0	Springfield Location
History of the Business	1	0	Springfield Location
Brand & Culture	1	0	Springfield Location
Gym Rules & Member Etiquette	2	0	Springfield Location
People & Culture	2	0	Springfield Location
First Aid	8	0	Springfield Location
TrainSafe & Health, sanitation	2	0	Springfield Location
Member Management System	4	0	Springfield Location
Reporting requirements and maintenance	2	0	Springfield Location

SUBJECT	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Group Exercise & Wexer Training	24	0	Springfield Location
Hiring your staff; personnel practices and policy	4	0	Springfield Location
Sales and Marketing Training	2	0	Springfield Location
Merchandise, inventory and marketing	2	0	Springfield Location
Record keeping and accounting	2	0	Springfield Location
GM Training Module A1 – Gym Orientation	8	0	Springfield Location
GM Training Module A2 – Operational Essentials	8	0	Springfield Location
GM Training Module A3 – The “Big 6”	8	0	Springfield Location
GM Training Module A4 – Leadership & Development	8	0	Springfield Location
Receiving and storing products	2	0	Springfield Location
Gym Visits & Tours	0	80	Multiple Gym Locations in the Washington, DC Region
<b>TOTAL HOURS</b>	<b>91</b>	<b>80</b>	

**Item 12.**

**TERRITORY**

**Franchise Agreement**

You must operate each Pure Fitness Club only at the location approved by us (the “Approved Location”). For each Pure Fitness Club, you will be granted a protected territory, which will be defined in the respective Franchise Agreement for that Club (the “Territory”). You may only relocate the Pure Fitness Club to a location within the Territory (as described below) which has been approved by us in writing and which does not conflict with the territorial rights of any other franchisee. We have the right, in our sole discretion, to withhold approval of any proposed relocation.

The size of your Territory will generally be up to a 5-mile radius around the Approved Location, but may vary significantly depending on the population density of the area surrounding the Approved Location. For example, your Territory could vary in size from a certain number of city blocks in an urban location to a township in a more suburban area. We do not guarantee a minimum size for your Territory. We cannot modify your territorial rights during the term of the Franchise Agreement, but we can modify your Territory upon renewal or transfer. Your territorial rights do not depend on the achievement of a certain sales volume, market penetration, or any other contingency.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. During the term of the Franchise Agreement, however, we will not establish or operate, or license any other person to establish or operate, a Pure Fitness Club under the System and the Proprietary Marks at any location within your Territory. However, regardless of either proximity to your Territory or your Pure Fitness Club, or any actual or threatened impact on sales of your Pure Fitness Club, we retain the right, among others, to: use the Proprietary Marks and System in connection with establishing and operating Pure Fitness Clubs at any location outside the Territory; use the Proprietary Marks or other marks in connection with selling any services (including classes) or distributing any goods (including branded merchandise) anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a Pure Fitness Business (including, for example, through the internet or other electronic means); use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); use the Proprietary Marks to organize, sponsor, host, or support any event anywhere in the world (including within the Territory); acquire, establish, or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Territory); acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere (including the Territory), and convert such units or business to Pure Fitness Clubs or businesses operating under the Proprietary Marks; and develop New Offerings that use the Proprietary Marks and are related to the System, and to offer such New Offerings to members and non-members inside the Territory. Note that if we require or permit you to participate in such New Offerings, we reserve the right to charge you a reasonable fee in connection with your participation.

You may not establish more than one Pure Fitness Club in your Territory without entering into a separate Franchise Agreement. We do not grant under this Disclosure Document any option, right of first refusal, or similar right to acquire additional franchises other than as described above in this Item 12 under “Development Agreement.”

### **Development Agreement**

The Development Agreement assigns you a protected Development Area within which you must develop a specified number of Pure Fitness Clubs under a Development Schedule. Each Pure Fitness Club developed under the Development Agreement must be located in the Development Area. The Development Area and the Development Schedule will be identified in an exhibit to the Development Agreement. We must approve the site for each Pure Fitness Club you propose to develop in the Development Area before you sign a lease for the site.

Except as described in the paragraph below, the Development Agreement prohibits us from establishing or operating, or licensing anyone other than you to establish or operate, a Pure Fitness Club at any location in the Development Area during the term of the Development Agreement. However, regardless of either proximity to the Development Area or any Pure Fitness Club, or any actual or threatened impact on sales of any Pure Fitness Club, we retain the right, among others, to: (1) use the Proprietary Marks and System in connection with establishing and operating Pure Fitness Clubs at any location outside the Development Area; (2) use the Proprietary Marks or other marks in connection with selling any services or distributing any goods anywhere in the world (including within the Development Area), whether or not you also offer them, through channels of distribution other than a Pure Fitness Club (including, for example, through the internet or other electronic means); (3) use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Development Area); (4) use the Proprietary Marks to organize, sponsor, host, or support any event anywhere in the world (including within the Development Area); (5) acquire, establish, or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Development Area); (6) acquire, be acquired by, merge, affiliate with, or engage in any

transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere (including the Development Area), and convert such units or business to Pure Fitness Clubs or businesses operating under the Proprietary Marks; and (7) develop other products, services, or technologies (such as virtual Classes) (collectively “New Offerings”) that use the Proprietary Marks and are related to the System, and to offer such New Offerings to members and non-members inside the Development Area. Note that if we require or permit you to participate in such New Offerings, we reserve the right to charge you a reasonable fee in connection with your participation. We may provide services such as virtual classes or other New Offerings to customers in your Development Area, and neither we nor other franchisees will have to compensate you if we or they solicit or accept customer or orders from inside your Development Area.

Unless sooner terminated in accordance with the terms of the Development Agreement, the Development Agreement will expire on the earlier of the last date specified in the Development Schedule or the date when you have open and in operation all of the Pure Fitness businesses required by the Development Schedule. We may establish or license someone other than you to establish a Pure Fitness Club in the Development Area after your completion of the Development Schedule, subject to the territorial protections provided under the Franchise Agreements you sign during the term of the Development Agreement. You may request an extension of your opening deadline for a location under the Development Schedule if you are diligently and in good faith pursuing the opening of the Club as evidenced by a signed lease, commencement of construction or other equivalent progress as we determine in our sole judgment. We will not unreasonably withhold your written request for such extension provided that: (i) you agree to pay a Grace Period Fee of \$2,500 per location for each month or partial month of delay; (ii) you are not in default of any other obligation under this Agreement or any Franchise Agreement; (iii) you and any affiliates with Franchise Agreements entered into pursuant to this Agreement execute a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our and their respective officers, directors, agents, shareholders, and employees; (iv) you execute an agreement and (iv) we have not previously granted extensions of more than 3 months per location or 12 months in the aggregate. If you fail to develop the required number of Pure Fitness Clubs in the time-frame established by the Development Schedule, we have the right to terminate the Development Agreement without an opportunity to cure, to terminate or limit the territorial protection granted under the Development Agreement, to reduce the number of Pure Fitness Clubs that you may develop, reduce the size of the Development Area, to withhold evaluation or approval of site proposal packages and refuse to approve the opening of any Pure Fitness Clubs, to accelerate the Development Schedule, or to require you to pay us a \$2,500 monthly fee for each Pure Fitness Club that is not opened in accordance with the Development Schedule, for each month until the Pure Fitness Club has commenced operations.

### **Alternate Channels of Distribution**

You are not restricted from soliciting or accepting customers outside of your Territory or Development Area, but you may not make sales using other channels of distribution, including the Internet, other than through our membership portals. Neither we nor other franchisees will have to compensate you if we or they solicit or accept customers from inside your Territory or Development Area. We and our affiliates may use other channels of distribution, including the Internet, to provide products or services within any franchisee’s territory using the Proprietary Marks, or marks other than the Proprietary Marks, such as “PureGym,” and we reserve the right to do so at any time.

### **Businesses Under Other Marks**

As described in Item 1, various affiliates of ours through the PureGym Group operate businesses in the United Kingdom and Europe under the name “PureGym” (the “PureGym Businesses”) that are similar

to the businesses that you will operate, and that sell goods and services similar to those being offered at your Pure Fitness Clubs. In addition, outside of the United States, PureGym franchises these PureGym Businesses. In the United States, we do not have present plans to compete with you by operating or franchising a business under a different trademark (such as the “PureGym” mark) that will sell goods and services similar to those being offered at your Pure Fitness Club.

**Item 13.**

**TRADEMARKS**

**Development Agreement**

The Development Agreement does not grant you any right to use or license others to use the Proprietary Marks.

**Franchise Agreement**

You will be granted the right, and undertake the obligation, under the terms of the Franchise Agreement, to establish and operate a Pure Fitness business under the Proprietary Marks and the System, including the mark “PURE FITNESS,” and other trademarks, trade names, and service marks as we may designate as part of the System.

The following trademarks have been registered on the Principal Register or are the subject of pending applications at the U.S. Patent and Trademark Office (“USPTO”), and are owned by PureFitness LLC (the “Pure Fitness Marks”):

<b>Mark</b>	<b>Registration/ Application Number</b>	<b>Registration/Filing Date</b>	<b>Status</b>
PUREFITNESS	Registration No. 2783051	Registered: November 11, 2003	Registered
PUREFITNESS	Registration No. 6747524	Registered: May 31, 2022	Registered
 PURE FITNESS	Application No. 90898991	Filed: August 24, 2021	Pending
	Application No. 90898988	Filed: August 24, 2021	Pending

The following trademarks are owned by PureGym and licensed to Pure Fitness Corporate and have been registered on the Principal Register of the USPTO (“the PureGym Marks”) (collectively with Pure Fitness Marks, the “Proprietary Marks”).

Mark	Registration Number	Registration Date	Status
	Registration No. 7071122	Registered: June 06, 2023	Registered
	Registration No. 6224858	Registered: December 22, 2020	Registered

Pure Fitness Corporate has licensed to us the right to use the Proprietary Marks, and to sublicense them to our franchisees, under a royalty-free license agreement dated October 31, 2021. The term of the license agreement is indefinite, but either we or Pure Fitness Corporate may terminate the license agreement with or without cause on 30 days’ written notice. In the event of termination, Pure Fitness Corporate will assume all of our rights and obligations regarding the Proprietary Marks under any franchise agreements then in effect. Except for the license from Pure Fitness Corporate to us, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise.

Where the Proprietary Marks remain in use with the associated goods and/or services in the respective registration, all required affidavits pertaining to these registrations have been filed or will be filed by the deadlines for active Proprietary Marks above. PureGym and Pure Fitness Corporate (collectively, the “Trademark Owners”) reserve the right in each party’s sole discretion to cease use of any trademark, in which case required affidavits would not be filed with the Proprietary Marks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending infringement, opposition, or cancellation proceedings involving the Proprietary Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in any of the Proprietary Marks.

The Trademark Owners have filed trademark applications for all of the marks designated as “Pending” in the charts above (collectively, the “Pending Marks”). However, the Trademark Owners do not yet have federal registrations for the Pending Marks. Therefore, the Pending Marks do not have as many legal benefits and rights as federally registered trademarks. If our, or the Trademark Owners’, right to use the Pending Marks is challenged, it is possible that you may have to change to an alternative trademark, which may increase your expenses.

We are aware of a number of parties (“Potential Prior Users”) that may have or assert superior, prior common law rights in fitness facilities or related goods and services in certain limited geographic areas based on their prior use of the terms “Pure” and “Fitness,” as part of their respective brands. There may be additional parties with prior rights of whom we are not aware. We have not analyzed in detail the rights of each Potential Prior User identified herein, and the Trademark Owners’ registered rights and pending filings listed above may at some point allow us to narrow the following list; but as of the issuance date of this Disclosure Document, we are aware of Potential Prior Users who may be operating in the following areas: Birmingham, Alabama; Phoenix, Tempe, Mesa, Chandler, Scottsdale, and Peoria, Arizona; Cabot, Arkansas; Lake Forest, Los Angeles, Irvine, Placerville, Sacramento, and Escondido, California; Highland Ranch, Colorado; Old Greenwich, Connecticut; Washington, D.C.; Odessa, Tampa, Casselberry,

Belleview, Boca Raton, and Naples, Florida; Cummings, Georgia; Louisville, Kentucky; Metairie, Louisiana; Millsboro, Ocean City, Salisbury, and Seaford, Maryland; Webster, Massachusetts; Saginaw and Livingston, Michigan; Lincoln, Nebraska; Shirley, Larchmont, Long Island City, and Long Beach, New York; Wilmington and Terrell, North Carolina; Tulsa, Oklahoma; Tigard, Portland, and Salem, Oregon; Harrisburg, Lancaster, and Philadelphia, Pennsylvania; Austin, Brownsville, Richmond, Spring, Uvalde, and Victoria, Texas; Manassas, Norfolk, and Radford, Virginia; Bellevue, Linwood, Renton, and Seattle, Washington; and Eau Claire, Wisconsin. We are also aware of a company operating out of West Palm Beach, Florida and selling related fitness equipment goods under the name “Pure Fitness.” It is possible that the sale of goods under that name may extend beyond West Palm Beach, but we do not at this stage know the geographic extent of any common law rights this entity may be able to assert.

To our knowledge, none of these Potential Prior Users holds a United States federal trademark registration that would supersede our existing nationwide rights secured by our United States Trademark filings listed herein. Accordingly, any rights such Potential Prior Users have to the combined terms “Pure” and “Fitness” are presumed to be limited to common law rights in the geographic trade areas surrounding their businesses using such marks. However, we have not at this point analyzed or determined whether any common law rights owned by the above-noted Potential Prior Users could potentially limit the scope of our existing nationwide rights or affect the validity of our existing federal trademark applications and registrations. We have not taken any legal action with respect to any of these Potential Prior Users with respect to these matters. If you wish to acquire Pure Fitness franchise rights in any of the areas described in this paragraph above, please contact us so we can discuss whether you require any further information on any individual Potential Prior User.

#### **Item 14.**

### **PATENTS, COPYRIGHTS, AND OTHER PROPRIETARY INFORMATION**

#### **Patent and Copyrights**

Neither we nor our affiliates own any patents or registered copyrights that are material to the franchise.

#### **Confidential Operating Manuals**

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate your Pure Fitness Club in accordance with the standards, methods, policies, and procedures specified in the Manuals. Upon your completion of our initial training program to our satisfaction, we will make the Manuals available to you through a password protected website, for the term of your Franchise Agreement.

You must treat the Manuals, any other Manuals created for or approved for use in the operation of the Pure Fitness Club, and the information contained in the Manuals, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person. The Manuals will remain our sole property and your access credential must be kept secure. Any written copies must be kept in a secure place at the Pure Fitness Club.

We may revise the contents of the Manuals at any time, and you must comply with each new or changed standard. You must ensure that the Manuals is kept current at all times. In the event of any dispute

as to the contents of the Manuals, the terms of the master copy maintained by us at our home office will be controlling.

### **Confidential Information**

You must not, during the term of the Franchise Agreement or after its term, communicate, divulge, or use for the benefit of any other person or legal entity any confidential information, knowledge, or know-how concerning the development or operation of a Pure Fitness Club, including the Manuals, territory information, demographic data, customer lists, information, innovations, plans, trade secrets, proprietary information, marketing and sales methods and systems, client protocols and training programs, class methods and materials, sales and profit figures, employee lists, and relationships between us and suppliers and others who have business dealings with us and our affiliates, which may be communicated to you or of which you may be apprised by virtue of your relationship with us. In addition, any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed “confidential information” for purposes of the Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Pure Fitness Club, and you must ensure that all required employees sign the form of Confidentiality Agreement attached to the Franchise Agreement.

### **Item 15.**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

During the term of your Franchise Agreement, a Key Owner, or an Operations Manager designated by you and approved by us, must devote full time, energy, and best efforts to the management and operation of your Pure Fitness Clubs. As described in Item 11, a Key Owner, your Operations Manager, and your Gym Managers, must all attend and successfully complete our Initial Training Program.

You must maintain a competent, conscientious, trained staff for each Pure Fitness Club, including a Gym Manager who has successfully completed the initial training program and any additional training as we may specify in writing. Each Pure Fitness Club must at all times be managed by an individual who has satisfactorily completed the Initial Training Program, and must be always be monitored in compliance with our minimum standards for supervision by employees, contractors, or video. You must take those steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet our minimum standards, including attire as we reasonably require; and compliance with our codes of conduct; as we may establish periodically in the Manuals. You must conduct a background check of all employees before hiring at your cost in accordance with our prescribed standards set forth in the Manuals or otherwise in writing from time to time.

You and your employees must handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from our name and goodwill. You will be solely responsible for all employment decisions and functions of the Pure Fitness Club, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

Your owners must sign a personal guaranty in the form attached as Exhibit E to both the Franchise Agreement and Development Agreement. This personal guaranty makes your owners and their spouses jointly and severally liable for the obligations of the franchisee and binds them to the confidentiality and non-competition provisions of the agreement. We may also require that the spouses of your owners sign the personal guarantee. If we determine in our sole judgement that one or more of your owners or corporate

affiliates has sufficient means to guarantee the performance of the franchisee, we may waive or limit the guarantee from other owners. All owners, and the spouses and immediate family members of your owners will be bound by the non-competition provisions in the Franchise Agreement and Development Agreement and we may require that they sign a separate confidentiality and non-competition agreement, the current form of which is attached as Exhibit D to both the Franchise Agreement and Development Agreement. In addition, at our request, your Operations Manager, Gym Manager, and all other employees having access to any of our Confidential Information must sign a confidentiality and non-competition agreement in the form attached as Exhibit D to both the Franchise Agreement and Development Agreement as a condition of their employment or hire.

Under the Development Agreement, you may create a special purpose franchise entity for each Club and its related Franchise Agreement provided that you retain 51% or more of the ownership interest in and voting control of the entity. The owners of each franchisee entity must be approved by us in advance and must meet our requirements for signing a personal guarantee and must sign the then-current confidentiality and non-competition agreements.

As security for the payment of all amounts owed by you to us or our affiliates under the Franchise Agreement, and performance of all other obligations to be performed by you, we may require that you grant to us a security interest in all of the assets of the Pure Fitness Club, including all equipment, furniture, fixtures, and building and road signs used in the operation of the Pure Fitness Club, as well as all proceeds from those assets.

#### **Item 16.**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must (1) offer all classes, programs, and other products, services, fitness equipment, and amenities that we periodically specify as being mandatory and pay any additional fees associated with such programs; (2) refrain from offering, selling, or otherwise providing at the Pure Fitness Club or any other location any classes, programs, or other products, services, fitness equipment, or amenities that we have not authorized; (3) and discontinue offering, selling, or otherwise providing any classes, programs, and other products, services, fitness equipment, or amenities that we disapprove in the Manuals or otherwise in writing. You must require that all classes provided by the Pure Fitness Club be led only by an instructor who uses the techniques, methods and procedures that we periodically specify in the Manual or otherwise in writing, and that have maintained the certifications that we require. You must sell all products and merchandise at retail to customers for their use and consumption at the Pure Fitness Club.

The Franchise Agreement does not limit our right to make changes in the types of services, equipment, products, or merchandise that must be available at the Pure Fitness Club. We have the right to establish maximum prices, mandatory prices, and minimum prices for the products, services, memberships, and Classes sold at or from the Pure Fitness Club. You must strictly adhere to the prices we establish. We retain the right to modify the prices from time-to-time in our reasonable discretion. You must comply with all of our policies regarding advertising and promotions. We do not limit your access to customers.

**Item 17.**

**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**The following tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

**Franchise Agreement**

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the Franchise Term	Section 2.1	10 years from the opening date of the Pure Fitness Club.
b. Renewal or Extension of the Term	Section 2.2	If you satisfy all of the requirements of the Franchise Agreement, you can acquire a total of three successor franchises for consecutive terms of 10 years each.
c. Requirements for Franchisee to Renew or Extend	Section 2.2	Give timely notice; renovate and modernize the physical premises including adding new equipment and replacing old or broken equipment; not be in default (or have been in substantial default); have right to possess premises for the term of the successor franchise; sign then-current franchise agreement, which may contain materially different terms and conditions than your initial Franchise Agreement; sign a general release; comply with training requirements; pay a renewal fee in the amount equal to \$10,000; be current on all obligations to your landlord, suppliers, and others with whom you do business.
d. Termination by Franchisee	Not Applicable.	Not Applicable (subject to state law).
e. Termination by Franchisor Without Cause	Not Applicable.	Not Applicable.
f. Termination by Franchisor With Cause	Section 15	We have the right to terminate with cause.
g. "Cause" Defined – Curable Defaults	Section 15.3	You have 30 days to cure: non-compliance with the Franchise Agreement or Manual (except those defaults listed in Item 17(h) below); non-payment of monies; non-submission of reports; failures to maintain prescribed specifications, standards, or procedures; failure to obtain our prior written approval or consent; actions inconsistent with or contrary to your lease; using confusingly similar names or marks; failure to comply with all applicable laws, rules, and regulations; and others.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" Defined – Non-Curable Defaults	Sections 15.1, 15.2, 15.5	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure, or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open for business with the required time; failure to complete training; abandonment of the business; loss of premises; conviction of a crime; violation of our codes of conduct; false statements in your application materials; health or safety violations; unapproved transfers; approved transfer not timely effected; failure to comply with covenants; unauthorized disclosure of confidential information; underreporting of Gross Sales; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure a default; repeated defaults even if cured; purchase or sale of any unapproved products or services; false statements or misrepresentations to us; failure to comply with loan agreements; any default under any agreement between you and us that would permit us to terminate that agreement; and others.
i. Franchisee's Obligations on Termination/Non-Renewal	Section 16	Obligations include: cease operations of the Pure Fitness Club; de-identification; assignment of right to possess premises; payment of amounts due to us and our affiliates; return Manuals and all other confidential information; cease use of all required technology and software; ceasing using all websites and social media accounts relating to the Pure Fitness Club; sell to us any equipment or other Operating Assets at our option; sell to us products, furnishings, equipment, signs, fixtures, stationery, forms, packaging, and advertising materials at our option; compliance with post-termination non-competition agreement and confidentiality obligations; payment of liquidated damages (for early closing, etc.); provide all customer information and assign or refund contracts at our option; others.
j. Assignment of Contract by Franchisor	Section 14.1	No restriction on our right to transfer or assign the Franchise Agreement.
k. "Transfer" by Franchisee – Defined	Section 14.2	Includes transfer of Franchise Agreement, any direct or indirect interest in the Franchisee (if a corporation or partnership), or all or substantially all of the assets of the Pure Fitness Club.
l. Franchisor Approval of Transfer by Franchisee	Sections 14.2, 14.5	All transfers require our prior written consent, which will not be unreasonably, and we have the right of first refusal to acquire any proposed transfer of interest.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
m. Conditions for Franchisor Approval of Transfer	Section 14.3	Conditions of approval include: timely written notification to us of the proposed transfer; our prior written consent; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with us or our affiliates; transferor signs a general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets our qualifications; transferee signs our then-current form of franchise agreement; you remain liable for all of the obligations to us that arose before the transfer and which extend beyond the term of the Franchise Agreement, and you sign all instruments which we reasonably request to evidence this liability; transferee completes all required training programs; you pay a transfer fee; transfer would not lead to an impermissible concentration of Pure Fitness Clubs in a particular franchisee or owner that may, in our business judgment, be detrimental to the Pure Fitness franchise system; that you are not charging a premium on unopened units; and others.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 14.5	We have a right of first refusal for any proposed transfer of interest.
o. Franchisor's Option to Purchase Franchisee's Business	Sections 16.4, 16.9	Upon termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase your equipment, signs, and fixtures at fair market value or at your depreciated book value, which is less; we also have the option to have you assign your lease to us.
p. Death or Disability of Franchisee	Section 14.6	Upon the death or mental incapacity of an person holding twenty-five percent (25%) or more interest in the Franchise Agreement, in Franchisee, or in all or substantially all of the assets of the Pure Fitness Club, an approved transfer must occur within six (6) months.
q. Non-Competition Covenants During the Term of the Franchise	Section 17.2	During the term of the Franchise Agreement (and subject to state law), you may not own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in any business that is substantially similar to the Pure Fitness Club or offers or sells substantially similar services as the Pure Fitness Club.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
r. Non-Competition Covenants After the Franchise Is Terminated or Expires	Section 17.3	For two (2) years after termination or expiration of the Franchise Agreement (and subject to state law), you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any business which (1) is substantially similar to a Pure Fitness Club or offers or sells substantially similar services as a Pure Fitness Club, and (2) is located within your Territory, within five (5) miles of the Approved Location, or within five (5) miles of any Pure Fitness Club.
s. Modification of the Agreement	Section 24	All amendments, changes, or variances from the Franchise Agreement must be in writing.
t. Integration / Merger Clause	Section 24	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Section 26.2	Most disputes and claims relating to the Franchise Agreement will be settled by arbitration under the rules of the American Arbitration Association (subject to state law).
v. Choice of Forum	Sections 26.2, 26.3	Arbitration must be held in Washington, D.C. (or the major city closest to our corporate headquarters at the time of filing). Any litigation against us must be brought in the U.S. District Court presiding in Alexandria, Virginia, subject to state law.
w. Choice of Law	Section 26.1	All disputes will be governed by the laws of Virginia, subject to state law.

### **Development Agreement**

<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the Term	Section 4.1	The earlier of (1) the last date specified in the Development Schedule; or (2) the date when you have open and in operation all of the Pure Fitness Club businesses required by the Development Schedule.
b. Renewal or Extension of the Term	Not Applicable.	Not Applicable.
c. Requirements for Franchisee to Renew or Extend	Not Applicable.	Not Applicable.
d. Termination by Franchisee	Not Applicable.	Not Applicable (subject to state law).

<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SUMMARY</b>
e. Termination by Franchisor Without Cause	Not Applicable.	Not Applicable.
f. Termination by Franchisor With Cause	Section 6	We have the right to terminate with cause.
g. “Cause” Defined – Curable Defaults	Section 6.2	Curable defaults include: failure to promptly provide us with any documents required under the Development Agreement; failure to comply with all federal, state, and local laws, rules, and regulations; and failure to provide us with any records or reports required under the Development Agreement. You will have thirty (30) days to cure these defaults.
h. “Cause” Defined – Non-Curable Defaults	Sections 6.1, 6.3	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure, or other similar filings or proceedings; final or unsatisfied judgments; your non-compliance with the Development Agreement, Franchise Agreement, or any other agreement with us or our affiliates; transfer or attempted transfer in violation of the Development Agreement; and others.
i. Franchisee’s Obligations on Termination/Non-Renewal	Section 6.4	Obligations include: loss of rights granted under the Development Agreement; and others.
j. Assignment of Contract by Franchisor	Section 7.1	No restriction on our right to transfer or assign Development Agreement.
k. “Transfer” by Franchisee – Defined	Section 7.2	Includes transfer of Development Agreement, any direct or indirect interest in the Developer, or all or substantially all of the assets of Pure Fitness Club businesses developed under the Development Agreement.
l. Franchisor Approval of Transfer by Franchisee	Section 7.2	All transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor Approval of Transfer	Section 7.3	Conditions include: your monetary and other obligations have been satisfied, you are not in default of any material provisions of the Development Agreement; transferee enters into a written assignment assuming to discharge all of your obligations; transferee meets our qualifications; transferee signs a new Development Agreement; each Pure Fitness Club business opened under the Development Agreement is in full compliance with the applicable Franchise Agreement; you remain liable for all obligations of your business before the date of transfer; transferor signs a general release; you pay a transfer fee; you first offer to sell that interest to us; transfer would not lead to an impermissible concentration of Pure Fitness Clubs in a particular franchisee or owner that may, in our business judgment, be detrimental to the Pure Fitness Franchising franchise system; and others.

<b>PROVISION</b>	<b>SECTION IN DEVELOPMENT AGREEMENT</b>	<b>SUMMARY</b>
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 7.5	We have a right of first refusal for any proposed transfer of interest.
o. Franchisor's Option to Purchase Franchisee's Business	Not Applicable.	Not Applicable.
p. Death or Disability of Franchisee	Section 7.6	Upon the death or mental incapacity of any person holding any interest in the Development Agreement, in Developer, or in all or substantially all of the assets of the Developer, an approved transfer must occur within six (6) months.
q. Non-Competition Covenants During the Term of the Franchise	Section 8.3	During the term of the Development Agreement (and subject to state law), you may not own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in any business that is substantially similar to the Pure Fitness Club or offers or sells substantially similar services as the Pure Fitness Club.
r. Non-Competition Covenants After the Franchise Is Terminated or Expires	Section 8.4	For two (2) years after termination or expiration of the Development Agreement (and subject to state law), you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which (1) is substantially similar to a Pure Fitness Club or offers or sells substantially similar services as a Pure Fitness Club, and (2) is located within the Development Area, within five (5) miles of the Development Area, or within five (5) miles of any Pure Fitness Club.
s. Modification of the Agreement	Section 13	All amendments, changes, or variances from the Development Agreement must be in writing.
t. Integration / Merger Clause	Section 13	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Development Agreement may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Section 14.2	Most disputes and claims relating to the Development Agreement are subject to arbitration (subject to state law).
v. Choice of Forum	Sections 14.2, 14.3	Arbitration must be held in Washington, D.C. (or the city closest to our corporate headquarters at the time of filing). Any litigation against us must be brought in the U.S. District Court presiding in Alexandria, Virginia, subject to state law.
w. Choice of Law	Section 14.1	All disputes will be governed by the laws of Virginia, subject to state law.

**Item 18.**

**PUBLIC FIGURES**

We do not use any public figures to promote our franchises.

**Item 19.**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of January 1, 2024, we had no U.S. franchisees, but our affiliate Pure Fitness Corporate operated three U.S. company-owned Pure Fitness Clubs. In addition, our affiliate PureGym Group operated more than 300 PureGym businesses in the United Kingdom. Below, we provide two sets of historical data using information from both the company-owned Pure Fitness Clubs operated by PureFitness Corporate in Maryland and Virginia (the “U.S. Outlets”) and the PureGym businesses operated by the PureGym Group in the United Kingdom (the “U.K. Outlets” and together with the U.S. Outlets, the “Outlets”). As noted in Item 1, the U.K. Outlets are substantially similar to the business that you will develop, offering affordable 24/7 gym access with flexible membership options, and operate under the same or similar marks (although U.S. gyms will use “Pure Fitness” instead of “PureGym”).

**Table No. 1**

**2023 Net Revenue and Membership of U.S. Outlets**

Table 1 below presents certain revenue and membership information for the three U.S. company-owned Pure Fitness Clubs for the fiscal year ended December 31, 2023. Each of the three U.S. Outlets operated for the full 12-month period ended December 31, 2023. Note that all three U.S. Outlets are still within the three-year maturity curve and are therefore considered “Early-Stage.” In addition, all U.S. Outlets are considered “Large Box” format. The notes that follow the Table provide certain information regarding the revenue figures presented, which is important to understand as you consider how that information may apply to your circumstances.

	<b>BOTTOM U.S. OUTLET</b>	<b>MIDDLE U.S. OUTLET</b>	<b>TOP U.S. OUTLET</b>
Net Revenue	\$1,001,949	\$1,233,103	\$1,348,694
Members per Gym	3,008	3,327	3,852
Sq. Ft.	24,840	15,443	22,292

### Notes to Table No. 1:

The principal source of revenue for a Pure Fitness Club is membership fees. Pure Fitness Clubs earn additional revenue through enrollment fees, day passes, food and beverage sales from vending, and annual facilities fees that are billed to members once a year.

The term “Net Revenue” is equivalent to the term “Gross Sales”. As noted in Item 6 and in the Franchise Agreement, “Gross Sales” means all revenue generated at, from, or in connection with the operation of your Pure Fitness Club, including from sales of all products and services conducted at, from, or with respect to the Pure Fitness Club whether or not in compliance with this Agreement and whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the Pure Fitness Club. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, or any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. For additional information, see note 1 to Table 2, below. Note that the Net Revenue numbers in Table 1 are “top-line” figures that do not reflect the imputed Royalty and Brand Fund Fees that a similarly situated franchisee would pay (see note 4). Those imputed amounts are included in the cost figures presented in Table 2 below.

In 2023, the total number of monthly members in the U.S. Outlets varied depending upon a variety of factors, including factors related to the specific market. The membership numbers shown in the Table are as of December 31, 2023.

**Table No. 2**  
**2023 Financial Performance of U.S. Outlets**

Table 2 below presents certain revenue, cost, and other financial information for the three U.S. company-owned Pure Fitness Clubs for the fiscal year ended December 31, 2023. These results include imputed Royalty and Brand Fund Fees that a similarly situated franchisee would pay (see note 4). Each of the three U.S. Outlets operated for the full 12-month period ended December 31, 2023. Note that all three U.S. Outlets are still within the three-year maturity curve and are therefore considered “Early-Stage.” In addition, all U.S. Outlets are considered “Large Box” format. The notes that follow the table explain the calculations made to arrive at the information presented, which are important to understand as you consider how that information may apply to your circumstances.

	<b>BOTTOM U.S. OUTLET</b>	<b>MIDDLE U.S. OUTLET</b>	<b>TOP U.S. OUTLET</b>
<b>Revenue<sup>1</sup></b>			
Membership Revenue	\$735,999	\$914,078	\$1,005,284
Other Revenue	\$265,950	\$319,024	\$343,410
<b>Net Revenue</b>	<b>\$1,001,949</b>	<b>\$1,233,103</b>	<b>\$1,348,694</b>
<i>Net Revenue \$/Sq Ft.</i>	<i>\$40.34</i>	<i>\$79.85</i>	<i>\$60.50</i>
<b>Operating Costs and Expenses<sup>2</sup></b>			
Payroll Related <sup>2</sup>	\$190,663	\$187,467	\$188,615
Marketing Expenses <sup>3</sup>	\$172,314	\$159,877	\$165,008
Royalties & Brand Fund Fees <sup>4</sup>	\$70,136	\$86,317	\$94,409
Utilities <sup>5</sup>	\$50,428	\$27,100	\$62,968

	<b>BOTTOM U.S. OUTLET</b>	<b>MIDDLE U.S. OUTLET</b>	<b>TOP U.S. OUTLET</b>
Supplies and Maintenance <sup>6</sup>	\$126,686	\$121,981	\$132,686
Miscellaneous <sup>7</sup>	\$202,788	\$202,998	\$325,554
<b>Total Operating Costs and Expenses, Excluding Rent</b>	<b>\$813,016</b>	<b>\$785,741</b>	<b>\$969,240</b>
<b>EBITDAR<sup>8</sup></b>	<b>\$188,933</b>	<b>\$447,362</b>	<b>\$379,455</b>
<i>EBITDAR % of Net Revenue</i>	<i>19%</i>	<i>36%</i>	<i>28%</i>
<i>EBITDAR \$/Sq Ft.</i>	<i>\$7.61</i>	<i>\$28.97</i>	<i>\$17.02</i>
Average of Sq Ft.	24,840	15,443	22,292

**Notes to Table No. 2:**

- Revenue** – The principal source of revenue for a Pure Fitness Club is membership fees. Monthly membership fees are included in the table as “Membership Revenue.” Pure Fitness Clubs earn additional revenue (included in “Other Revenue” above) through enrollment fees, day passes, food and beverage sales from vending, and annual facilities fees that are billed to members once a year. In 2023, the total number of monthly members in the U.S. Outlets varied depending upon a variety of factors, including factors related to the specific market.

The term “Net Revenue” is equivalent to the term “Gross Sales”. As noted in Item 6 and in the Franchise Agreement, “Gross Sales” means all revenue generated at, from, or in connection with the operation of your Pure Fitness Club, including from sales of all products and services conducted at, from, or with respect to the Pure Fitness Club whether or not in compliance with this Agreement and whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the Pure Fitness Club. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, or any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority.

Currently, all Pure Fitness Clubs must offer “Core” membership and a “Plus” membership. Certain promotions are required or offered at different times during the year and a franchisee may have the ability to tailor the promotion to their Pure Fitness Club. Generally included with the Plus membership is use of hydromassage bed usage, body composition, flavored sports water, ability to bring a guest for free to the member’s home club, book classes further in advance, freeze membership for free and access to any other Pure Fitness club.

Membership fees are usually paid through electronic transfer of funds (EFT) and are subject to returns and declines during the electronic payment process. The ability of the Outlets to collect monthly membership fees by EFT depended upon a variety of factors, including the accuracy of the billing information provided by a member, the member’s credit worthiness, and the expiration or cancellation of a member’s credit card. At our company-owned Outlets, we experience monthly declines and returns of approximately 5-10% of gross membership fees collected via EFT.

- Operating Costs and Expenses** – The information in the table above reflects the costs and expenses of the U.S. Outlets. In comparing the three columns in the table, note that some expenses are fixed and not affected by fluctuations in total membership, while other expenses will increase as membership increases. Note also that the costs to replace equipment and remodel the premises have been accounted for as depreciating assets and are not included as expenses. You should

conduct an independent investigation of the costs and expenses you will incur in operating your Pure Fitness Club.

The term “Payroll” includes salary and hourly wage expenses for fitness consultants, employed personal trainers (where applicable), and facilities personnel for the U.S. Outlets, as well as commissions and bonuses paid to various positions. These expenses will vary weekly/monthly, depending on staffing and class schedules, and on the level of personal training sales. For the avoidance of doubt, “Payroll” does not include any costs related to personal trainers who contract with the Pure Fitness Club for the right to access the premises, and then contract directly with members for personal training services. In some states, personal trainers may lawfully be classified as independent contractors, but in others they will need to be classified as employees. If your state requires personal trainers to be treated as employees, your payroll expenses will likely be significantly higher than they would be in a state that allows personal trainers to be classified as independent contractors.

3. **Marketing Expenses** – Franchisees are required to spend the greater of 7% of Gross Sales or \$10,000 per gym per month on local marketing. The marketing expenses listed above reflect the actual amounts spent on marketing by the U.S. Outlets, which often exceed the minimum expenditures.
4. **Royalties (and Brand Fund Fee)** – Franchisees are required to pay us a Royalty of 6% of Gross Sales, and Brand Fund Fees of 1% of Gross Sales. The amounts in the table in the “Royalties & Brand Fund Fees” category reflect the imputed Royalties and Brand Fund Fees that would have been paid by the Outlet if it had been a franchised Pure Fitness Club.
5. **Utilities** – Utility costs vary significantly depending on the size and location of the Outlet. Certain markets have substantially higher utility costs than others. You should investigate the utility costs in your local market based on your planned format before making any assumptions about what they might be.
6. **Supplies and Maintenance** – The supplies and maintenance amounts listed in the table reflect the amounts the U.S. Outlets spent on cleaning, cleaning supplies, club supplies, and repairs and maintenance.
7. **Miscellaneous** – Miscellaneous expenses include insurance, bank and credit card charges, CAM and taxes, IT, and other miscellaneous expenses. Insurance costs vary on a club-by-club basis. Bank and credit charges will vary based on the banking institution used and on whether membership fees are drafted from bank accounts or from credit cards (which results in higher fees). Sales taxes will vary based on the location of the Pure Fitness Club. Other miscellaneous expenses include, for example, uniforms and freelance GEX instructors.
8. **EBITDAR** – EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent) does not include any provision for rent or income taxes, or for non-cash expenses such as depreciation or amortization or any debt service. It also does not include any expense assumption related to the capital structure of the business entity or any reserve for future capital expenditures. In addition, the EBITDAR figures above do not factor in the initial franchise fee or other initial investment expenses, such as the cost of equipment purchases. Since each franchisee will fund its initial investment differently, we cannot make any assumptions regarding these items. Note that EBITDAR and not EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) figures are presented in the table above because rent expenses can vary greatly across the United States, and the U.S. Outlets are only located in Maryland and Virginia.

**Table No. 3**  
**2023 Net Revenue and Membership of U.K. Outlets**

	<b>BOTTOM THIRD</b>	<b>MIDDLE THIRD</b>	<b>TOP THIRD</b>
Average Net Revenue (\$'000)	954	1,308	1,772
Median Net Revenue (\$'000)	971	1,294	1,664
Highest Reported Net Revenue (\$'000)	1,172	1,458	3,061
Lowest Reported Net Revenue (\$'000)	469	1,175	1,461
Members per Gym	2,945	3,984	4,745
Number of Gyms	96	96	97
Sq. Ft.	14,593	17,517	18,544

**Notes to Table No. 3:**

The principal source of revenue for PureGym businesses is membership fees. Monthly membership fees are included in the table as “Membership Revenue.” PureGym businesses also earn additional revenue through enrollment fees, day passes, and food and beverage from vending.

Membership fees are usually paid through electronic transfer of funds (EFT) and are subject to returns and declines during the electronic payment process. The ability of the Outlets to collect monthly membership fees by EFT depended upon a variety of factors, including the accuracy of the billing information provided by a member, the member’s credit worthiness, and the expiration or cancellation of a member’s credit card. At our company-owned Outlets, we experience monthly declines and returns of approximately 5-10% of gross membership fees collected via EFT.

Net Revenue is presented after value added tax (VAT). Accordingly, as used in Table 3 above, the term “Net Revenue” can be understood as equivalent to the term “Gross Sales” but with VAT carved out (as are sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority). As noted in Item 6 and in the Franchise Agreement, “Gross Sales” means all revenue generated at, from, or in connection with the operation of your Pure Fitness Club, including from sales of all products and services conducted at, from, or with respect to the Pure Fitness Club whether or not in compliance with this Agreement and whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the Pure Fitness Club. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority, or (for purposes of Table 3 above) VAT taxes.

For the fiscal year ended December 31, 2023, of the 96 U.K. Outlets in the Bottom Third, 52 (or 54%) met or exceeded the average Net Revenue for the Bottom Third; of the 96 U.K. Outlets in the Middle Third, 43 (or 45%) met or exceeded the average Net Revenue for the Middle Third; and of the 97 U.K. Outlets in the Upper Third, 32 (or 33%) met or exceeded the average Net Revenue for the Upper Third.

In 2023, the total number of monthly members in the U.K. Outlets varied depending upon a variety of factors, including factors related to the specific market. The membership numbers shown in the Table are as of December 31, 2023.

**Table No. 4**  
**2023 Financial Performance of U.K. Outlets**

Table 4 below presents certain revenue and operations information of the 289 U.K. Outlets that opened prior to December 31, 2021, and were still in operation as of December 31, 2023. These Outlets are considered “Mature” Outlets. Each of these U.K. Outlets operated for the full 12-month period ended December 31, 2023.

We have segregated the 289 reported U.K. Outlets by annual net revenue into three groups. In 2023, there were 96 U.K. Outlets in the Bottom Third, 96 U.K. Outlets in the Middle Third, and 97 U.K. Outlets in the Upper Third. Table 4 below provides average and median revenue, cost, and other financial information, for the fiscal year ended December 31, 2023, for the U.K. Outlets in each respective Third. These results include imputed Royalty and Brand Fund Fees that a similarly situated U.S. franchisee would pay (see note 5). The notes that follow the table further explain the calculations and are important to understand in reviewing the numbers and how they may apply to your circumstances.

	BOTTOM THIRD		MIDDLE THIRD		TOP THIRD	
	<i>Average</i>	<i>Median</i>	<i>Average</i>	<i>Median</i>	<i>Average</i>	<i>Median</i>
<b>Revenue<sup>1,2</sup></b>						
Membership Revenue	\$836,567	\$854,753	\$1,148,629	\$1,139,173	\$1,574,059	\$1,472,845
Other Revenue	\$116,969	\$116,259	\$159,505	\$154,538	\$198,335	\$191,336
<b>Net Revenue</b>	<b>\$953,536</b>	<b>\$971,013</b>	<b>\$1,308,134</b>	<b>\$1,293,711</b>	<b>\$1,772,394</b>	<b>\$1,664,181</b>
<i>Net Revenue \$/Sq Ft.</i>	<i>\$65.34</i>	<i>\$64.73</i>	<i>\$74.68</i>	<i>\$76.60</i>	<i>\$95.58</i>	<i>\$91.37</i>
<b>Operating Costs and Expenses<sup>3</sup></b>						
Payroll Related <sup>3</sup>	\$135,873	\$140,015	\$155,061	\$155,234	\$170,016	\$165,384
Marketing Expenses <sup>4</sup>	\$40,499	\$45,956	\$47,278	\$48,077	\$47,949	\$47,941
Royalties & Brand Fund Fees <sup>5</sup>	\$66,748	\$68,568	\$91,569	\$90,920	\$124,068	\$116,359
Utilities <sup>6</sup>	\$43,039	\$40,132	\$52,634	\$48,318	\$54,602	\$51,217
Supplies and Maintenance <sup>7</sup>	\$104,620	\$104,883	\$121,698	\$118,909	\$139,923	\$135,237
Miscellaneous <sup>8</sup>	\$176,339	\$147,244	\$210,799	\$167,725	\$239,450	\$186,350
<b>Total Operating Costs and Expenses – Excluding Rent</b>	<b>\$567,119</b>	<b>\$546,797</b>	<b>\$679,039</b>	<b>\$629,182</b>	<b>\$776,008</b>	<b>\$702,488</b>
<b>EBITDAR<sup>10</sup></b>	<b>\$386,417</b>	<b>\$424,215</b>	<b>\$629,095</b>	<b>\$664,529</b>	<b>\$996,386</b>	<b>\$961,694</b>
<i>EBITDAR % of Net Revenue</i>	<i>41%</i>	<i>44%</i>	<i>48%</i>	<i>51%</i>	<i>56%</i>	<i>58%</i>
<i>EBITDAR \$/Sq Ft.</i>	<i>\$26.48</i>	<i>\$28.28</i>	<i>\$35.91</i>	<i>\$39.35</i>	<i>\$53.73</i>	<i>\$52.80</i>
Rent Expense <sup>9</sup>	\$177,034	\$168,163	\$215,356	\$207,750	\$273,429	\$256,441
<b>Total Operating Costs and Expenses</b>	<b>\$744,153</b>	<b>\$714,960</b>	<b>\$894,395</b>	<b>\$836,932</b>	<b>\$1,049,437</b>	<b>\$958,929</b>
<b>EBITDA<sup>10</sup></b>	<b>\$209,383</b>	<b>\$256,053</b>	<b>\$413,739</b>	<b>\$456,779</b>	<b>\$722,957</b>	<b>\$705,252</b>
<i>EBITDA % of Net Revenue</i>	<i>22%</i>	<i>26%</i>	<i>32%</i>	<i>35%</i>	<i>41%</i>	<i>42%</i>
<i>EBITDA \$/Sq Ft.</i>	<i>\$14.35</i>	<i>\$17.07</i>	<i>\$23.62</i>	<i>\$27.05</i>	<i>\$38.99</i>	<i>\$38.72</i>
Average of Sq Ft.	14,593	15,000	17,517	16,888	18,544	18,213

**Notes to Table No. 4:**

1. **Revenue** – The principal source of revenue for PureGym businesses is membership fees. Monthly membership fees are included in the table as “Membership Revenue.” PureGym businesses also earn additional revenue (included in “Other Revenue” above) through enrollment fees, day passes, and food and beverage from vending.

Membership fees are usually paid through electronic transfer of funds (EFT) and are subject to returns and declines during the electronic payment process. The ability of the Outlets to collect monthly membership fees by EFT depended upon a variety of factors, including the accuracy of the billing information provided by a member, the member’s credit worthiness, and the expiration or cancellation of a member’s credit card. At our company-owned Outlets, we experience monthly declines and returns of approximately 5-10% of gross membership fees collected via EFT.

For the fiscal year ended December 31, 2023, of the 96 U.K. Outlets in the Bottom Third, 52 (or 54%) met or exceeded the average Net Revenue for the Bottom Third; of the 96 U.K. Outlets in the Middle Third, 43 (or 45%) met or exceeded the average Net Revenue for the Middle Third; and of the 97 U.K. Outlets in the Upper Third, 32 (or 33%) met or exceeded the average Net Revenue for the Upper Third.

Revenue is presented after value added tax (VAT). Accordingly, as used in Table 4 above, the term “Net Revenue” can be understood as equivalent to the term “Gross Sales” but with VAT carved out (as are sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority). As noted in Item 6 and in the Franchise Agreement, “Gross Sales” means all revenue generated at, from, or in connection with the operation of your Pure Fitness Club, including from sales of all products and services conducted at, from, or with respect to the Pure Fitness Club whether or not in compliance with this Agreement and whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the Pure Fitness Club. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority, or (for purposes of Table 4 above) VAT taxes.

2. **Highest and Lowest Revenue** – Table 4 above shows average and median revenue numbers in each Third for the fiscal year ended December 31, 2023. The highest and lowest revenue numbers in each Third, for that same period, are as follows:

	<b>Bottom Third</b>	<b>Middle Third</b>	<b>Upper Third</b>
Net Revenue Low	\$468,824	\$1,175,057	\$1,460,710
Net Revenue High	\$1,172,124	\$1,457,819	\$3,061,114
Membership Revenue Low	\$426,725	\$971,781	\$1,250,988
Membership Revenue High	\$1,055,298	\$1,331,079	\$2,717,704
Other Revenue Low	\$42,099	\$93,190	\$88,468
Other Revenue High	\$180,004	\$252,723	\$343,410
Net Revenue/Sq. Ft. Low	\$34.27	\$39.48	\$40.15
Net Revenue/Sq. Ft. High	\$154.94	\$149.67	\$210.07

As described in note 1 above, revenue is presented after VAT. Accordingly, as used in this note 2, the term “Net Revenue” can be understood as equivalent to the term “Gross Sales” but with VAT

carved out (as are sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority).

3. **Operating Costs and Expenses** – The information in Table 4 above reflects the costs and expenses of the U.K. Outlets. In comparing the three columns in the table, note that some expenses are fixed and not affected by fluctuations in total membership, while other expenses will increase as membership increases. Note also that the costs to replace equipment and remodel the premises have been accounted for as depreciating assets and are not included as expenses. You should conduct an independent investigation of the costs and expenses you will incur in operating your Pure Fitness Club.

The term “Payroll” includes salary and hourly wage expenses for fitness consultants, employed personal trainers (where applicable), and facilities personnel for the U.K. Outlets, as well as commissions and bonuses paid to various positions. These expenses will vary weekly/monthly, depending on staffing and class schedules, and on the level of personal training sales. For the avoidance of doubt, “Payroll” does not include any costs related to personal trainers who contract with the Pure Fitness Club for the right to access the premises, and then contract directly with members for personal training services. In some states, personal trainers may lawfully be classified as independent contractors, but in others they will need to be classified as employees. If your state requires personal trainers to be treated as employees, your payroll expenses will likely be significantly higher than they would be in a state that allows personal trainers to be classified as independent contractors.

4. **Marketing Expenses** – Franchisees are required to spend the greater of 7% of Gross Sales or \$10,000 per gym per month on local marketing. The marketing expenses listed above reflect the actual amounts spent on marketing by the U.K. Outlets.
5. **Royalties & Brand Fund Fees** – Franchisees are required to pay us a Royalty of 6% of Gross Sales, and Brand Fund Fees of 1% of Gross Sales. The amounts in the table in the “Royalties & Brand Fund Fees)” category reflect the imputed Royalties and Brand Fund fees that would have been paid by the reported U.K. Outlets if they had been franchised Pure Fitness Clubs.
6. **Utilities** – Utility costs vary significantly depending on the size and location of the Outlet. Certain markets have substantially higher utility costs than others. You should investigate the utility costs in your local market based on your planned format before making any assumptions about what they might be.
7. **Supplies and Maintenance** – The supplies and maintenance amounts listed in the table reflect the average of actual amounts the U.K. Outlets spent on cleaning, cleaning supplies, club supplies, and repairs and maintenance.
8. **Miscellaneous** – Miscellaneous expenses include insurance, bank and credit card charges, CAM and taxes, IT, and other miscellaneous expenses. Insurance costs vary on a club-by-club basis. Bank and credit charges will vary based on the banking institution used and on whether membership fees are drafted from bank accounts or from credit cards (which results in higher fees). Sales and use taxes will vary based on the location of the Pure Fitness Club. Other miscellaneous expenses include, for example, uniforms and freelance GEX instructors.
9. **Rent Expense** – Rent varies significantly depending on the size and location of the Pure Fitness Club. Certain markets have substantially higher real estate costs than others. You should investigate the real estate costs in your local market before making any assumptions about what they might be.

10. **EBITDA** and **EBITDAR** – EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) does not include any provision for income taxes or for non-cash expenses such as depreciation or amortization or any debt service. It also does not include any expense assumption related to the capital structure of the business entity or any reserve for future capital expenditures. EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent) does not include any provision for rent expenses. In addition, the EBITDA and EBITDAR figures above do not factor in the initial franchise fee or other initial investment expenses, such as the cost of equipment purchases. Since each franchisee will fund its initial investment differently, we cannot make any assumptions regarding these items.

For the fiscal year ended December 31, 2023, of the 96 U.K. Outlets in the Bottom Third, 53 (or 55%) met or exceeded average EBITDAR for the Bottom Third; of the 96 U.K. Outlets in the Middle Third, 50 (or 52%) met or exceeded average EBITDAR for the Middle Third; and of the 97 U.K. Outlets in the Upper Third, 37 (or 38%) met or exceeded average EBITDAR for the Upper Third. Of the 96 U.K. Outlets in the Bottom Third, 53 (or 55%) met or exceeded average EBITDA for the Bottom Third; of the 96 U.K. Outlets in the Middle Third, 55 (or 57%) met or exceeded average EBITDA for the Middle Third; and of the 97 U.K. Outlets in the Upper Third, 37 (or 38%) met or exceeded average EBITDA for the Upper Third.

#### **GENERAL NOTES TO ITEM 19**

1. **Some locations have earned or sold these amounts. Your individual results may differ. There is no assurance that you'll earn and/or sell as much.**
2. Sales, expenses, and revenue results of these Outlets depended upon many independently variable factors (including, among others, the specific location of the particular Outlet, local traffic patterns, seasonal trends, the demographic composition and trends in the market area served by the Outlet, the competitive environment, the length of time the Outlet had been in operation, property values and lease terms, the costs and effectiveness of marketing activities, and other factors). Your results will be affected by these and other factors, including property values and lease terms, and your business and management skills. In addition, certain markets have substantially higher labor costs than others and different rules about classification of workers and contractors, and you are urged to investigate your local labor environment before making any assumptions about what those costs might be.
3. We strongly advise you to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable, and to consult your attorney, accountant, and other professional advisors before entering into a Franchise Agreement or Development Agreement.
4. To make the financial performance representation in this Item 19, we relied on the internal accounting of PureGym Group and PureFitness Corporate.
5. Written substantiation of the data used in preparing this financial performance representation will be made available to you as a prospective franchisee upon reasonable written request. However, we may require you to sign a non-disclosure agreement as a condition of reviewing such substantiation.

\* \* \*

Other than the above information, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also

do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Pure Fitness Club, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future revenue or income, you should report it to the franchisor’s management by contacting Pure Fitness Franchise at franchise@purefitness.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20.**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1  
SYSTEM-WIDE OUTLET SUMMARY  
FOR YEARS 2021 TO 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-owned	2021	0	1	+1
	2022	1	3	+2
	2023	3	3	0
<b>Total Outlets</b>	<b>2021</b>	<b>0</b>	<b>1</b>	<b>+1</b>
	<b>2022</b>	<b>1</b>	<b>3</b>	<b>+2</b>
	<b>2023</b>	<b>3</b>	<b>3</b>	<b>0</b>

**Table 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR YEARS 2021 TO 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
All States	2021	0
	2022	0
	2023	0
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

**Table 3  
STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations*	Non-Renewal	Reacquired by Franchisor	Ceased Operations--Other Reasons	Outlets at End of Year
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

**Table 4  
STATUS OF COMPANY-OWNED OUTLETS  
FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Maryland	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Virginia	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Total	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
	2023	3	0	0	0	0	3

**Table 5  
PROJECTED OPENINGS  
AS OF DECEMBER 31, 2023**

State	Franchise Agreement Signed But Unit Not Yet Open (as of December 31, 2023)	Projected New Franchised Units Opening in Fiscal Year 2024	Projected New Company-Owned Units in Fiscal Year 2024
All States	0	0	0

The above table gives the projected number of new franchised and company-owned Clubs for the one-year period January 1, 2024 through December 31, 2024.

***Current and Former Franchisees.*** We do not have franchisees in the U.S. as of issuance date of this Disclosure Document. However, going forward, Exhibit E will contain the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets. In addition, Exhibit E will contain the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

***Confidentiality Clauses.*** In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

***Franchisee Organizations.*** There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21.**

### **FINANCIAL STATEMENTS**

Our fiscal year end is December 31. Exhibit F contains our audited financial statements for the fiscal years ended December 31, 2023 and December 31, 2022; along with unaudited financial statements as of March 31, 2024. We have not been in business for three years or more and therefore cannot include all the financial statements required by 16 C.F.R Part 436.

## **Item 22.**

### **CONTRACTS**

You may be asked to sign the following:

- Exhibit B: The Pure Fitness Development Agreement (with exhibits)
- Exhibit C: The Pure Fitness Franchise Agreement (with exhibits)
- Exhibit G: Our form Confidentiality and Non-Disclosure Agreement
- Exhibit H: Sample General Release
- Exhibit I: State Addenda and Riders
- Exhibit J: Receipt Pages

## **Item 23.**

### **RECEIPTS**

A receipt in duplicate is attached to this Disclosure Document as Exhibit J. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to us at 6701 Frontier Drive, Springfield, VA 22150 or franchise@purefitness.com.

**EXHIBIT A TO  
FRANCHISE DISCLOSURE DOCUMENT  
AGENTS FOR SERVICE OF PROCESS  
AND STATE REGULATORY AUTHORITIES**

**(See attached.)**

**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES  
AND AGENTS FOR SERVICE OF PROCESS IN STATES**

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	<p>California Commissioner of Financial Protection and Innovation:</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677</p> <p>Sacramento: 2102 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 or (866) 275-2677</p> <p>San Diego: 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 (619) 525-4233 or (866) 275-2677</p> <p>San Francisco: One Sansome Street, Ste. 600 San Francisco, CA 94104 (415) 972 8559 or (866) 275-2677</p>	<p>Corporations Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677</p>
CONNECTICUT	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>
FLORIDA	[Not Applicable]	<p>Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, Florida 32399-6500 (850)-922-2966 or (850) 488-2221</p>
HAWAII	<p>Commissioner of Securities Hawaii Department of Commerce &amp; Consumer Affairs 335 Merchant Street, Room 204 Honolulu, HI 96813 (808) 586-2722</p>	<p>Business Registration Division Hawaii Department of Commerce &amp; Consumer Affairs 335 Merchant Street, Room 204 Honolulu, HI 96813 (808) 586-2722</p>
ILLINOIS	<p>Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p>Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
INDIANA	Secretary of State Administrative Offices of the Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-0368	Maryland Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-0368
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Franchise Section 525 W. Ottawa G. Mennen Williams Bldg., 1 <sup>st</sup> Floor Lansing, MI 48913 (517) 373-7117	Franchise Administrator Michigan Department of Attorney General Consumer Protection Division Franchise Section 525 W. Ottawa G. Mennen Williams Bldg., 1 <sup>st</sup> Floor Lansing, MI 48913 (517) 373-7117
MINNESOTA	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance Commerce Court 1200 N Street, Suite 311 PO Box 95006 Lincoln, NE 68509 (402) 471-3445
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222
NORTH DAKOTA	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter St. NE, Rm 410 Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Associate Director and Superintendent of Securities Division of Securities 1511 Pontiac Avenue John O. Pastore Complex–Bldg. 69-1 Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Director of the Division of Securities Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Franchise Administrator Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	[Not Applicable]	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84114 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

If a state is not listed, we can receive service of process at Nixon Peabody LLP, 799 9<sup>th</sup> Street, NW, Suite 500, Washington, DC 20001. We have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also additional agents appointed in some of the states listed.

**EXHIBIT B**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**PURE FITNESS DEVELOPMENT AGREEMENT**

**(See attached.)**



# PURE FITNESS

## PUREFITNESS FRANCHISING LLC DEVELOPMENT AGREEMENT

### Summary of Terms

1. **Territory Name** \_\_\_\_\_  
\_\_\_\_\_
2. **Developer Entity**  
("Developer" or "you") \_\_\_\_\_  
\_\_\_\_\_
3. **Developer Contact Person** Name: \_\_\_\_\_  
Email: \_\_\_\_\_  
Primary Phone: \_\_\_\_\_
4. **Development Area** \_\_\_\_\_
5. **Number of Clubs Required** \_\_\_\_\_
6. **Development Fee** \$ \_\_\_\_\_
7. **Effective Date** \_\_\_\_\_
8. **First Opening Deadline** \_\_\_\_\_
9. **Last Opening Deadline** \_\_\_\_\_

Initial: \_\_\_\_\_ Date: \_\_\_\_\_  
Developer

Initial: \_\_\_\_\_ Date: \_\_\_\_\_  
PureFitness Franchising LLC

**PURE FITNESS  
DEVELOPMENT AGREEMENT**

	<u>PAGE</u>
1. GRANT.....	2
2. INITIAL FEES.....	3
3. DEVELOPMENT OBLIGATIONS .....	3
4. TERM .....	6
5. DUTIES OF THE PARTIES .....	6
6. DEFAULT AND TERMINATION.....	7
7. TRANSFERS.....	9
8. COVENANTS .....	11
9. NOTICES.....	14
10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION .....	14
11. APPROVALS AND WAIVERS .....	15
12. SEVERABILITY AND CONSTRUCTION .....	15
13. ENTIRE AGREEMENT.....	16
14. APPLICABLE LAW AND DISPUTE RESOLUTION.....	16
15. ACKNOWLEDGMENTS, REPRESENTATIONS, AND WARRANTIES .....	18

EXHIBIT A – DISCLOSURE OF OWNERS OF LEGAL ENTITY

EXHIBIT B – DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

EXHIBIT C – PURE FITNESS FRANCHISE AGREEMENT

EXHIBIT D – CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

EXHIBITS E-1 and E-2 – GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

## PURE FITNESS DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the “**Agreement**”) is made as of the Effective Date, between **PUREFITNESS FRANCHISING LLC**, a Delaware limited liability company with its principal place of business at 6701 Frontier Drive, Springfield, VA 22150 (“**we,**” “**us,**” “**our,**” or “**Franchisor**”), and \_\_\_\_\_, a legal entity with its principal place of business at \_\_\_\_\_ (“**you,**” “**your,**” or “**Developer**”). The “**Effective Date**” is the date we sign this Agreement, as indicated below our signature on the signature page.

### RECITALS

A. We and our affiliates have devoted time, skill, effort, and money to develop, and may continue to develop, a distinctive system relating to the establishment, operation, and franchising of fitness clubs offering low-cost, flexible memberships and featuring cardio equipment, fixed and free weights, personal fitness training, exercise classes, and propriety technology in a distinctive atmosphere (the “**System**”).

B. Fitness clubs operating under the System (each a “**Pure Fitness Club**”) are required to operate pursuant to system standards (“**System Standards**”) that we designate from time-to-time and that are identified by certain distinctive trade names, service marks, trademarks, trade dress, logos, emblems, slogans, indicia of origin, internal and external building designs, signage, and architectural features, including but not limited to the marks “PureFitness,” “Pure Fitness,” the Pure Fitness logo, the P device, and “TrainSafe”, all of which we may designate and modify from time-to-time (collectively, the “**Proprietary Marks**”).

C. The System Standards require Pure Fitness Clubs to offer group exercise classes that we specify from time-to-time, which classes may use proprietary and non-proprietary instructional techniques, formats, and methods that are designed to provide fitness training, including cardio fitness classes, sculpting and toning fitness classes, yoga and pilates classes, and functional strength classes (“**Classes**”) and to utilize designated and/or proprietary technology platforms for club access, membership management, facility management, and certain on site services.

D. You are a legal entity and have requested that we grant you the right to enter into Pure Fitness franchise agreements (“**Franchise Agreements**”) with us to develop, own, and operate multiple Pure Fitness Clubs at locations approved by us (the “**Approved Locations**”). We are willing to grant you those rights, as described in this Agreement, in reliance on all of the information, representations, warranties, and acknowledgements you and your owners have provided to us in support of your request.

**IN CONSIDERATION** of the covenants herein contained and other valuable consideration, the receipt and sufficiency of which are acknowledged, you and we agree as follows:

**1. GRANT**

1.1 Grant of Development Rights. We grant you the right, and you undertake the obligation, pursuant to the terms and conditions of this Agreement, to enter into Franchise Agreements for the number of Pure Fitness Clubs identified in the development schedule set forth in Exhibit B (the “**Development Schedule**”) (and to develop, own, and operate, under each such Franchise Agreement, a Pure Fitness Club to be located in the area described in Exhibit B (the “**Development Area**”). The rights granted under this Section are referred to as the “**Development Rights**.” Recognizing that time is of the essence, you agree to exercise the Development Rights such that you develop, open, and operate in the Development Area the number of Pure Fitness Clubs designated in and strictly in accordance with the Development Schedule. You agree that this Agreement is not a franchise agreement and that the Development Rights do not include any right to use in any manner our Proprietary Marks or System, all such rights being granted under the Franchise Agreements only.

1.2 Franchise Agreements. Each Franchise Agreement to be executed pursuant to this Agreement will be the form of Franchise Agreement we are using, at the time of its execution, to grant franchises for Pure Fitness Clubs generally. As a result, except as provided in Section 3.2 below, the forms of Franchise Agreement that you execute in exercising the Development Rights may be materially different from the form of Franchise Agreement that is attached as Exhibit C of this Agreement.

1.3 Exclusivity. Provided you are in compliance with your obligations under this Agreement and under each Franchise Agreement between you and us, and except as otherwise provided in this Agreement, during the Term (defined below) of this Agreement, we will not establish or operate, or license any party other than you to establish or operate, any Pure Fitness Club under the System and the Proprietary Marks at any location within the Development Area.

1.4 Reservation of Rights. We grant Development Rights and the rights to develop and operate Pure Fitness Clubs only pursuant to the express terms of written agreements and not orally. All rights that are not granted to you in this Agreement or under Franchise Agreements entered into between us and you are specifically reserved to us, and we will not be restricted in any manner from exercising them nor will we be required to compensate you should we exercise them. This includes the right, directly or through others and regardless of either (a) proximity to the Development Area or any Pure Fitness Club, or (b) any actual or threatened impact on sales of any Pure Fitness Club, to:

1.4.1 use the Proprietary Marks and System in connection with establishing and operating Pure Fitness Clubs at any location outside the Development Area;

1.4.2 use the Proprietary Marks or other marks in connection with selling any services (including Classes) or distributing any goods (including branded merchandise) anywhere in the world (including within the Development Area), whether or not you also offer them, through

channels of distribution other than a Pure Fitness Club (including, for example, through the internet or other electronic means);

1.4.3 use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Development Area);

1.4.4 use the Proprietary Marks to organize, sponsor, host, or support any event anywhere in the world (including within the Development Area);

1.4.5 acquire, establish, or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Development Area);

1.4.6 acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere (including the Development Area), and convert such units or business to Pure Fitness Clubs or businesses operating under the Proprietary Marks; and

1.4.7 develop other products, services, or technologies (such as virtual Classes) (collectively “**New Offerings**”) that use the Proprietary Marks and are related to the System, and to offer such New Offerings to members and non-members inside the Development Area; if we require or permit you to participate in such New Offerings, we reserve the right to charge you a reasonable fee in connection with your participation.

## 2. **INITIAL FEES**

2.1 **Development Fee.** Developers that commit to developing multiple Pure Fitness Clubs are entitled to reduced initial franchise fees for each of their Pure Fitness Clubs as follows:

<b>Number of Clubs to be Developed</b>	<b>Initial Franchise Fee per Location (the “Reduced Fee Amount”)</b>
1-4	\$50,000
5-9	\$45,000
10+	\$40,000

In consideration of the grant of the Development Rights, you shall pay us, upon your execution of this Agreement, a lump sum development fee (the “**Development Fee**”) equal to the applicable Reduced Fee Amount in the chart above for the first Pure Fitness Club you are obligated to establish under the Development Schedule, plus Ten Thousand Dollars (\$10,000) for each additional Pure Fitness Club you are obligated to establish under the Development Schedule. The Development Fee is fully earned and non-refundable upon your execution of this Agreement in consideration of the administrative and other expenses we incur and for the development opportunities lost or deferred as a result of our granting the Development Rights to you.

2.2 Initial Franchise Fee Credit. Except as otherwise provided herein, Franchisor shall credit the Development Fee toward the Initial Franchise Fees due under the Franchise Agreements to be executed hereunder. Franchisor shall credit the Reduced Fee Amount against the Reduced Fee Amount payable under the first Franchise Agreement executed hereunder, and Ten Thousand Dollars (\$10,000) of the Development Fee against the Reduced Fee Amounts payable under each subsequent Franchise Agreement to be executed hereunder, which credit shall be made upon Developer's execution of each such Franchise Agreement.

### 3. DEVELOPMENT OBLIGATIONS

3.1 Adherence to Development Schedule. Each period described in the Development Schedule is a "**Development Period.**" You must sign Franchise Agreements for, and open and operate, Pure Fitness Clubs in the Development Area to satisfy the requirements of each Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Pure Fitness Clubs specified in the Development Schedule or during any particular Development Period. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

3.2 Execution of Franchise Agreements. In exercising the Development Rights and fulfilling your development obligations under this Agreement, you shall execute a Franchise Agreement for each Pure Fitness Club at an Approved Location within in the Development Area. The Franchise Agreement for the first Pure Fitness Club developed hereunder shall be in the form of the Franchise Agreement attached as Exhibit C. Thereafter, you will execute our then-current form of Franchise Agreement after we have approved the site in accordance with Section 3.3 below but before you sign a lease for, or otherwise secure, the right to occupy the premises at approved site (the "**Premises**"). In fulfilling your obligations under this Agreement, you may create a special purpose franchise entity for each Pure Fitness Club that will execute the related Franchise Agreement, but you must retain 51% or more of the ownership interest in and voting control of such entity. The owners of the any such special purpose franchisee entity must be approved by us in advance, must meet our requirements for signing a personal guarantee, and must sign the then-current confidentiality and non-competition agreements. At the time you submit each fully executed then-current form of Franchise Agreement for each Pure Fitness Club developed under this Agreement, you shall pay us the Reduced Fee Amount determined in accordance with the Section 2.1 table, less any credit applicable pursuant to Section 2.2 hereof.

3.3 Site Approval. Prior to your acquisition by lease or purchase of any site for a Pure Fitness Club, you must submit to us such information or materials as we may reasonably require for our approval of the site, including a letter of intent or other evidence satisfactory to us that confirms your favorable prospects for obtaining the proposed site. We will endeavor to notify you of our approval or rejection of the site, in our discretion, within 30 days after our receipt of all such information and materials. No proposed site will be deemed approved unless it has been expressly approved by us in writing. Our approval of any lease will be conditioned on the inclusion of the terms set forth in Section 3.4 below. You acknowledge and agree that our approval of a site for a Pure Fitness Club is entirely for our own purposes and does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the

Pure Fitness Club or for any other purpose or the site's compliance with any federal, state, or local laws, codes, or regulations, including the applicable provisions of the Americans with Disabilities Act, regarding the construction, design, or operation of the Pure Fitness Club. Our approval of the site indicates only that we believe it meets our acceptable minimum criteria established solely for our purposes as of the time of the evaluation. You understand that application of criteria that may have been effective with respect to other sites and premises may not be predictive of the potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from our criteria, could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond our control. We shall not be responsible for the failure of a site we approve to meet your expectations as to revenue or operational criteria.

3.4 Lease of Approved Location. Before you enter into any lease or sublease for the Approved Location (the "**Lease**"), you must submit the Lease to us for our review. We have the right to approve or disapprove the terms of any Lease before you sign it. Our approval of any Lease will be subject to your compliance with the terms and conditions of this Section 3.4. The Lease must contain certain provisions we require for our own purposes, including the following: (a) that the initial term of the lease shall be for not less than seven (7) years unless we approve a different initial term of the Lease, and that you have a right to renew the lease for a renewal term of not less than five (5) years; (b) that the lessor consents to your use of such Proprietary Marks and initial signage as we may require for the Pure Fitness Club; (c) that the lessor and you agree to include in the lease our standard Lease Rider, which is attached to the Franchise Agreement; (d) that the use of the Premises be restricted solely to the operation of the Pure Fitness Club; (e) that you be prohibited from subleasing or assigning all or any part of your occupancy rights or extending the term of or renewing the lease without our prior written consent; (f) that the lessor provide to us copies of any and all notices of default given to you under the lease; (g) that we have the right to enter the Premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and (h) that we have the option, upon default, expiration, or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of your rights under the lease terms, including the right to assign or sublease.

3.5 Grace Period. To avoid a default under this Agreement, you may request an extension of any opening deadline under the Development Schedule if you are diligently and in good faith pursuing the opening of the Pure Fitness Club(s) required by such deadline, as evidenced by a signed lease, commencement of construction or other equivalent progress as we determine in our sole discretion. We will not unreasonably withhold our grant of such extension provided that: (i) you agree to pay a Grace Period Fee of \$2,500 per Pure Fitness Club for each month or partial month of delay for the first three months, and then \$10,000 thereafter; (ii) you are not in default of any other obligation under this Agreement or any Franchise Agreement; (iii) you and any affiliates with Franchise Agreements entered into pursuant to this Agreement execute an extension agreement and general release, in a form prescribed by us, releasing any and all claims against us and our affiliates, and our and their respective officers, directors, agents, shareholders, and employees; and (iv) we have not previously granted extensions under this Development Agreement of more than 3 months per Pure Fitness Club or 12 months in the aggregate. Based on our consideration of all the circumstances, in our sole discretion, we may grant additional extensions or waive the Grace Period fee.

#### **4. TERM**

The term of this Agreement shall commence on the Effective Date and, unless sooner terminated as provided in this Agreement, shall expire on the earlier of: (1) the end of the last Development Period in the Development Schedule; or (2) the date when you have signed the Franchise Agreement for the last Pure Fitness Club required to be open under the Development Schedule.

#### **5. DUTIES OF THE PARTIES**

5.1 Our Obligations. We will do the following:

5.1.1 Provide such site selection guidelines and consultation as we deem advisable; and

5.1.2 Review the information provided by you pursuant to Section 3.3 above for our approval of a site for the Pure Fitness Club, and conduct such on-site evaluations as we deem necessary in our discretion; you will be responsible for all of our out-of-pocket costs and expenses for such on-site evaluations.

5.2 Your Obligations. In addition to your obligations with respect to exercise of the Development Rights, you must do the following:

5.2.1 You must:

5.2.1.1 Be newly organized and your charter shall at all times provide that your activities are confined exclusively to developing and operating Pure Fitness Clubs;

5.2.1.2 Promptly provide us with any as-filed copies of any amendments to your articles of formation and amendments to your bylaws or other governing documents;

5.2.1.3 Note on any equity certificates that such ownership is subject to the transfer restrictions set forth in this Agreement;

5.2.1.4 Maintain a current list of all owners of record and all beneficial owners of any class of your voting securities or securities convertible into voting securities and furnish the list to us upon request; and

5.2.1.5 Have all of your owners execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E-1, and the owners' spouses execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E-2.

5.2.2 You must comply with all requirements of federal, state, and local laws, rules, and regulations.

5.2.3 You must comply with all of the other terms, conditions, and obligations that apply to you under this Agreement.

5.2.4 You must provide us with the following records and reports during the term of this Agreement in the form and format that we reasonably specify, delivered to us in the manner we specify:

5.2.4.1 within seven (7) days after the end of each month, or such other time period as we may require in our discretion, you must send us a report of your business activities during that month (or other time period), including information about your efforts to find sites for Pure Fitness Clubs in the Development Area and the status of development and projected openings for each Pure Fitness Club under development in the Development Area;

5.2.4.2 within twenty-eight (28) days after the end of each calendar quarter, you must provide us with your balance sheet and a profit and loss statement covering that quarter and the year-to-date; and

5.2.4.3 within sixty (60) days after the end of each calendar year, you must provide us with an annual profit and loss statement and an annual source and use of funds statement, and a balance sheet for you and your affiliates covering the previous year.

## **6. DEFAULT AND TERMINATION**

6.1 Automatic Termination. This Agreement, and all rights granted herein, shall automatically and without notice terminate if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and consented to by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your business or assets or any part thereof is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against your business or assets; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of any of your Pure Fitness Clubs shall be sold after levy thereupon by any sheriff, marshal, or constable.

6.2 Termination Upon Notice With Opportunity to Cure. For each of the defaults listed in this Section 6.2, we will give you written notice of such default (in the manner set forth under Section 9) and an opportunity to cure such default within thirty (30) days of your receipt of such notice. We will have the right to terminate this Agreement immediately upon notice to you if you fail to cure any default to our satisfaction, and provide proof of such cure within the thirty (30) day period. If applicable law requires a longer cure period, such period shall apply to our notice of default. Defaults which are susceptible of cure hereunder include the following:

6.2.1 Failure to promptly provide us with any documents required under Section 5.2.1;

6.2.2 Failure to comply with all requirements of federal, state, and local laws, rules, and regulations in accordance with Section 5.2.2; and

6.2.3 Failure to provide us with the records and reports required by Section 5.2.4.

6.3 Our Rights Upon Your Default. Except as otherwise provided in Sections 6.1 and 6.2, upon any other default by you, including your failure to comply with the Development Schedule and any transfer or assignment made in violation of Section 7.2, or if you fail to timely cure any default under Section 6.2, we will have the right, in our discretion, to take one or more of the following actions:

6.3.1 terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default, effective immediately upon receipt by you of written notice;

6.3.2 terminate the territorial protection granted under Section 1.3, and we will have the right to establish and operate, and license others to establish and operate, Pure Fitness Clubs within the Development Area;

6.3.3 reduce the number of Pure Fitness Clubs that you have the right to develop pursuant to the Development Schedule;

6.3.4 reduce the size of the Development Area;

6.3.5 withhold evaluation or approval of site proposal packages and refuse to approve the opening of any Pure Fitness Clubs to be developed hereunder;

6.3.6 accelerate the Development Schedule; and/or

6.3.7 require you to pay us a monthly fee of Five Thousand Dollars (\$5,000) for each Pure Fitness Club that is not opened in accordance with the Development Schedule, for each month until the Pure Fitness Club has commenced operations (“**Grace Period Fee**”).

6.4 Obligations Upon Termination or Expiration. Upon termination or expiration of this Agreement, you shall have no right to establish or operate any Pure Fitness Clubs for which a Franchise Agreement has not then been executed by us at the time of termination. We will have the right to establish and operate, and to license others to establish and operate, Pure Fitness Clubs under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement that has been executed by you and us.

6.5 No Cross-Default. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto unless the basis for such default is also a basis for a default under the terms of the Franchise Agreement. Default under this Agreement shall constitute a default under any other development agreement between you or your affiliates and us.

6.6 No Exclusive Right or Remedy. No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

## 7. TRANSFERS

7.1 Our Right to Transfer. We shall have the right to transfer or assign this Agreement, and assign or delegate all or any part of our rights or obligations under this Agreement, to any person or legal entity, and any designated assignee of ours shall become solely responsible for all of our obligations under this Agreement from the date of the assignment. You shall execute such documents of assignment, attornment, or other documents as we may request.

7.2 Your Conditional Right to Transfer. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted the Development Rights in reliance on your or your owners' business skill, financial capacity, and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any person or entity which directly or indirectly owns any interest in you or in the Pure Fitness Clubs developed hereunder, shall sell, assign, transfer, convey, pledge, encumber, merge, or give away (collectively, "**Transfer**") this Agreement, any direct or indirect interest in you or in this Agreement, or in all or substantially all of the assets of the Pure Fitness Clubs developed hereunder without our prior written consent, which we may grant or withhold in our discretion. Any purported Transfer not having our prior written consent shall be null and void and shall constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or at law or in equity.

7.3 Conditions of Transfer. If you or your owners propose to make a Transfer, you shall notify us in writing at least sixty (60) days before such Transfer is proposed to take place. Should we elect to approve a proposed Transfer, we may make our approval subject to certain conditions that we designate, including that:

7.3.1 all of your and your affiliates' accrued monetary obligations and all other outstanding obligations to us and our affiliates have been satisfied;

7.3.2 you and your affiliates are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or your affiliates and us or our affiliates;

7.3.3 the transferor shall have executed a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our and their respective officers, directors, agents, shareholders, and employees;

7.3.4 the transferor and transferee have executed a mutual general release relieving all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement that imposes obligations beyond the expiration of this Agreement;

7.3.5 the transferee (and such owners of a beneficial interest in the transferee as we may request) either (a) enters into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement, or (b) executes, for a term ending on the expiration date of this Agreement, our then-current form of development agreement and other ancillary agreements as we may require, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement,

except that the Development Area and Development Schedule thereunder shall be the same as in this Agreement;

7.3.6 the transferee (and such owners of a beneficial interest in the transferee as we may request) demonstrates to our satisfaction that it meets our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to develop and operate the Pure Fitness Clubs; has adequate financial resources and capital to develop and operate the Pure Fitness Clubs; has not operated a business in competition with us; and that, if the proposed transferee or one or more of its owners is an existing Pure Fitness developer, we have determined, in our sole and absolute discretion, that such Transfer would not lead to an undesirable concentration of Pure Fitness Clubs in a particular developer or owner that may, in our business judgment, be detrimental to the Pure Fitness System;

7.3.7 the transferor remains liable for all of the obligations of transferor prior to the effective date of the Transfer and executes any and all instruments reasonably requested by us to evidence such liability;

7.3.8 each Pure Fitness Club that has opened and been approved for operation by us is in full compliance with all the conditions and terms of the applicable Franchise Agreements;

7.3.9 the transferor agrees to Transfer to transferee any and all of the transferor's Pure Fitness Clubs that are in operation under applicable Franchise Agreements;

7.3.10 you pay to us a transfer fee that is equal to the greater of: (a) Ten Thousand Dollars (\$10,000); or (b) five percent (5%) of the transfer price; provided, however, that the transfer fee will be waived for any approved Transfer you or your owners make to a spouse, sibling, or child; and

7.3.11 the transferor shall have first offered to sell such interest to us pursuant to Section 7.5 hereof.

7.4 No Security Interest. You shall not grant a security interest in this Agreement or the Development Rights.

7.5 Our Right of First Refusal. If you or any party restricted under Section 7.2 proposes to make a Transfer, your request for our consent to the proposed Transfer shall include a copy of any proposed purchase agreement. You shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by or offered to the third party. If we elect to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of our notice to the seller of our election to purchase. If we elect not to purchase the seller's interest, any material change thereafter in the terms of the offer to or from a third party shall constitute a new offer subject to our same rights of first refusal as in the case of the third party's initial offer. Our failure to exercise the option afforded by this Section 7.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7, with respect to a proposed Transfer. In the event the consideration, terms, and/or conditions offered by a third party are not for a cash sum, and are such that we may not reasonably

be able to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by us at our expense, and the appraiser's determination shall be binding.

7.6 Death or Mental Incapacity. Upon the death or mental incapacity of any owner of Developer holding at least twenty-five percent (25%) of your ownership interests, the executor, administrator, or personal representative of such person shall transfer such interest to a third party acceptable to us within six (6) months after such death or mental incapacity. Such Transfers, including Transfers by devise or inheritance, shall be subject to the same conditions as described in Section 7.2 and Section 7.3. In the case of Transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 7, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party acceptable to us within six (6) months, which disposition shall be subject to all the terms and conditions for Transfers contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement, pursuant to Section 6 hereof.

7.7 Public or Private Offerings. You acknowledge and agree that the written information used to raise or secure funds can reflect upon us and the System. You further acknowledge and agree that you may not engage in a public or private offering without our prior written consent. All materials required for any offering or registration of Developer's securities pursuant to federal or state law shall be submitted to us for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be submitted to us for review prior to their use. If we object to any reference to us or our affiliates or any of our businesses in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. No offerings of securities of Developer shall imply, by use of the Proprietary Marks or otherwise, that we are participating in an underwriting, issuance, or offering of securities of either you or us. The participants in the offering must fully indemnify us and our affiliates in connection with the offering. For each proposed offering, you will pay us a non-refundable fee of Twenty Thousand Dollars (\$20,000), or such greater amount as may be necessary to reimburse us for our reasonable administrative and professional costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. You agree to provide us with written notice at least forty-five (45) days prior to the date of commencement of any offering or other transaction covered by this Section 7.7. Any offering or other transaction covered by this Section 7.7 shall be subject to our right of first refusal, as set forth in Section 7.5 hereof.

7.8 Non-waiver. Our consent to a proposed Transfer shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

## **8. COVENANTS**

8.1 Best Efforts. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, an owner of yours approved by us, or your full-time

development manager approved by us, shall devote full time, energy, and best efforts to fulfilling your obligations under this Agreement, including the development of the Pure Fitness Clubs pursuant to the Development Schedule.

8.2 Confidential Information. You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, or legal entity, any confidential information, knowledge, or know-how concerning the methods of operation of any business developed hereunder, including the operating manual, territory information, demographic data, customer lists and information, innovations, plans, trade secrets, proprietary information, marketing and sales methods and systems, client protocols and training programs, Class methods and materials, sales and profit figures, employee lists, and relationships between us and suppliers and others who have business dealings with us and our affiliates, which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement (the “**Confidential Information**”). You shall divulge such Confidential Information only to those of your employees as must have access to it in order to operate your business under this Agreement. In addition, any and all information, knowledge, know-how, techniques, and other data that we designate as confidential shall be deemed Confidential Information for purposes of this Agreement.

8.3 In-Term Covenant. You specifically acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training and Confidential Information, including information regarding our operational, sales, promotional, and marketing methods and techniques. You covenant that during the term of this Agreement, except as we may otherwise approve in writing, you, your owners, and members of your or their immediate families shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.3.1 Divert or attempt to divert any present or prospective business or customer of any Pure Fitness Club to any competitive business, by direct or indirect inducement or otherwise; “competitive business” in this Agreement means any business, located anywhere, other than a Pure Fitness Club: (a) involving an athletic or fitness center, health club, gym, or exercise facility; and/or (b) offering health and fitness training to the public through access to fitness equipment, personal training, or group classes; and/or (c) that is engaged in the sale of classes, products, and services that are the same as or similar to those offered by us or Pure Fitness Clubs now or in the future (each a “**Competitive Business**”);

8.3.2 Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

8.3.3 Own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any Competitive Business.

8.4 Post-Term Covenant. You covenant that, except as we may otherwise approve in writing, you, your owners, and members of your or their immediate families shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, for a continuous uninterrupted period of two (2) years commencing upon the date of (a) a Transfer permitted under Section 7 of this Agreement, (b) expiration of this

Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.4, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located at or within:

8.4.1 The Development Area;

8.4.2 Five (5) miles of the Development Area; or

8.4.3 Five (5) miles of any Pure Fitness Club operating under the System and the Proprietary Marks.

You acknowledge and agree that Sections 8.3 and 8.4 are reasonable and enforceable provisions of this Agreement.

8.5 No Application to Equity Securities. Section 8.4 shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

8.6 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 Reduction of Scope of Covenants. You understand and acknowledge that we shall have the right, in our discretion, to reduce the scope of any covenant set forth in Sections 8.3 and 8.4 of this Agreement or any portion thereof, without your consent, effective immediately upon your receipt of written notice thereof, and you agree to comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.8 No Defense. You acknowledge that the existence of any claims that you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 8.

8.9 Irreparable Injury. You acknowledge that a violation of the terms of this Section 8 would result in irreparable injury to us for which no adequate remedy at law may be available; and you accordingly consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by us in obtaining, an injunction prohibiting any conduct in violation of the terms of this Section 8.

8.10 Confidentiality and Non-Competition Agreements. You shall require all of your owners, managers, and other such personnel having access to any of our Confidential Information to execute non-competition covenants and covenants that they will maintain the confidentiality of

information they receive in connection with their ownership or employment by you. Such covenants shall be in the form attached hereto as Exhibit D.

## **9. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means that affords the sender evidence of delivery or rejected delivery (including private delivery or courier service), to the respective parties at the addresses shown in the opening paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party, to the attention of:

Notices to us: Attn: \_\_\_\_\_

Notices to you: Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

## **10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

10.1 Independent Contractor. This Agreement does not create a fiduciary relationship between you and us. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. You also understand and agree that we are not the employer or joint employer of your employees. During the term of this Agreement, you shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement.

10.2 No Authority to Contract. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name. We will, in no event, assume liability for, or be deemed liable as a result of, any of your actions, omissions, or any claim or judgment arising therefrom against us or you.

10.3 Indemnification. You shall indemnify and hold us and our affiliates, and our and their respective officers, directors, and employees (collectively, the “**Indemnitees**”) harmless against any and all claims, losses, costs, expenses, liabilities, and damages arising directly or indirectly from, as a result of, or in connection with your operations hereunder, the operation of any Pure Fitness Clubs pursuant to Franchise Agreements executed pursuant hereto, or your breach of this Agreement, including those alleged to be caused by an Indemnitee’s negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by such Indemnitee’s willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys’ fees, of defending against them. In the event we incur any costs or expenses, including legal fees, travel expenses, and other charges, in connection with any proceeding involving you in which we are not a party, you shall reimburse us for all such costs and expenses promptly upon presentation of invoices. You acknowledge and agree that your indemnification and hold harmless obligations under this Section shall survive the termination, expiration, or Transfer of this

Agreement. Nothing herein shall preclude an Indemnitee from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

## **11. APPROVALS AND WAIVERS**

11.1 No Warranties or Guarantees. We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, advice, consent, or suggestion under or in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.2 No Waiver. No failure on our part to exercise any power reserved to us by this Agreement, or to insist upon your strict compliance with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar, or different nature, nor shall any delay, forbearance, or omission to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Our subsequent acceptance of any payments due hereunder shall not be deemed to be a waiver of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

11.3 Approval and Consent. Whenever this Agreement requires our prior approval or consent, you must make timely written request to us for such approval or consent. Except as otherwise provided in this Agreement, any approval or consent granted by us must be in writing.

## **12. SEVERABILITY AND CONSTRUCTION**

12.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 No Rights or Remedies Conferred. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you or us and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

12.3 Promises and Covenants. You expressly agree to be bound by any promise or covenants imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions that a court

may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.4 Captions and Headings. All captions and headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

12.5 Survival. All provisions of this Agreement that, by their terms or intent, are designed to survive the expiration, termination, or Transfer of this Agreement, shall so survive the expiration, termination, or Transfer of this Agreement.

12.6 Construction. Wherever we have reserved the right to take action “in our discretion,” we may do so in our “sole” discretion unless otherwise provided. References in this Agreement to “include,” “includes,” and “including,” followed by one or more examples, are intended to be illustrative and are not a limitation on the scope of the description or term for which examples are provided. The words “will,” “shall,” and “must” in this Agreement indicate a mandatory obligation. All words in this Agreement shall be deemed to include any number or gender, as the context of this Agreement requires. This Agreement may be executed in multiple copies, each of which will be deemed an original. Signatures delivered by facsimile or electronically shall be deemed to be, and have the same force as, an original.

### **13. ENTIRE AGREEMENT**

This Agreement, the documents referred to herein (including the operating manual), and the exhibits hereto constitute the entire, full, and complete agreement between you and us concerning the subject matter hereof and supersede any and all prior discussions, statements, and agreements. Except for those changes permitted to be made unilaterally by us, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. If we have provided you with a Franchise Disclosure Document, nothing in this Agreement or in any related agreement between you and us is intended to disclaim the representations in the Franchise Disclosure Document.

### **14. APPLICABLE LAW AND DISPUTE RESOLUTION**

14.1 Applicable Law. This Agreement shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail, without regard to, and without giving effect to, the application of Virginia conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Virginia, and if you are located outside of Virginia and such provision would be enforceable under the laws of the state in which you are located, then such provision shall be interpreted and construed under the laws of that state. Nothing in the Section 14.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation, to which it would not otherwise be subject, of the state where your activities under this Agreement are conducted, or of the Commonwealth of Virginia.

14.2 Arbitration. Except as otherwise provided herein, any dispute, claim, or controversy arising out of or relating to this Agreement, the breach hereof, the rights and

obligations of the parties hereto, or the entry, making, interpretation, or performance of either party under this Agreement, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. Such arbitration shall take place before a sole arbitrator in Washington, DC at a location we determine in our discretion, and you agree not to file an objection to such locale. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between you and us. This agreement to arbitrate shall survive any termination, expiration, or Transfer of this Agreement. No arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, or in any other manner, any person or party other than us and you and any person in privity with, or claiming through, in the right of, or on behalf of, us and you, unless both parties consent in writing. We have the absolute right to refuse such consent. All such proceedings for which consent is not granted shall be conducted on an individual, not a class-wide, basis.

14.3 Jurisdiction and Venue. Any action that is not otherwise subject to arbitration under Section 14.2 (including all appeals from or relating to arbitration hereunder), whether or not arising out of, or relating to, this Agreement, brought by you (or any of your owners) against us or our affiliate shall be brought in the U.S. District Court presiding in Alexandria, Virginia or, if such court does not have competent jurisdiction, in a state court located in such district. We shall have the right to commence an action against you in any court of competent jurisdiction. You waive all objections to personal jurisdiction and/or venue for purposes of this Section 14.3 and agree that nothing in this Section 14.3 shall be deemed to prevent us from removing an action from state court to federal court.

14.4 No Exclusivity. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.5 Injunctive Relief. Nothing in this Agreement (including Sections 14.2 and 14.3 above) shall bar our right to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause us loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

14.6 Limitation of Claims. You agree that any and all claims you have against us and/or our affiliates, principals, employees, and agents, arising out of, or relating to, this Agreement or your operation of the business contemplated by this Agreement may not be commenced unless you bring them before the earlier of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) one (1) year after this Agreement expires, is terminated for any reason, or has been Transferred. You agree that any claim or action not brought within the periods required under this Section 14.6 shall forever be barred as a claim, counterclaim, defense, or set off.

14.7 Your Costs and Expenses. Except as expressly provided by Section 14.2 hereof, you shall pay all expenses, including attorneys' fees and costs, incurred by us, our affiliates, and our or their successors and assigns (a) to remedy any defaults of, or enforce any rights under, this Agreement; (b) to effect termination of this Agreement; and/or (c) to collect any amounts due under this Agreement.

14.8 WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. YOU AND WE KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE OUR RESPECTIVE RIGHTS TO A TRIAL BY JURY AND WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, except that we shall be free at any time hereunder to bring an action for willful trademark infringement and, if successful, to receive an award of multiple damages as provided by law.

## 15. ACKNOWLEDGMENTS, REPRESENTATIONS, AND WARRANTIES

15.1 Independent Investigation. You acknowledge that you have conducted an independent investigation of the business contemplated hereunder, and you recognize that the business venture contemplated by this Agreement involves business risks and that your success will be largely dependent upon your or your owners' ability as independent businesspeople. We disclaim the making of, and you disclaim receiving, any warranty, representation, or guarantee, express or implied, not contained expressly in this Agreement including as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. You also disclaim relying upon any such warranty, representation, or guarantee in connection with your independent investigation of the business contemplated hereunder.

15.2 No Conflicting Agreements. You represent and warrant that you are not a party to or subject to any agreement that conflicts with the terms of this Agreement, or that prevents you from fully performing your obligations under this Agreement, and you agree not to enter into any such agreement.

15.3 Compliance With Anti-Terrorism Laws. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the "**Executive Order**"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order, the text of which is available at the Internet website address, [www.ustreas.gov/offices/enforcement/ofac](http://www.ustreas.gov/offices/enforcement/ofac) and published at <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>. Accordingly, you represent and warrant that as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you, is designated under the Executive Order as a person with whom we may not transact business, and that you (a) do not, and hereafter shall not, engage in any terrorist activity, (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity, and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

15.4 Acknowledgment of Receipt. You acknowledge that you received our current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or you paid any money to us. You further acknowledge that you received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that you waited at least seven (7) calendar days prior to executing them if any changes to such agreements were unilaterally and materially made by us.

15.5 Acknowledgment of Understanding; Opportunity to Consult. You acknowledge that you have read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that we have accorded you ample time and opportunity to consult with an attorney or other advisor of your own choosing about the potential benefits and risks of entering into this Agreement.

15.6 Electronic Records. You expressly consent and agree that we may provide and maintain all disclosures, agreements, amendments, notices, and all other evidence of transactions between you and us in electronic form. You expressly agree that electronic copies of this Agreement and related agreements between you and us are valid. You also expressly agree not to contest the validity of the originals or copies of this Agreement and related agreements, absent proof of altered data or tampering. You agree to execution of this Agreement and related agreements by electronic means and that such execution shall be legally binding and enforceable as an “electronic signature” and the legal equivalent of your handwritten signature.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date signed by PureFitness Franchising LLC below.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**DEVELOPER**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date\*: \_\_\_\_\_

Date: \_\_\_\_\_

(\*This is the Effective Date)

**EXHIBIT A TO  
PURE FITNESS  
DEVELOPMENT AGREEMENT**

**DISCLOSURE OF OWNERS OF LEGAL ENTITY**

1. Contact Person. The following individual is a shareholder, member, or partner of you and is the principal person to be contacted on all matters relating to the Development Agreement:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Daytime Telephone No.: \_\_\_\_\_  
Evening Telephone No.: \_\_\_\_\_  
Facsimile No.: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

2. Owners. The undersigned agree and acknowledge that the following is a complete list of all of the shareholders, partners, or members (“**Owners**”) of you and the percentage interest of each such Owner:

<u>Name</u>	<u>Position</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**EXHIBIT B TO  
PURE FITNESS  
DEVELOPMENT AGREEMENT**

**DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE**

1. Development Area: Each Pure Fitness Club developed under this Development Agreement shall be located in the area described below and/or as indicated on a map attached hereto:

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2. Development Schedule: The Development Schedule is as follows:

<b>Development Period</b>	<b>Number of Pure Fitness Clubs to be Opened During Development Period</b>	<b>Total Number of Pure Fitness Clubs You Must Have Operating in the Development Area as of the End of Each Development Period</b>
Effective Date to ____, 20__		
____, 20__ to ____, 20__		
____, 20__ to ____, 20__		
____, 20__ to ____, 20__		
____, 20__ to ____, 20__		
____, 20__ to ____, 20__		*

\* This is the total number of Pure Fitness Clubs you have a right to develop in accordance with the terms of the Development Agreement.

**EXHIBIT C TO  
PURE FITNESS  
DEVELOPMENT AGREEMENT**

**PURE FITNESS FRANCHISE AGREEMENT**

The form of Pure Fitness Franchise Agreement currently offered by PureFitness Franchising LLC is attached.

**EXHIBIT D TO  
PURE FITNESS  
DEVELOPMENT AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**  
**(For signature by all owners, managers, and other personnel having access to  
any Confidential Information)**

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (the “**Developer**”), and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, I hereby acknowledge and agree in this Confidentiality and Non-Competition Agreement (“**Agreement**”) that:

1. By agreement dated \_\_\_\_\_, 20\_\_ (“**Development Agreement**”) between the Developer and PureFitness Franchising LLC (the “**Company**”), the Developer has acquired certain development rights from the Company and undertaken the obligation to establish and operate multiple Pure Fitness Clubs (the “**Pure Fitness Clubs**”) under the Company’s distinctive trade names, service marks, trademarks, trade dress, logos, emblems, slogans, indicia of origin, internal and external building designs, signage, and architectural features (the “**Proprietary Marks**”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Pure Fitness Clubs (the “**System**”), as they may be changed, improved, and further developed from time-to-time in the Company’s sole discretion.

2. The Company possesses certain confidential information, knowledge, or know-how concerning the methods of operation of the Pure Fitness Clubs, including operating manuals, territory information, demographic data, customer lists and information, innovations, plans, trade secrets, proprietary information, marketing and sales methods and systems, client protocols and training programs, class methods and materials, sales and profit figures, employee lists, and relationships between the Company and suppliers and others who have business dealings with the Company and its affiliates, which may be communicated to the Developer or of which the Developer may be apprised by virtue of the Developer’s operation under the terms of the Development Agreement (the “**Confidential Information**”). In addition, any and all information, knowledge, know-how, and techniques that the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of the Development Agreement and this Agreement.

3. I understand and acknowledge that, as an owner or employee of the Developer, the Company and the Developer will disclose some or all of the Confidential Information to me in furnishing to me initial and ongoing training, the operating manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of Developer’s business and the Pure Fitness Clubs during the term of the Development Agreement, and I understand and acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. I understand and acknowledge that the Confidential Information is proprietary to the Company, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an owner or employee of the Developer, and I will continue not to disclose any such information even after I cease to be in that position, and I will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of the Developer under the Development Agreement.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Developer, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that: (a) involves an athletic or fitness center, health club, gym, or exercise facility; and/or (b) offers health and fitness training to the public through access to fitness equipment, personal training, or group classes; and/or (c) is engaged in the sale of classes, products, and services that are the same as or similar to those offered by Pure Fitness Clubs now or in the future (each a “**Competitive Business**”). In addition, for a continuous uninterrupted period commencing upon the cessation or termination of my position with Developer, regardless of the cause for termination, and continuing for two (2) years thereafter, I will not, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located at or within: (i) the Development Area, which I acknowledge has been described to me; or (ii) five (5) miles of the Development Area; or (iii) five (5) miles of any Pure Fitness Club operating under the System and the Proprietary Marks.

The prohibitions in this Section 6 do not apply to my interests in or activities performed in connection with a Pure Fitness Club. These restrictions do not apply to my ownership of less than a five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company or Developer is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply with any covenant as so modified.

9. I understand and acknowledge that the Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Agreement will cause the Company and the Developer irreparable harm; therefore, I acknowledge and agree that the Developer and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Developer and the Company all the costs it/they incur(s), including legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Developer and the Company, any claim I have against the Developer or the Company is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement.

10. This Agreement shall be construed under the laws of the Commonwealth of Virginia. Except as provided in Paragraph 8 above, the only way this Agreement can be changed is in a writing signed by both the Developer and me.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY DEVELOPER**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT E-1 TO  
PURE FITNESS  
DEVELOPMENT AGREEMENT**

**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT  
(OWNERS)**

As an inducement to PureFitness Franchising LLC (the “**Company**”) to execute the Development Agreement between the Company and \_\_\_\_\_ (the “**Developer**”) dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”), the undersigned (the “**Guarantors**”), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of the Developer’s obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the Guarantors will immediately make each payment to the Company required of the Developer under the Agreement. The Guarantors hereby waive any right to require the Company to: (a) proceed against the Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from the Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against the Developer. Without affecting the obligations of the Guarantors under this Guarantee, the Company may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Developer, or settle, adjust, or compromise any claims against the Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by the Developer, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to indemnify and hold the Company and its affiliates, and our and their respective officers, directors, and employees, harmless against any and all claims, losses, costs, expenses, liabilities, and damages (including reasonable attorneys’ fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) arising directly or indirectly from, as a result of, or in connection with Developer’s conduct under the Agreement or any other agreement referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the Transfer of the Agreement by the Developer, except that all obligations and liabilities of the Guarantors that arose from events which occurred on or before the effective date of such termination, expiration, or Transfer of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants that by their terms continue in force after the termination, expiration, or Transfer of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by the Company. Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other Guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 12 of the Agreement. This Guarantee shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail, without regard to, and without giving effect to, the application of Virginia conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 14 of the Agreement are hereby incorporated into this Guarantee by reference, and references to the Developer and the Agreement therein shall be deemed to apply to the Guarantors and this Guarantee, respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means that affords the sender evidence of delivery or rejected delivery (including private delivery or courier service), to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to the Company:      PureFitness Franchising LLC  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices to the Guarantors: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

**[Signature Page Follows]**

IN WITNESS WHEREOF, each of the Guarantors has signed this Guarantee as of the date of the Agreement.

**GUARANTORS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT E-2 TO  
PURE FITNESS  
DEVELOPMENT AGREEMENT**

**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT  
(OWNER'S SPOUSE)**

As an inducement to PureFitness Franchising LLC (the “**Company**”) to execute the Development Agreement between the Company and \_\_\_\_\_ (the “**Developer**”) dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”) (the performance of which is guaranteed by Developer’s owners \_\_\_\_\_ (each an “**Owner**” and, together, the “**Owner Guarantors**”)), the undersigned spouse of Owner \_\_\_\_\_ (the “**Spousal Guarantor**”), jointly and severally, hereby unconditionally guarantees to the Company and its successors and assigns that all of the Developer’s obligations under the Agreement will be punctually paid.

Upon demand by the Company, the Spousal Guarantor will immediately make each payment to the Company required of the Developer under the Agreement. The Spousal Guarantor hereby waives any right to require the Company to: (a) proceed against the Developer or Owner Guarantors for any payment required under the Agreement; (b) proceed against or exhaust any security from the Developer or Owner Guarantors ; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against the Developer or Owner Guarantors . Without affecting the obligations of the Spousal Guarantor under this Guarantee, the Company may, without notice to the Spousal Guarantor, extend, modify, or release any indebtedness or obligation of the Developer, or settle, adjust, or compromise any claims against the Developer. The Spousal Guarantor waives notice of amendment of the Agreement and notice of demand for payment by the Developer, and agrees to be bound by any and all such amendments and changes to the Agreement.

The Spousal Guarantor hereby acknowledges and agrees to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the Transfer of the Agreement by the Developer, except that all obligations and liabilities of the Spousal Guarantor that arose from events which occurred on or before the effective date of such termination, expiration, or Transfer of the Agreement shall remain in full force and effect until satisfied or discharged by the Spousal Guarantor, and all covenants that by their terms continue in force after the termination, expiration, or Transfer of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by the Company. Upon the death of the Spousal Guarantor, the estate of such Spousal Guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 12 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the

Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail, without regard to, and without giving effect to, the application of Virginia conflict of law rules.

The Spousal Guarantor agrees that the dispute resolution and attorney fee provisions in Section 14 of the Agreement are hereby incorporated into this Guarantee by reference, and references to the Developer and the Agreement therein shall be deemed to apply to the Spousal Guarantor and this Guarantee, respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means that affords the sender evidence of delivery or rejected delivery (including private delivery or courier service), to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to the Company: PureFitness Franchising LLC  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices to the Spousal Guarantor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, the Spousal Guarantor has signed this Guarantee as of the date of the Agreement.

**SPOUSAL GUARANTOR**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT C**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**PURE FITNESS FRANCHISE AGREEMENT**

**(See attached.)**



# PURE FITNESS

## PUREFITNESS FRANCHISING LLC FRANCHISE AGREEMENT

### Summary of Terms

1. **Location Name** \_\_\_\_\_
2. **Franchisee Entity**  
("Franchisee" or "you") \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. **Key Owner** Name: \_\_\_\_\_  
Email: \_\_\_\_\_  
Primary Phone: \_\_\_\_\_
4. **Territory** \_\_\_\_\_
5. **Initial Franchise Fee** \$ \_\_\_\_\_
6. **Effective Date** \_\_\_\_\_
7. **Opening Deadline** \_\_\_\_\_
8. **Expiration Date** \_\_\_\_\_

Initial: \_\_\_\_\_ Date: \_\_\_\_\_  
Franchisee

Initial: \_\_\_\_\_ Date: \_\_\_\_\_  
PureFitness Franchising LLC

## TABLE OF CONTENTS

1.	GRANT.....	2
2.	TERM AND RENEWAL.....	3
3.	OUR DUTIES.....	4
4.	FEES.....	5
5.	DEVELOPMENT AND OPENING OF YOUR PURE FITNESS CLUB.....	7
6.	TRAINING.....	10
7.	OPERATION OF THE PURE FITNESS CLUB.....	12
8.	PROPRIETARY MARKS, TECHNOLOGY, AND COPYRIGHTED MATERIAL.....	16
9.	CONFIDENTIAL OPERATING MANUAL.....	21
10.	CONFIDENTIAL INFORMATION.....	21
11.	ACCOUNTING AND RECORDS.....	22
12.	ADVERTISING AND PROMOTION.....	23
13.	INSURANCE.....	25
14.	TRANSFER OF INTEREST.....	26
15.	DEFAULT AND TERMINATION.....	29
16.	OBLIGATIONS UPON TERMINATION OR EXPIRATION.....	33
17.	COVENANTS.....	36
18.	CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY.....	38
19.	TAXES, PERMITS, AND INDEBTEDNESS.....	38
20.	INDEPENDENT CONTRACTOR; INDEMNIFICATION.....	39
21.	APPROVALS AND WAIVERS.....	40
22.	GRANT OF SECURITY INTEREST.....	40
23.	NOTICES.....	41
24.	ENTIRE AGREEMENT.....	41
25.	SEVERABILITY AND CONSTRUCTION.....	41
26.	APPLICABLE LAW.....	42
27.	REPRESENTATIONS AND ACKNOWLEDGEMENTS.....	44

EXHIBIT A – APPROVED LOCATION; TERRITORY; OWNERS

EXHIBIT B – LEASE RIDER

EXHIBIT C – ADA CERTIFICATION

EXHIBIT D – CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

EXHIBITS E-1 and E-2 – GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

## PURE FITNESS FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made as of the Effective Date between **PUREFITNESS FRANCHISING LLC**, a Delaware limited liability company with its principal place of business at 6701 Frontier Drive, Springfield, VA 22150 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”), and \_\_\_\_\_, a legal entity with its principal place of business at \_\_\_\_\_ (“**you**,” “**your**,” or “**Franchisee**”). The “**Effective Date**” is the date we sign this Agreement, as indicated below on the signature page.

### RECITALS

A. We and our affiliates have devoted time, skill, effort, and money to develop, and may continue to develop, a distinctive system relating to the establishment, operation, and franchising of fitness clubs offering low-cost, flexible memberships and featuring cardio equipment, fixed and free weights, personal fitness training, and exercise classes in a distinctive atmosphere (the “**System**”).

B. Fitness clubs operating under the System (“**Pure Fitness Businesses**”) are required to operate pursuant to system standards (“**System Standards**”) that we designate from time-to-time and that are identified by certain distinctive trade names, service marks, trademarks, trade dress, logos, emblems, slogans, indicia of origin, internal and external building designs, signage, and architectural features, including but not limited to the marks “PureFitness,” “Pure Fitness,” the Pure Fitness logo, the P device, and “TrainSafe,” all of which we may designate and modify from time-to-time (collectively, the “**Proprietary Marks**”).

C. The System Standards require Pure Fitness Businesses to offer group exercise classes that we specify from time-to-time, which classes may use proprietary and non-proprietary instructional techniques, formats, and methods that are designed to provide fitness training, including cardio fitness classes, sculpting and toning fitness classes, yoga and pilates classes, and functional strength classes (“**Classes**”) and to utilize designated and/or proprietary technology platforms for club access, membership management, facility management, and certain on site services.

D. You are a legal entity and have requested that we grant you the right to establish, own, and operate a Pure Fitness Club (the “**Pure Fitness Club**”) at a location approved by us (the “**Approved Location**”). We are willing to grant you those rights, as described in this Agreement, in reliance on all of the information, representations, warranties, and acknowledgements you and your owners have provided to us in support of your request. If you or your affiliate are party to a separate development agreement (“**Development Agreement**”) with us for the operation of multiple Pure Fitness Businesses in a designated development area (“**Development Area**”), the Approved Location will be in the Development Area.

**IN CONSIDERATION** of the covenants herein contained and other valuable consideration, the receipt and sufficiency of which are acknowledged, you and we agree as follows:

**1. GRANT**

1.1 Grant of Franchise. We grant you the right, and you undertake the obligation, at your expense and on the terms and conditions set forth in this Agreement, to establish and operate one Pure Fitness Club only at and from the Approved Location identified in Exhibit A or as it may later be determined in accordance with Section 5.1.

1.2 Exclusive Territory. In Exhibit A, we have identified an exclusive territory around your Pure Fitness Club (the “**Territory**”). Provided you are in compliance with your obligations under this Agreement, and except as otherwise provided in this Agreement (including Section 1.3 below), during the Term (defined below) of this Agreement, we will not establish or operate, nor license any party other than you to establish or operate, a Pure Fitness Club at any location within the Territory.

1.3 Reservation of Rights. We grant franchises and the rights to develop and operate Pure Fitness Businesses only pursuant to the express terms of written agreements and not orally. All rights that are not granted to you in this Agreement are specifically reserved to us, and we will not be restricted in any manner from exercising them nor will we be required to compensate you should we exercise them. This includes the right, directly or through others and regardless of either (a) proximity to your Pure Fitness Club or Territory, or (b) any actual or threatened impact on sales of your Pure Fitness Club, to:

1.3.1 use the Proprietary Marks and System in connection with establishing and operating Pure Fitness Businesses at any location outside the Territory;

1.3.2 use the Proprietary Marks or other marks in connection with selling any services (including Classes) or distributing any goods (including branded merchandise) anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a Pure Fitness Business (including, for example, through the internet or other electronic means);

1.3.3 use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory);

1.3.4 use the Proprietary Marks to organize, sponsor, host, or support any event anywhere in the world (including within the Territory);

1.3.5 acquire, establish, or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Territory);

1.3.6 acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business

conducted anywhere (including the Territory), and convert such units or business to Pure Fitness Clubs or businesses operating under the Proprietary Marks; and

1.3.7 develop other products, services, or technologies (such as virtual Classes) (collectively “**New Offerings**”) that use the Proprietary Marks and are related to the System, and to offer such New Offerings to members and non-members inside the Territory; if we require or permit you to participate in such New Offerings, we reserve the right to charge you a reasonable fee in connection with your participation.

1.4 Alternate Channels of Distribution. You may offer and sell approved products and services only at the Approved Location, except as we otherwise approve in advance, and in such event only in accordance with the requirements of this Agreement and the procedures set forth in the Manual. You may not offer or sell products and services through any other means or locations, including via the internet or other electronic means. You shall only offer or sell products and services to retail customers for their use and consumption at the Pure Fitness Club.

1.5 Supplementing the System. You acknowledge that we may, from time-to-time, supplement, improve, and otherwise modify the System and System Standards, and you agree to comply with all of our requirements in that regard, including offering and selling new or different products or services as we may specify.

## 2. TERM AND RENEWAL

2.1 Term. The term (“**Term**”) of this Agreement shall begin on the Effective Date and, except as otherwise provided herein, shall continue until the tenth (10<sup>th</sup>) anniversary of the date on which the Pure Fitness Club is first open to members for business, excluding pre-sale marketing and other similar pre-opening activities (the “**Opening Date**”). Upon your written request, within six (6) months after the Opening Date, we will, in our sole discretion, consider a reasonable extension or reduction of the Term to match the expiration of your lease for the premises of the Pure Fitness Club (the “**Premises**”).

2.2 Successor Franchise. Subject to the conditions set forth in this Section 2.2, on expiration of this Agreement, you will be entitled to acquire a total of three (3) successor franchises for consecutive terms of five (5) years each. To acquire a successor franchise, you must:

2.2.1 give us written notice of your election to acquire a successor franchise no fewer than three (3) months nor more than six (6) months prior to the end of the then-current term;

2.2.2 renovate and modernize the Premises of the Pure Fitness Club as we may reasonably require, including installing new equipment, replacing broken, obsolete, or worn-out equipment, and renovating signs, furnishings, fixtures, and décor to reflect the then-current System Standards and image of the System;

2.2.3 not be in default of any provision of this Agreement or any other agreement between you and us or our affiliates; and you must have substantially complied with all the terms

and conditions of such agreements during their respective terms (including timely payment of all monies owed under such agreements);

2.2.4 establish to our satisfaction that you have the right to remain in possession of the Premises for the duration of the term of the successor franchise or obtain our approval of a new location for the Pure Fitness Club for the duration of the term of the successor franchise;

2.2.5 at our option, execute our then-current form of franchise agreement and all related agreements, which shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including a higher royalty fee and advertising contribution and a smaller or modified Territory, except that you will not be required to pay an initial franchise fee;

2.2.6 execute, along with your owners, a general release, in a form we prescribe, of any and all claims, known or unknown, that you and your owners might have against us or our affiliates, and our or their respective officers, directors, agents, and employees;

2.2.7 comply with our then-current qualification and training requirements;

2.2.8 pay us a successor franchise fee in an amount equal to Ten Thousand Dollars (\$10,000); and

2.2.9 be current with respect to your obligations to your lessor, suppliers, and any others with whom you do business.

### **3. OUR DUTIES**

3.1 Our Services to You. In addition to our other obligations described throughout this Agreement, we will do the following:

3.1.1 Specifications. We will make available to you, solely for use under this Agreement, our specifications for a prototypical Pure Fitness Club, including interior and exterior designs, layout, signage, fixtures, furnishings, and equipment. These specifications will not contain the requirements of any federal, state, or local law, code, or regulation (including those concerning the Americans with Disabilities Act (“**ADA**”) or other rules governing public accommodations or commercial facilities for persons with disabilities), compliance with which is your sole obligation and shall be at your sole expense.

3.1.2 Training. We will provide training as set forth in Section 6 below.

3.1.3 Advertising and Promotional Materials. We will make available to you advertising and promotional materials in accordance with Section 12.

3.1.4 Manual. We will make available to you through a password protected website our confidential operating manual (the “**Manual**”) in accordance with Section 9.

3.1.5 Ongoing Advice. After your Pure Fitness Club opens, we will provide, at the time and in the manner we determine, advice, assistance, and written materials about operations, services, business issues, sales methods, and marketing techniques.

3.1.6 Equipment List. We will provide you with our standard list of equipment needed to open a Pure Fitness Club and information regarding any discount packages that we may negotiate from time-to-time with suppliers from which you must purchase such equipment.

3.1.7 Site Selection. In connection with your selection of an Approved Location (if one has not been approved prior to your execution of this Agreement), we will provide the site selection services described in Sections 5.1 and 5.2.

3.2 Performance by Designee. Any duty or obligation imposed on us by this Agreement may be performed by any designee, employee, or agent as we may direct.

3.3 Fulfilling Our Obligations. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, we shall have the right, as we see fit: (a) to take into account the effect on, and the interests of, our businesses, other franchised businesses, and other systems in which we or our affiliates have an interest and on our own activities; (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we have an interest, or with our affiliates; (c) to introduce proprietary and non-proprietary items or operational equipment used in the System into other franchised systems in which we or our affiliates have an interest; and/or (d) to allocate resources and new developments between and among businesses and systems in which we or our affiliates have an interest.

#### **4. FEES**

4.1 Initial Franchise Fee. On execution of this Agreement, you shall pay us a non-refundable initial franchise fee of Fifty Thousand Dollars (\$50,000) (the “**Initial Franchise Fee**”). The entire Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into this Agreement and for our lost or deferred opportunity to enter into this Agreement with others.

4.2 Royalty Fee. You shall pay us, in the manner described in Sections 4.6 and 4.7, a continuing monthly royalty fee (“**Royalty**”) in an amount equal to six percent (6%) of Gross Sales. “**Gross Sales**” means all revenue generated at, from, or in connection with the operation of your Pure Fitness Business, including from sales of all products and services conducted at, from, or with respect to the Pure Fitness Club, whether or not in compliance with this Agreement and whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the Pure Fitness Club. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, or any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority.

4.3 Brand Promotion Expenditures and Contributions. You shall make monthly expenditures and contributions for advertising and brand promotion as specified in Section 12.

4.4 Technology Fee. Starting at the commencement of the Presale Period (as defined in Section 5.7 below) for the Pure Fitness Club, you shall pay us a per-club technology fee as we specify in the Manual or otherwise in writing from time to time (“**Technology Fee**”) for the club management software, website, app, and other technology used in the operation of the Pure Fitness Club. As of the date of this Agreement this fee is currently Eight Hundred Dollars (\$800), however, we reserve the right, in our sole discretion (subject to any applicable obligation to act in good faith), to adjust this fee from time to time on written notice to you in response to changes of relevant circumstances including any increase in our costs for the club management software, website, app, other technology related services.

4.5 Payments. All payments required by Sections 4.2, 4.3, 4.4, 8.10, and 12 for the previous month shall be withdrawn by us on or after the fifteenth (15<sup>th</sup>) day of each month (the “**Payment Day**”) from your designated bank account (described in Section 4.7) via electronic funds transfer (“**EFT**”). You agree to make the funds available for withdrawal by EFT by the Payment Date. We may provide a statement to you reflecting the amounts to be withdrawn, but we are not required to do so. For the avoidance of doubt, you shall not be entitled to set-off any payments required to be made under this Agreement against any monetary claim you may have against us or our affiliates. If any payment due to us under this Agreement is overdue for any reason, you shall pay us, in addition to the overdue amount, interest on such amount from the date it was due until received by us, at the rate of one- and one-half percent (1.5%) per month, or the maximum rate permitted by applicable law, whichever is less.

4.6 Designated Bank Account. You shall maintain a designated business checking bank account for the operation of the Pure Fitness Club and shall deposit any and all revenues from operation of the Pure Fitness Club into such bank account within two (2) days of receipt, including cash, checks, credit card receipts or the value of other forms of payment. The designated bank account must be located within the United States and be governed by its laws. Prior to beginning pre-sale activity, you shall furnish to us, the bank and account number, a voided check from the bank account, and written authorization for us to withdraw funds from the bank account via EFT, without further consent or authorization, based on our calculation of Royalty fees, Brand Fund contributions and all other amounts due under this Agreement. You shall execute all documents as may be necessary to effectuate and maintain the EFT arrangement, as we require. You agree to pay all costs associated with any such transfer. In the event you change banks or accounts for the bank account required by this Section 4.7, you shall, prior to such change, provide us such information concerning the new account and an authorization to make withdrawals therefrom. Your failure to provide such information, or your withdrawal of consent for us to make withdrawals, for whatever reason and by whatever method, shall be a breach of this Agreement. We may require you to procure, at your expense, overdraft protection for your account in an amount that we specify. You agree to reimburse us for any “insufficient funds” charges and related expenses that we incur in connection with your failure to maintain sufficient funds in your account. If you fail to report the Pure Fitness Club’s Gross Sales for any month, we may debit your account for one hundred twenty-five percent (125%) of the Royalty and Brand Fund fees that we debited for the previous month, plus all other amounts due. If the amount we debit from your account is

less than the amount you actually owe us for the month (once we have determined the Pure Fitness Club's true and correct Gross Sales for the month), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us for the month (once we have determined the Pure Fitness Club's true and correct Gross Sales for the month), we will credit the excess, without interest, against the amount that we otherwise would debit from your account during the following month.

4.7 Billing and Payment Processing Services. You must use the vendor that we designate (or one of the vendors if we designate more than one) for all billing and payment processing. You must execute the customary service agreement presented by such designated vendor, and pay such designated vendor its customary charges for these billing and payment processing services, as well as its customary charges for all other ancillary services it provides. If we require you to use one (1) or more designated vendors for all your billing and payment processing as provided in this Section 4.8, then we will advise you with written instructions as to how the payment process in Section 4.6 shall be modified (if at all), and you agree to comply with such instructions immediately upon receipt from us.

4.8 Changes to Reporting and Payment Methods. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable alternative methods reporting and payment, and you agree that you shall abide by those reasonable alternative methods established by us in the Manual or otherwise in writing from time to time. Such alternative method may include our collection of membership revenue and other member payments for the Pure Fitness Club from the billing and payment processor, and remittance of such revenue to you less the Royalty, Technology Fee, advertising contributions, and any other fees owed to us in accordance with this Agreement.

## **5. DEVELOPMENT AND OPENING OF YOUR PURE FITNESS CLUB**

5.1 Approved Location. If, as of the Effective Date, you have not located and we have not approved the location for your Pure Fitness Club, you will have ninety (90) days from the Effective Date to obtain our approval of a proposed site (the "**Premises**"). We will provide such site selection guidelines and consultation as we deem advisable in our sole discretion and provide such assistance for lease negotiation as we deem advisable in our discretion.

5.1.1 Before you acquire by lease or purchase any site for the Pure Fitness Club, you must submit to us such information or materials as we may reasonably require for our review of the site, including a letter of intent or other evidence satisfactory to us that confirms your favorable prospects for obtaining the proposed site. We will endeavor to notify you of our approval or rejection of the site, in our sole discretion, within thirty (30) days after our receipt of all such information and materials. No proposed site will be deemed approved unless it has been expressly approved by us in writing. Once we approve a proposed site, you and we will execute a revised Summary Page and Exhibit A to reflect the Approved Location.

5.1.2 In addition to reviewing the information provided by you, we will have the right to conduct such on-site evaluations as we deem necessary in our discretion. You will be responsible for all of our reasonable out-of-pocket costs and expenses for such on-site evaluations

up to Five Thousand Dollars (\$5,000). You acknowledge and agree that, if we recommend or give you information regarding a site for the Pure Fitness Club, it is not an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for a Pure Fitness Club or for any other purpose, or of the site's compliance with any laws or regulation. Our recommendation or approval of a site indicates only that we believe that the site meets our then-acceptable minimum criteria that have been established for our own purposes and are not intended to be relied on by you as an indicator or guarantee of likely success. You understand that application of criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic, economic, and other factors included in or excluded from our criteria could change, even after our approval of the site or of your development of the Pure Fitness Club, thereby altering the potential of a site and premises. The uncertainty and instability of these criteria are unpredictable and are beyond our control, and we are not responsible if a site and premises we recommend or approve fail to meet your expectations.

5.1.3 You acknowledge and agree that your acceptance of the franchise and selection of the Approved Location are based on your own independent investigation of the site's suitability for the Pure Fitness Club.

5.2 Lease of Approved Location. You must sign a lease or otherwise acquire a site for the Approved Location within one hundred twenty (120) days from the Effective Date. Before you enter into any lease or sublease for the Approved Location (the "**Lease**"), you must submit the Lease to us for our review. We have the right to approve or disapprove the terms of any Lease before you sign it. Our approval of any Lease will be subject to your compliance with the terms and conditions of this Section 5.2.

5.2.1 The Lease must contain certain provisions we require for our own purposes, including the following: (a) that the initial term of the Lease shall be for not less than ten (10) years unless we approve a different initial term of the Lease, and that you have a right to renew the Lease for a renewal term of not less than five (5) years; (b) that the lessor consents to your use of such Proprietary Marks and initial signage as we may require for the Pure Fitness Club; (c) that the lessor and you agree to include in the Lease our standard Lease Rider, which is attached as Exhibit B; (d) that the use of the Premises be restricted solely to the operation of the Pure Fitness Club; (e) that you be prohibited from subleasing or assigning all or any part of your occupancy rights or extending the term of or renewing the Lease without our prior written consent; (f) that the lessor provide to us copies of any and all notices of default given to you under the Lease; (g) that we have the right to enter the Premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under this Agreement or under the Lease; and (h) that we have the option, upon default, expiration, or termination of this Agreement, and upon notice to the lessor, to assume all of your rights under the lease terms, including the right to assign or sublease.

5.2.2 You acknowledge and agree that any of our involvement in Lease negotiations and our review and approval of the Lease are for our sole benefit and the benefit of the System. You agree that you are not relying on our Lease negotiations, Lease review or approval, or site approval for your benefit. You further acknowledge that you have been advised

to obtain the advice of your own professional advisors before you sign a Lease. You must not enter into a Lease or any other contract for the Premises of your Pure Fitness Club without our prior written consent.

5.2.3 You will furnish us with a copy of any executed Lease and any amendment thereto within thirty (30) days after execution thereof; thereafter, you shall also furnish us with a copy of your then-current Lease within fourteen (14) days of our request.

5.3 Construction. You shall construct and equip the Pure Fitness Club at your own expense, as necessary to satisfy the System Standards. Before commencing any construction, you must retain a qualified, licensed architect or engineer to prepare preliminary and final architectural drawings and specifications of the Premises in accordance with our standard specifications for a Pure Fitness Club. Such preliminary and final drawings and specifications shall be submitted to us for our prior approval. Our approval of architectural plans and specifications you submit to us for review will be limited to their conformance with our specifications and will not relate to your obligations with respect to any federal, state, or local laws, codes, or regulations regarding the construction, design, and operation of the Pure Fitness Club, including the ADA, all of which will be your sole responsibility. The drawings and specifications shall not thereafter be changed or modified without our prior written approval. You or your contractor, at your or your contractor's expense, shall obtain such insurance, as described in Section 13.1, prior to beginning construction. We have the right to oversee any construction and to visit the site at any time to ensure compliance with our specifications and System Standards. We also have the right to require you to submit periodic progress reports in such form and at such times as we determine.

5.4 Permits and Licenses. You will be responsible for obtaining all zoning classifications, business permits and licenses, certifications, and clearances required for the lawful construction and operation of the Pure Fitness Club. Before you open the Pure Fitness Club, and after any major renovation, you must sign and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit C to certify that the Pure Fitness Club complies with the ADA.

5.5 Opening Deadline. If you have an Approved Location as of the Effective Date, you must complete all actions necessary to open the Pure Fitness Club and be prepared to commence operation of the Pure Fitness Club not later than six (6) months after the Effective Date. If you do not have an Approved Location as of the Effective Date, you must complete all actions necessary to open the Pure Fitness Club and be prepared to commence operation of the Pure Fitness Club not later than eighteen (18) months after the Effective Date. The parties agree that time is of the essence in the opening of the Pure Fitness Club and that your failure to open the Pure Fitness Club within the time periods described in this Section 5.5 shall be a material default under this Agreement and will entitle us to terminate this Agreement pursuant to Section 15 hereof. However, if you demonstrate to us that you are working in good faith and earnestly toward the deadlines in this paragraph, we may, in our sole discretion, grant you an extension beyond the applicable timeframe described above.

5.6 Presale Approval. No memberships or other rights to participate in the services at a Pure Fitness Club may be offered or sold prior to the opening of such Pure Fitness Club unless

and until: (a) you have secured any state registrations needed to conduct presale activities; (b) we have authorized you in writing to offer and sell memberships or those rights to the public; (c) your owner(s) and managers have completed the initial orientation session and training program set forth in Section 6.1; and (d) you have secured all financing and permits necessary to develop, build, and fully equip the Pure Fitness Club.

5.7 Presale Deadline. You must commence presale activities at least six (6) weeks prior to opening the Pure Fitness Club (or such other period as may be prescribed in the Manual) (the “**Presale Period**”). You may conduct the presale of memberships at a temporary site at or near the Pure Fitness Club that meets our current criteria set forth in the Manual. You agree to equip and maintain the condition and appearance of the temporary site in accordance with System Standards. You may not use, or allow any other party to use, any part of the temporary site for any purpose other than the presale activities as described in this Section. All presale activities must comply with the System Standards as described in the Manuals or otherwise in writing. You must also comply with and certify to us in writing that you have complied, and will comply, with all applicable laws relating to your presale of memberships. If you fail to do so, in addition to our other rights and remedies, you will not be authorized to begin offering or selling memberships for the Pure Fitness Club.

5.8 Opening Approval. You must provide us with written notice of your desire to open the Pure Fitness Club at least thirty (30) days prior to your desired opening date. We reserve the right to inspect the Pure Fitness Club prior to its opening to determine whether your staff has been adequately trained, whether the presale activities have been commenced, and whether the Pure Fitness Club conforms to our System Standards and is ready for opening. Unless we waive the foregoing requirement, you may not open the Pure Fitness Club without our prior written approval and the on-site presence of our representative(s). We will endeavor not to unreasonably delay the opening of the Pure Fitness Club. If you operate your Pure Fitness Club before we have approved it for opening (initial opening, or opening following, temporary closure during the term), or if you operate it in contravention of applicable law, we may at our option assess a fee of One Thousand Dollars (\$1,000) per day for each day that you are in violation (“**Unauthorized Operations Fee**”). This Unauthorized Operations Fee shall be in addition to any other remedies available to us hereunder.

## 6. TRAINING

6.1 Initial Training Program. We provide an initial training program at no additional charge to franchisees, which consists of the Pure Fitness Training Curriculum and such other training as is set forth in the Manual (the “**Initial Training Program**”). Prior to opening the Pure Fitness Club, one of your owners who we approve (“**Key Owner**”), your designated full-time manager of operations who we approve (“**Operations Manager**”), and any other gym managers for the Pure Fitness Club (“**Gym Managers**”) must attend and complete, to our satisfaction, the designated portions of our Initial Training Program required for each position. Subject to Section 6.4 below, we will provide the Initial Training Program, including the instructors and training materials, at no charge to you for the Key Owner, initial Operations Manager, and any initial Gym Managers for the first five (5) Pure Fitness Businesses opened by you and your affiliates. The Initial Training Program shall take place at such times and places as we designate, which may

include the United Kingdom, and may at our option be provided via the Internet or by teleconference. We will specify the duration of the Initial Training Program.

6.2 Subsequent Managers. Any persons you subsequently employ in the position of Operations Manager must be approved by us and must also attend and complete, to our satisfaction, our Initial Training Program, as described in Section 6.1, within one (1) month of their date of hire. Any persons you subsequently employ in the position of Gym Managers must complete our standard Gym Manager training program under the supervision of the Operations Manager, within one (1) month of their date of hire.

6.3 Additional Programs. The Key Owner, Operations Manager, and any Gym Managers must also attend such additional courses, seminars, and complete other training programs or modules as we may reasonably require from time-to-time and for which we may charge a fee.

6.4 Training Expenses. You shall be responsible for any and all expenses incurred by you and your employees in connection with attending all training programs described in this Section 6, including the costs of transportation, lodging, meals, and wages (“**Travel Costs**”).

6.5 Employee Training. It shall be solely your responsibility to ensure that you train your new employees and current employees to perform their duties in a proper manner at the Pure Fitness Club provided, however, that at your request and at your sole expense, we may provide initial and additional training, as prescribed by us in the Manual or otherwise in writing from time-to-time, to any of your employees who have not attended the Initial Training Program as described in Section 6, but who will be providing direct, on-premises supervision of the Pure Fitness Club as described in Section 7.13. In the event that we provide training to your employees upon your request, you hereby release, indemnify, and hold harmless us and our affiliates, agents, and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities, and damages of every kind arising out of or related to the training and/or additional training of your employees as set forth herein.

6.6 Onsite Pre-Opening Training and Assistance. If the Pure Fitness Club to be operated hereunder is one of the first five (5) Pure Fitness Businesses that will be operated by you or your affiliates, we shall provide with up to five (5) days of onsite training and assistance with the as we deem appropriate to assist in training personnel and otherwise assist in the opening of the Pure Fitness Club at our expense.

6.7 Supplementary Training and Assistance On Request. At your request, and subject to the availability of our personnel, we shall provide you with additional training and assistance beyond the training set forth in Section 6.6, and on such subjects as may be agreed on in advance by you and us. You shall be responsible for paying all Travel Costs plus the per diem fee we specify in the Manual ranging from \$100 - \$1,000 for such assistance. Currently, the per diem fee is Five Hundred Dollars (\$500) per day.

## 7. OPERATION OF THE PURE FITNESS CLUB

7.1 Operating Standards. You understand and acknowledge that every detail of the System and the Pure Fitness Club is important to you, to us, and to other Pure Fitness Businesses in order to develop and maintain high operating standards, to increase the demand for the products and services sold by all Pure Fitness Businesses, to protect and enhance our reputation and goodwill, to promote and protect the value of the Proprietary Marks, and for other reasons.

7.2 Pure Fitness Club Operations. You shall use the Premises solely for the operation of the Pure Fitness Club; shall keep the Pure Fitness Club open and in normal operation for such minimum hours and days as we may specify in the Manual or otherwise direct from time-to-time, which shall generally be twenty (24) hours a day, seven (7) days per week; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining our consent; and shall operate the Pure Fitness Club in strict conformity with such methods, standards, and specifications as we may from time-to-time prescribe. You shall refrain from deviating from such standards, specifications, and procedures without our prior consent.

7.3 Adherence to Standards and Specifications. To ensure that the highest degree of quality and service is maintained, you shall operate the Pure Fitness Club in strict conformity with the System Standards we may from time-to-time prescribe. You agree to:

7.3.1 operate the Pure Fitness Club in compliance with the System Standards as we may revise them from time-to-time;

7.3.2 designate a Key Owner, Operations Manager, and any Gym Managers we may require, all of whom we have the right to approve, to attend and complete, to our satisfaction, the Initial Training Program;

7.3.3 offer all Classes, programs, and other products, services, fitness equipment, and amenities that we periodically specify as being mandatory and pay any additional fees associated with such programs; refrain from offering, selling, or otherwise providing at the Pure Fitness Club or any other location any Classes, programs, or other products, services, fitness equipment, or amenities that we have not authorized; and discontinue offering, selling, or otherwise providing any Classes, programs, and other products, services, fitness equipment, or amenities that we disapprove in the Manuals or otherwise in writing;

7.3.4 require that all Classes provided by the Pure Fitness Club be led only by an instructor who uses the techniques, methods and procedures that we periodically specify in the Manual or otherwise in writing, and that have maintained the certifications that we require for fitness instructors or that are otherwise required under applicable laws in the Approved Location;

7.3.5 maintain in sufficient supply as we may prescribe from time-to-time and use, at all times, only such equipment, products, services, supplies, materials, merchandise, paper goods, fixtures, and furnishings used in the operation of the Pure Fitness Club (“**Operating Assets**”) that conform to our System Standards;

7.3.6 maintain all required equipment (including cardio equipment, treadmills, cross trainers, stair climbers, steppers, exercise bikes, and rowing machines), all required technology, and other products, services, supplies, materials, merchandise, paper goods, fixtures, and furnishings that we designate in writing from time-to-time (collectively, the “**Key Operating Assets**”), in the good condition and sufficient quantity required by the System Standards, and acquire such Key Operating Assets only from suppliers we designate or approve from time-to-time;

7.3.7 refrain from making any sales of products or services outside of the Pure Fitness Club or conducting Classes or programs outside of the Pure Fitness Club, except as we otherwise approve writing;

7.3.8 use the Proprietary Marks only as authorized by us in writing; and

7.3.9 refrain from any deviation from our System Standards without our prior written consent.

7.4 Fixtures, Furnishings, and Equipment. You shall purchase and install all Operating Assets as we may reasonably direct from time- to-time; and you shall refrain from installing or permitting to be installed on or about the Premises, without our prior consent, any Operating Assets or other items not previously approved as meeting our System Standards.

7.5 Sources of Equipment, Products, and Services. All items offered or sold at or through the Pure Fitness Club, and all Operating Assets, shall meet our then-current standards and specifications, as established from time to time in the System Standards. You shall acquire all of the Key Operating Assets only from suppliers that we approve or designate (the “**Approved Suppliers**”), and must acquire and use all other Operating Assets for which we have established standards or specifications, in compliance with the then-current standards and specifications. You acknowledge and agree that we may designate one or more Approved Supplier(s) for a particular Operating Asset, and that we or our affiliate may be one of the Approved Suppliers. If we designate a specific supplier for specified Operating Assets, you must use that supplier for the specified Operating Assets. If we have designated a specific supplier for certain Operating Assets (other than the Key Operating Assets), and you desire to purchase such items from a party other than the Approved Supplier, you shall submit to us a written request to approve the proposed supplier and item, together with such evidence of conformity with our specifications as we may reasonably require. You must pay us a supplier approval fee (“**Supplier Approval Fee**”) equal to the greater of One Thousand Five Hundred Dollars (\$1,500) or our actual costs to evaluate the proposed supplier and item. We will attempt, within sixty (60) days after our receipt of your request and completion of such evaluation and testing we deem appropriate, to notify you of our approval or disapproval of the proposed supplier. You may not sell or offer for sale any items of the proposed supplier until you have received our approval. We may from time-to-time revoke our approval of particular Operating Assets or suppliers when we determine, in our sole discretion, that such Operating Assets or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved items and cease to purchase from any disapproved supplier. You agree that you will use Operating Assets solely for the purpose of operating the Pure Fitness Club and not for any other purpose, including resale.

7.6 Unauthorized Products and Services. If you violate Sections 7.3 or 7.5 of this Agreement by offering, selling, utilizing, or giving away products or services that we have not authorized, including approved products, services, or Operating Assets from Non-Approved Suppliers, we may at our option assess a fee of Two Hundred Fifty Dollars (\$250) per day for each day that you are in violation (“**Unauthorized Products and Services Fee**”). This Unauthorized Products and Services Fee shall be in addition to any other remedies available to us hereunder.

7.7 Allowances. You acknowledge and agree that we and our affiliates may enter into agreements with third parties, including Approved Suppliers, under which we and our affiliates may derive revenue, profits, and other benefits, including rebates, credits, discounts, allowances, monies, payments, or marketing assistance (collectively, “**Allowances**”) as a result of payments that you make to such third parties for purchases or leases we require you to make. These Allowances may be based on individual or system-wide purchases of items. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise instructed by the party that pays the relevant Allowances).

7.8 Inventory. At the time the Pure Fitness Club opens, you must acquire all Operating Assets we prescribe. Thereafter, you shall stock and maintain all types of Operating Assets in quantities sufficient to meet reasonably anticipated customer demand.

7.9 Inspections. You will permit us and our agents to enter upon the Premises at any time during normal business hours, with or without notice, for the purpose of conducting inspections. You will cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as we determine, we will have the right, but not the obligation, to correct any deficiencies that may be susceptible to correction by us and to charge you a reasonable fee for our time and expenses in so acting, payable to us upon demand. The foregoing shall be in addition to such other remedies we may have.

7.10 Advertising and Promotional Materials. You shall ensure that all graphics, signs, advertising, promotional materials, decorations, and other items we specify bear the Proprietary Marks in the form, color, location, and manner we prescribe.

7.11 Maintenance of Premises. You shall maintain the Premises of the Pure Fitness Club (including the adjacent public areas) in a clean, orderly condition and in excellent repair and make such additions, alterations, repairs, and replacements to the Premises (but no others without our prior consent) as may be required for that purpose, including regular cleaning and sanitation as may be required by the System Standards, and such periodic repainting or replacement of obsolete or worn-out equipment, fixtures, furnishings, signs, décor, and other Operating Assets, as we may reasonably direct.

7.12 Refurbishment. At our request, but no more than once every seven (7) years of the Operation of the Pure Fitness Club, unless sooner required by your lease, you shall refurbish the Pure Fitness Club and Premises to conform to the design, trade dress, color schemes, configuration, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Pure Fitness Businesses. Such refurbishment may include structural changes, installation of new equipment, replacement of existing equipment, remodeling, redecoration, and modifications to existing improvements.

7.13 Premises Management. The Pure Fitness Club shall at all times be managed by an individual who has satisfactorily completed the Initial Training Program as required by Section 6, and shall be monitored by employees, contractors, or video in compliance with our minimum System Standards as set forth in the Manual or otherwise in writing. You shall maintain a competent, conscientious, trained staff, including a Key Owner, Operations Manager, and Gym Manager who have completed the Initial Training Program. You shall take such steps as are necessary to ensure that your personnel preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time-to-time in the Manual. You shall conduct a reasonable background check of all employees prior to hiring. You and your employees shall handle all customer complaints, refunds, and other adjustments in a manner that will not detract from the Proprietary Marks, the System, or us. You shall take such steps as are necessary to ensure that your employees do not violate our policies relating to the use of Networking Media Sites (as defined in Section 8.11 below), including prohibiting employees from posting any information relating to us, the System, the Proprietary Marks, or the Pure Fitness Club on any Networking Media Site that is inconsistent with such policies. You shall not, however, prohibit or restrict any social media communications or activity by your employees which prohibition or restriction violates your employees' right to engage in protected concerted activity under the National Labor Relations Act.

7.14 Compliance with Pure Fitness's Codes of Conduct. You acknowledge and agree that your Pure Fitness Club will be providing Classes and other fitness services, and it is essential to your Pure Fitness Club, the System, the Proprietary Marks, and the goodwill associated therewith, that you, your owners, employees, instructors, and any other personnel (collectively, "**Club Personnel**") engage only in proper and legal conduct with all customers and with one another and fully comply with our various policies and procedures relating to appropriate conduct including, without limitation, its codes of conduct regarding dress code, workplace safety, equality, and diversity; non-fraternization, drug, alcohol, and tobacco policy; discrimination and harassment policy; social media policy; and use of communication, computer systems, and company equipment policy. Improper conduct may include, without limitation, any communications or conduct related to sexual activity or drugs or alcohol. If you become aware of any such improper conduct or communications occurring at the Pure Fitness Club, by and among any Club Personnel and/or customers, you must immediately notify us in accordance with our then-current policies and procedures and as further described in the Manual.

7.15 Changes to the System. You shall not implement any change, amendment, or improvement to the System without our prior consent. You shall notify us in writing of any change, amendment, or improvement in the System that you propose to make, and shall provide us such information as we request regarding the proposed change, amendment, or improvement.

You acknowledge and agree that we shall have the right to incorporate any proposed change, amendment, or improvement into the System and shall thereupon obtain all right, title, and interest therein without compensation to you.

7.16 Compliance With Lease. You shall comply with all the terms of your Lease and all other agreements affecting the operation of the Pure Fitness Club; shall undertake best efforts to maintain a good and positive working relationship with your landlord and/or lessor; and shall refrain from any activity that may jeopardize your right to remain in possession of, or to renew the Lease for, the Premises.

7.17 Notice of Violations. You shall furnish to us within two (2) business days after receipt thereof, a copy of any violation or citation that indicates your violation of any local law, regulation, or ordinance in the operation of the Pure Fitness Club or of the Lease.

7.18 Pricing. You acknowledge and agree that low-cost flexible memberships are a core part of the Pure Fitness brand, and you must ensure that your offerings are consistent with our brand standards. Unless prohibited by applicable law, we shall have the right to establish maximum prices, mandatory prices, and minimum prices for the products, services, memberships, and Classes sold at or from the Pure Fitness Club. We retain the right to modify these prices from time-to-time in our sole discretion, and you shall strictly adhere to the prices or pricing tiers that we establish. In addition, you must comply with all of our policies regarding prices, advertising, and promotions.

7.19 Mobile Applications and Technology. You shall use one or more mobile applications (a “**Mobile App**”) and all other technological tools that we develop or designate in connection with your operation of the Pure Fitness Club. The term “Mobile App” shall include any application for use on smart phones, tablets, other mobile devices, computers, and/or other electronic devices. If we require you to use a Mobile App or other technology, then you shall comply with our requirements (as set forth in the Manual or otherwise in writing) for connecting to, and utilizing, such technology in connection with your operation of the Pure Fitness Club.

## **8. PROPRIETARY MARKS AND TECHNOLOGY**

8.1 Use of Proprietary Marks. You may use the Proprietary Marks only for the operation and promotion of the Pure Fitness Club in accordance with this Agreement. You agree that you will use only the Proprietary Marks we designate and will use them only in the manner we authorize and permit from time-to-time. Unless we otherwise authorize or require, in writing, you shall operate and advertise the Pure Fitness Club only under the name “Pure Fitness” and shall use all Proprietary Marks without prefix or suffix. You shall not use the Proprietary Marks, “PureGym,” or similar marks, as part of your corporate or other legal name or in any manner to incur any obligation or indebtedness on our behalf. You shall identify yourself as the owner of the Pure Fitness Club in the manner we require, including on invoices, order forms, receipts, e-mails, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as we may designate. Any unauthorized use of the Proprietary Marks shall constitute an infringement of our and our affiliates’ rights and will entitle us and our affiliates to exercise all of our and their rights under this

Agreement, under applicable law or in equity. You shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol, or device that is likely to cause confusion with any of the Proprietary Marks.

8.2 Protection of Proprietary Marks. You shall execute any documents we deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. You shall promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our or our affiliate's ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks (the "**Notification Requirements**"). You acknowledge that we or our affiliates have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We and our affiliates have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. You acknowledge that we may elect not to pursue all users of similar marks regardless of the effect on your Pure Fitness Club. We will defend you against any third-party claim, suit, or demand arising out of your authorized use of the Proprietary Marks. If we determine that you have complied with the Notification Requirements, and you have used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by us. If we determine that you failed to comply with the Notification Requirements, or have not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Proprietary Marks, you shall execute any and all documents and do such acts as we determined to be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in doing such acts.

8.3 Ownership of Proprietary Marks. You understand and acknowledge that we or our affiliate is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and we have the right to use, and license others to use, the Proprietary Marks. You further agree that the Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System. During the Term and after its expiration or termination, you shall not directly or indirectly contest the validity of our or our affiliate's ownership of, or our right to use and to license others to use, the Proprietary Marks. Your use of the Proprietary Marks does not give you any ownership or other interest in or to the Proprietary Marks except the right to use them in accordance with this Agreement. All goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our and our affiliate's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to you for any goodwill associated with your use of the System or the Proprietary Marks.

8.4 Non-Exclusivity. Except as specified in Section 1.2 hereof, the license of the Proprietary Marks granted hereunder to you is non-exclusive, and we thus have and retain the rights, among others: (a) to use the Proprietary Marks ourselves in connection with selling products

and services; (b) to grant other licenses for the Proprietary Marks; (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks; and (d) to grant licenses thereto without providing any rights therein to you.

8.5 Discontinuance of Proprietary Marks. We reserve the right, in our discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and Pure Fitness Businesses. You must promptly comply with such changes, revisions, and/or substitutions at your sole cost and expense. In that event, we will provide to you, at no cost, templates for stationery, advertising materials, and other products using the Proprietary Marks. Your use of any such modified or substituted proprietary marks shall be governed by the terms of this Agreement to the same extent as the Proprietary Marks.

8.6 Computer System and Required Software. We reserve the right to specify or require that you use certain brands, types, makes, and/or models of communications, computer systems, hardware, and software in the operation of the Pure Fitness Club, including: (a) back office and point of sale systems, and data, audio, and video systems for use at the Pure Fitness Club; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the “**Computer System**”).

8.6.1 We have the right, but not the obligation, to designate, develop, or assign the development of, and to require you to install: (a) computer software programs for use with the Computer System, which may include club management software (“**Club Management Software**”) and other web-based software programs (collectively, the “**Required Software**”); (b) updates, supplements, modifications, or enhancements to the Required Software; (c) the tangible media upon which you shall record data; and (d) the database file structure of the Computer System.

8.6.2 At our request, you shall purchase or lease, and thereafter maintain, the Computer System and any Required Software. We have the right at any time to remotely retrieve and use such data and information from your Computer System or Required Software that we deem necessary or desirable. You shall strictly comply with our standards and specifications for all items associated with your Computer System and any Required Software in accordance with our standards and specifications. You shall keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time-to-time in writing.

8.6.3 We have the right to require you to pay us third party licensing fees for any component of the Computer System or Required Software, including management systems and billing and accounting systems. We will pay such licensing fees collected from you directly to the third-party suppliers. We also have the right to require you to pay these third-party suppliers directly.

8.7 Data. All data provided by you, uploaded to our computer network from your Computer System, and/or downloaded from your Computer System to our computer system, is and will be owned exclusively by us, and we and our affiliates will have the right to use such data

in any manner that we deem appropriate without compensation to you. In addition, all other data created or collected by you in connection with the System, or in connection with your operation of the Pure Fitness Club (including consumer information and customer transaction data), is and will be owned exclusively by us both during and after the Term. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the Term and solely for your use in connection with the establishment and operation of the Pure Fitness Club pursuant to this Agreement.

8.8 Privacy. Subject to commercial standards of reasonableness based upon local business practices in the Territory, we may, from time-to-time, specify the information that you shall collect and maintain on the Computer System, and you shall provide to us such reporting and independent access as we may require regarding the data so collected and maintained. All data pertaining to or derived from the Pure Fitness Club (including data pertaining to or otherwise about customers) is and shall be our exclusive property, and we hereby grant you a royalty-free non-exclusive license to use said data during the Term. You shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. You shall not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior consent.

8.9 Extranet. We may, but will not be obligated to, establish a private network that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet (an “**Extranet**”) or to communicate with us or other franchisees. If we establish an Extranet, then you shall comply with our requirements with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Pure Fitness Club. The Extranet may include the Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. We shall have the right to require you to install a video, voice, and data system that is accessible by both us and you on a secure Internet website, in real-time, all in accordance with our then-current written standards. You shall comply with our requirements with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require.

8.10 Websites. We maintain a website at [www.purefitness.com](http://www.purefitness.com) (“**Our Website**”) and have the right to promote on Our Website the Pure Fitness Club as we determine and in the manner we determine. We reserve the right to require you to pay us a monthly hosting fee that we designate for the hosting of the Pure Fitness Club on Our Website. Hosting fees may change over time if design and content require more bandwidth or functionality. You shall not own, establish, or maintain a separate website for your Pure Fitness Club. However, we may require that you have one or more references or webpage(s), as we designate and approve in advance, within Our Website, and provide content for such pages as requested.

8.11 Networking Media Sites. Notwithstanding the provisions of Section 8.10 above, you may be permitted or required to establish an account, page, or other presence on a social or business networking media site that uses or references the Proprietary Marks such as Facebook, Instagram, TikTok, Twitter, LinkedIn, virtual worlds, file, audio and video sharing sites, on-line

blogs and forums, and other similar present or future online, mobile, or social networking media (“**Networking Media Site**”). However, if we permit or require your use of one or more Networking Media Sites, then each of the following provisions shall apply:

8.11.1 Any presence or page on a Networking Media Site owned, established, or maintained by or for your benefit shall be deemed “advertising” under this Agreement and will be subject to, among other things, compliance with our then-current social media policies as set forth in the Manual, and our prior review and approval process as set forth in the Manual;

8.11.2 You shall comply with the standards and specifications for Networking Media Sites that we may periodically prescribe;

8.11.3 Any postings or contributions to a Networking Media Site shall comply with our then-current standards and procedures;

8.11.4 You will provide us at all times with current administrator-level access credentials, usernames, passwords, tokens, and all other information and items required for complete access to, and control over, any online presence on a Networking Media Site; and

8.11.5 You shall not make any posting or other contribution to a Networking Media Site relating to us, the System, the Proprietary Marks, or the Pure Fitness Club that (a) is derogatory, disparaging, or critical of us or the System, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates our policies relating to the use of Networking Media Sites.

8.12 Online Use of Proprietary Marks and E-mail Solicitations. You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium, except as specifically issued or approved by us. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining our written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you shall be solely responsible for compliance with all laws pertaining to e-mails, including the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “**CAN-SPAM Act of 2003**”).

8.13 No Outsourcing without Prior Approval. You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior approval. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with us and you in a form that is provided by us. The provisions of this Section 8.13 are in addition to and not instead of any other provision of this Agreement.

8.14 Changes to Technology. Changes to technology are dynamic and not predictable within the Term. In order to provide for inevitable but unpredictable changes to technological

needs and opportunities, we have the right to establish reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards we establish from time-to-time as if this Agreement were periodically revised for that purpose.

## **9. CONFIDENTIAL OPERATING MANUAL**

9.1 **Standards of Operation.** In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you shall operate the Pure Fitness Club in accordance with the standards, methods, policies, and procedures specified in the Manual. We have the right to modify the Manual at any time in our sole discretion. You acknowledge and agree that we may provide all or a portion of the Manual (including updates and amendments), and other instructional information and materials, electronically. Currently, we make available the Manual to you through a password protected website for the term of this Agreement upon completion by you of our Initial Training Program to our satisfaction. The Manual may consist of multiple sections of printed text and other electronically stored data all of which shall be Confidential Information as defined in Section 10.1. The Manual shall remain our sole property and you are required to keep the Manual and any access credentials secure.

9.2 **Revisions to Manual.** We may from time-to-time revise the contents of the Manual, and you expressly agree to comply with each new or changed standard or requirement. You shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy we maintain shall be controlling.

## **10. CONFIDENTIAL INFORMATION**

10.1 **Confidential Information.** You shall not, during or after the Term, communicate, divulge, or use for the benefit of any other person, persons, or legal entity any confidential information, knowledge, or know-how concerning the development or operation of a Pure Fitness Business (including your Pure Fitness Club), including the Manual, territory information, demographic data, customer lists, information, innovations, plans, trade secrets, proprietary information, marketing and sales methods and systems, client protocols and training programs, Class methods and materials, sales and profit figures, employee lists, and relationships between us and suppliers and others who have business dealings with us and our affiliates, which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement (the “**Confidential Information**”). You shall divulge such Confidential Information only to such of your employees as must have access to it in order to operate the Pure Fitness Club under this Agreement. In addition, any and all information, knowledge, know-how, techniques, and other data that we designate as confidential shall be deemed Confidential Information for purposes of this Agreement.

10.2 **Irreparable Injury.** You acknowledge that any failure by you to comply with the requirements of this Section 10 will cause us and our affiliates irreparable injury. You shall pay all court costs and reasonable attorneys’ fees we and our affiliates incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10, or such other relief as may be sought.

## **11. ACCOUNTING AND RECORDS**

11.1 Monthly Gross Sales. You shall record all sales using the Required Software or on any other equipment we specify from time to time. You shall maintain a monthly record of all Gross Sales and expenses for the preceding month using the Required Software. You shall provide us with such monthly record by the seventh (7<sup>th</sup>) day of the following month by such means as we designate. Any report not actually received by us on or before such date shall be deemed overdue. If a report is overdue, all monthly payments to us for that month, whether or not timely received, shall be deemed overdue shall be accounted for in accordance with Section 4.7 above.

11.2 Other Reports. Within twenty-eight (28) days after the end of each fiscal quarter, you shall submit to us unaudited monthly financial statements showing the results of operations of the Pure Fitness Club during the preceding fiscal quarter. Upon our request, but not more often than once per month, you shall submit to us in the form we prescribe, within fifteen (15) days of our request, unaudited financial statements showing the results of operations of the Pure Fitness Club during the preceding calendar month, and such other forms, reports, records, information, and data as we may reasonably designate.

11.3 Annual Financial Statements. You shall submit to us in the form we prescribe, within sixty (60) days after the end of each fiscal year, your financial statements for the preceding fiscal year, including a complete and accurate profit and loss statement and balance sheet, which may be unaudited but, upon our request, shall be reviewed in accordance with generally accepted accounting principles.

11.4 Preservation of Records. You shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner we prescribe from time-to-time in writing.

11.5 Inspection and Audit. We and our designated agents shall have the right at all reasonable times and without prior notice to examine, copy, and/or personally review, at our expense, your books, records, accounts, and tax returns. We shall have the right at all reasonable times to remove such books, records, accounts, and tax returns for copying. We shall also have the right, at any time, to have an independent audit made of your books and records. If an inspection or audit should reveal that any income or sales have not been reported or have been understated in any report to us, then you shall immediately pay to us the amount underpaid upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, plus all of our costs and expenses in connection with the inspection or audit, including travel costs, lodging, and wage expenses, and reasonable accounting and legal fees and costs. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or otherwise at law or in equity.

11.6 Electronic Records. You expressly consent and agree that we may provide and maintain all disclosures, agreements, amendments, notices, and all other evidence of transactions

between you and us in electronic form. You expressly agree that electronic copies of the Franchise Agreement and related agreements between you and us are valid. You also expressly agree not to contest the validity of the originals or copies of the Franchise Agreement and related agreements, absent proof of altered data or tampering. You agree to execution of the Franchise Agreement and related agreements by electronic means and that such execution shall be legally binding and enforceable as an “electronic signature” and the legal equivalent of your handwritten signature.

## **12. ADVERTISING AND PROMOTION**

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, you agree as follows:

12.1 **Grand Opening Marketing.** Beginning sixty (60) days before the grand opening of the Pure Fitness Club, and within thirty (30) days after the grand opening, you shall conduct an initial, grand opening local advertising, marketing, and promotional program in the form and manner we approve or prescribe (“**Grand Opening Marketing Program**”). You shall spend a minimum of Thirty Thousand Dollars (\$30,000) on such Grand Opening Marketing Program. Within ninety (90) days after the grand opening of the Pure Fitness Club, you must submit documentation to us evidencing your Grand Opening Marketing Program expenditures.

12.2 **Local Marketing.** After the opening of the Pure Fitness Club, you shall spend on local marketing, advertising, and promotion in such manner as we may direct or approve in writing (“**Local Marketing**”) an amount equal to the greater of Ten Thousand Dollars (\$10,000) month or seven percent (7%) of the Gross Sales of the Pure Fitness Club. Your expenditures under this Section 12.2 shall be made during each successive twelve (12) month period following the date the Pure Fitness Club opens based on the Gross Sales from such twelve (12) month period; provided, however, that the Grand Opening Marketing Program expenditures will be credited toward the first twelve (12) month period. We have the right to request written documentation evidencing your expenditures on Local Marketing, and if there is any deficiency in your expenditures below the seven percent (7%) minimum, you shall be obligated to make up the difference by expending such amount in the subsequent 12-month period in addition to the amounts required under this Section 12.2.

12.3 **Brand Fund Contribution.** You shall pay to our national advertising and brand promotion fund (the “**Brand Fund**”) a monthly fee equal to one percent (1%) of Gross Sales of the Pure Fitness Club for the preceding month. Contributions to the Brand Fund shall be in addition to any expenditures made pursuant to Sections 12.1 and 12.2 hereof and shall be made in accordance with Section 4.6.

12.4 **Administration of Brand Fund.** After we establish the Brand Fund, we or our designee will maintain and administer the Brand Fund as follows:

12.4.1 We and our designees will have the sole authority to direct all advertising, marketing, and promotional programs of the Brand Fund, and will have discretion over all aspects of such programs, including concepts, materials, and media used in such programs and the

placement and allocation thereof. The Brand Fund is intended to maximize general public recognition, acceptance, and use of the System and Proprietary Marks, and we are not obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportionate to your contribution, to make expenditures in your geographical area, or to ensure that you benefit directly or on a pro rata basis from expenditures or activities of the Brand Fund.

12.4.2 The Brand Fund will be used, in our discretion, to pay for developing and conducting activities that we believe will enhance the goodwill associated with the Proprietary Marks and the image of the System and to pay for the administration of the Brand Fund and its programs. The Brand Fund's activities may include, among other things, conducting and preparing advertising, marketing, public relations, customer surveys, and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System, including: preparing and conducting radio, television, print, and Internet-based advertising campaigns; marketing and promoting Pure Fitness events; utilizing Networking Media Sites and other emerging media or promotional tactics; developing, maintaining, and updating Our Website on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; purchasing point-of-purchase items; and providing promotional and other marketing materials and services to the businesses operating under the System.

12.4.3 Except as provided in Section 12.4.2 above, the Brand Fund and any earnings thereon shall not otherwise inure to our benefit. We will maintain separate bookkeeping accounts for the Brand Fund and may, but will not be required to, cause Brand Fund contributions to be deposited into one or more separate bank accounts. The Brand Fund is not a trust, and we are not a fiduciary with respect to, or a trustee of, the Brand Fund or the monies therein. However, we may, in our discretion, separately incorporate the Brand Fund or create a Brand Fund trust, over which we may be the trustee, into which Brand Fund contributions may be deposited.

12.4.4 It is anticipated that all contributions to and earnings of the Brand Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, such amounts shall be expended no later than the end of the taxable year following the year of receipt.

12.4.5 We reserve the right to terminate and to thereafter re-institute the Brand Fund in our discretion. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes or, at our option, returned to its contributors on the basis of their respective contributions.

12.5 Advertising Materials. All of your advertising and promotion shall be in such media and of such type and format as we may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as we may specify. You shall not use any advertising or promotional plans or materials unless and until you have received our approval, pursuant to the procedures and terms set forth in Section 12.6. We may make available to you from time-to-time, at your expense, such advertising and promotional materials, including

merchandising materials, point-of-purchase materials, and materials for special promotions as we determine.

12.6 Approval of Advertising Materials. You shall submit for our prior review and approval all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer, or other media (including the Internet) that you desire to use and that we did not prepare or previously approve (and not subsequently disapprove) within the preceding six (6) months. You shall not use such plans or materials until we have approved them. If we do not provide you with our approval within fifteen (15) days of our receipt of samples or materials, they will be deemed to have been disapproved. Our approval under this Section 12.6 will not be unreasonably withheld or delayed.

### 13. INSURANCE

13.1 Minimum Insurance Requirements. You shall procure, prior to the commencement of any activities or operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) an insurance policy or policies protecting you, us, our affiliates, and your, our, and their respective officers, directors, partners, agents, and employees against any demand or claim with respect to personal injury, death, or property damage, business interruption, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Pure Fitness Club, including comprehensive general liability insurance (including, without limitation, coverages for medical expense, abuse, and molestation), property insurance (including fire, vandalism, and malicious mischief insurance for the replacement value of the Pure Fitness Club and its contents), statutory workers' compensation insurance, employer's liability insurance, crime coverage for employee theft, business interruption insurance, cyber insurance, directors and officers insurance, and automobile insurance coverage for all vehicles used in connection with the operation of the Pure Fitness Club (including all operations that may occur off of the Premises). Such policy or policies shall be written by a responsible carrier or carriers acceptable to us, shall name us and Pure Fitness, LLC (and such other affiliates as we designate from time-to-time) as additional named insureds, shall contain a waiver of subrogation clause, and shall provide at least the types and minimum amounts of coverage specified in the Manual. We shall have the right, from time-to-time, to make such changes in minimum insurance policy limits and endorsements as we may determine in our reasonable discretion. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, you must deliver to us Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

13.2 Our Right to Procure Insurance. In addition to any other remedies we may have under this Agreement or at law or in equity, if, for any reason, you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but not the obligation) to procure and maintain such insurance in your name and to charge same to you, which charges,

together with our reasonable expenses in so acting, shall be payable by you immediately upon notice.

#### **14. TRANSFER OF INTEREST**

14.1 Our Right to Transfer. We may transfer or assign this Agreement and all or any part of our rights or obligations herein to any person or legal entity, and any designated assignee shall become solely responsible for all of our obligations under this Agreement from the date of assignment. You must execute such documents of assignment, attornment, or other documents as we may request.

14.2 Your Conditional Right to Transfer. The rights and duties set forth in this Agreement are personal to you, and we have granted this franchise in reliance on your (or your owners') business skill, financial capacity, and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any person or entity which directly or indirectly owns any interest in you or in your Pure Fitness Business, shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "**Transfer**") this Agreement, any direct or indirect interest in you or in this Agreement, or in all or substantially all of the assets of the Pure Fitness Club without our prior written consent, which we may grant or withhold in our discretion. You may not advertise or make any offer for the Transfer of the Pure Fitness Club without our prior written consent. Any purported Transfer not having our prior written consent will be null and void and shall constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or at law or in equity.

14.3 Conditions to Transfer. You must notify us in writing of any proposed Transfer at least sixty (60) days before such Transfer is proposed to take place and pay a document review fee ("Document Review Fee") equal to the greater of One Thousand Five Hundred Dollars (\$1,500) or our actual out-of-pocket legal expenses. We will assess the proposed Transfer and proposed transferee and may condition our consent (if we decide to grant consent) on such conditions that we determine are appropriate to protect the System, the Proprietary Marks, and the Pure Fitness Club, including but not limited to:

14.3.1 That all of your and your affiliates' accrued monetary obligations and all other outstanding obligations to us and our affiliates have been satisfied;

14.3.2 That you and your affiliates are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and your affiliates and us or our affiliates;

14.3.3 That the transferor and its owners and, if the transferee owns other Pure Fitness Businesses, the transferee and its owners shall have executed a general release, in a form we prescribe, of any and all claims against us and our affiliates, and our and their respective officers, directors, agents, shareholders, and employees;

14.3.4 That the transferor and transferee have executed a mutual general release releasing all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement that imposes obligations beyond the expiration or Transfer of this Agreement;

14.3.5 That the transferee and its owners either (a) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement, or (b) execute our then-current form of franchise agreement (for a full ten (10) year initial term, with the number of renewal terms remaining under the transferor's franchise agreement) and other ancillary agreements as we may require for the Pure Fitness Club, which agreements shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including a higher royalty fee and advertising contribution, except that the transferee will not be required to pay an initial franchise fee and the Territory will remain the same;

14.3.6 That the transferee and its owners demonstrate to our satisfaction that they meet our educational, managerial, and business standards; possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Pure Fitness Club; have adequate financial resources and capital to operate the Pure Fitness Club; are not currently operating a business in competition with us; are not subject to any agreement that would bar their ownership or operation of the Pure Fitness Club; and that, if the proposed transferee or one or more of its owners is an existing Pure Fitness franchisee, we have determined, in our sole and absolute discretion, that such Transfer would not lead to an undesirable concentration of Pure Fitness Clubs in a particular franchisee or owner that may, in our business judgment, be detrimental to the Pure Fitness System;

14.3.7 That you remain liable for all of the obligations to us in connection with the Pure Fitness Club that arose prior to the effective date of the Transfer and execute any and all instruments we reasonably request to evidence such liability;

14.3.8 That the transferee, its Key Owner, its Operations Manager, and any Gym Managers we designate, at the transferee's expense, have successfully completed the Initial Training Program and any other training programs then in effect upon such terms and conditions as we may reasonably require;

14.3.9 That the terms and conditions of the Transfer agreement between the transferee and you are acceptable to us;

14.3.10 That, if this Agreement was signed pursuant to an area development agreement with us, the transferor also agrees to Transfer to transferee the area development agreement and any and all of the Pure Fitness Businesses that are in operation that were established pursuant to such agreement;

14.3.11 That, if the Pure Fitness Club is not yet open, you are not assigning your rights and interests in this Agreement for an amount of consideration greater than the Initial Franchise Fee reflected in Section 4; and

14.3.12 That you pay to us a transfer fee equal to the greater of fifty percent (50%) of our then current initial franchise fee or our out-of-pocket legal expenses; provided, however, that the transfer fee will be waived for any approved Transfer you or your owners make to a spouse, sibling, or child and you will only be responsible for paying our out-of-pocket legal expenses.

14.4 No Security Interest. You shall not grant a security interest in your rights under this Agreement, the Pure Fitness Club, or any of the assets of the Pure Fitness Club without our prior consent. We may impose such conditions on our consent (if we decide to grant it) that we believe are necessary to protect our rights under this Agreement and in and to the System and the Proprietary Marks.

14.5 Our Right of First Refusal. If you or any party restricted under Section 14.2 proposes to make a Transfer, your request for our consent to the proposed Transfer shall include a copy of any proposed purchase agreement. You shall provide such information and documentation relating to the proposed Transfer (including any prospective transferee's offer) and transferee as we may require. We will have the right and option, exercisable within thirty (30) days after our receipt of such written notification and information, to notify you that we intend to purchase the interests on the same terms and conditions offered by the third party. If we elect to purchase the interests, closing on such purchase shall occur within sixty (60) days from the date of our notice to you of our election to purchase. If the consideration, terms, and/or conditions offered by a third party are such that we are not reasonably able to furnish the same types of consideration, terms, and/or conditions, then we may purchase the interests proposed to be transferred for the reasonable equivalent in cash. If you and we cannot agree within thirty (30) days on the reasonable equivalent in cash, an independent appraiser shall be designated by us at our expense, and the appraiser's determination shall be binding. If we elect not to purchase the interests or fail to timely notify you of our election, you may proceed, subject to our consent and satisfaction of any conditions we impose on such consent (as described in Section 14.2 and 14.3), to conclude the Transfer on the terms set forth in your notice to us. Any material change in the terms of the offer from a third party shall constitute a new offer subject to our same rights of first refusal as in the case of the third party's initial offer. Our failure to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed Transfer.

14.6 Death or Mental Incapacity. Upon the death or mental incapacity of any of your owners holding at least twenty-five percent (25%) of your ownership interests, the executor, administrator, or personal representative of such person shall transfer such interest to a third party we approve within six (6) months after such death or mental incapacity. Such Transfers, including Transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of Transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party we approve within six (6) months, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement.

14.7 Public or Private Offerings. You acknowledge and agree that the written information used to raise or secure funds can reflect upon us and the System. You further acknowledge and agree that you may not engage in a public or private offering without our prior written consent. All materials required for any offering or registration of the proposed securities pursuant to federal or state law shall be submitted to us for review prior to filing with any government agency; and any materials to be used in any exempt offering shall be submitted to us for review prior to their use. If we object to any reference to us or our affiliates or any of our businesses in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. No offerings of securities of you or your affiliates shall imply, by use of the Proprietary Marks or otherwise, that we are participating in an underwriting, issuance, or offering of securities of either you or us. The participants in the offering must fully indemnify us and our affiliates in connection with the offering. For each proposed offering, you will pay us a non-refundable fee of Twenty Thousand Dollars (\$20,000), or such greater amount as may be necessary to reimburse us for our reasonable administrative and professional costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. You agree to provide us with written notice at least forty-five (45) days prior to the date of commencement of any offering or other transaction covered by this Section 14.7. Any offering or other transaction covered by this Section 14.7 shall be subject to our right of first refusal, as set forth in Section 14.5 hereof.

14.8 Non-waiver. Our consent to a proposed Transfer shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

## **15. DEFAULT AND TERMINATION**

15.1 Automatic Termination. You shall be deemed to be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice or opportunity to cure, if: you become insolvent or make a general assignment for the benefit of creditors; a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; you are adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against you; a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); you are dissolved; execution is levied against your business or property; suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or the real or personal property of the Pure Fitness Club is sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Termination Without Opportunity to Cure. In addition to the foregoing, upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, if:

15.2.1 you fail to locate an approved site or to construct and open the Pure Fitness Club within the time limits provided in Section 5;

15.2.2 you or the other individuals identified in Section 6.1 fail to complete the Initial Training Program to our satisfaction, or fail to attend additional training as described in Section 6.3;

15.2.3 you at any time cease to operate or otherwise abandon the operation of the Pure Fitness Club, or lose the right to possession of the Premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Pure Fitness Club is located; however, if, through no fault of yours, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then you shall have thirty (30) days after such event in which to apply for our approval to relocate and/or reconstruct the Premises within the Territory, which approval shall not be unreasonably withheld;

15.2.4 you or any of your owners, officers, or directors are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or our interest therein; you or any of your owners, officers, or directors commit any acts or engage in any behavior in violation of our codes of conduct (as described in Section 7.14 hereof) or fails to promptly comply with the reporting procedures thereunder; or you or any of your owners, officers, or directors commit any acts or engage in any behavior that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein, including conduct that is fraudulent, unfair, unethical, or deceptive;

15.2.5 a threat or danger to public health or safety results from the construction, maintenance, or operation of the Pure Fitness Club;

15.2.6 any purported Transfer is made to any third party without our prior written consent, or otherwise contrary to the terms of Section 14 hereof;

15.2.7 an approved Transfer is not effected within the time provided following death or incapacity, as required by Section 14.6 hereof;

15.2.8 you fail to comply with the covenants in Section 17.2 (in-term covenants) or fail to obtain execution of the covenants required under Section 17.10;

15.2.9 you or your owners disclose or divulge the contents of the Manual or other Confidential Information contrary to the terms of Section 10;

15.2.10 you underreport Gross Sales by three percent (3%) or more in three (3) or more separate reports to us;

15.2.11 you knowingly maintain false books or records or submit to us any false reports or other documentation;

15.2.12 you misuse or make any unauthorized or improper use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impair the goodwill associated therewith or our rights therein; or if you fail to utilize the Proprietary Marks solely in the manner and for the purposes we direct;

15.2.13 you refuse to allow us to inspect the Premises or your books, records, or accounts upon demand as provided for herein;

15.2.14 upon receiving a notice of default under Section 15.3, you fail to initiate immediately a remedy to cure such default;

15.2.15 after curing any default pursuant to Section 15.3, you commit the same default again within twelve (12) months, whether or not cured after notice;

15.2.16 you sell products or services that we have not approved or purchase any product or service from a supplier we have not approved;

15.2.17 you make any false statement or misrepresentation in your franchise application and/or franchise application materials provided to us; or

15.2.18 you fail to comply with any loan agreements pursuant to which you have granted a security interest, regardless of whether or not we have consented to such grant.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by you, we will give you written notice of such default and an opportunity to cure such default within thirty (30) days of your receipt of such notice (or such longer time period as required by applicable law). We will have the right to terminate this Agreement immediately upon notice to you if you fail to cure any default to our satisfaction, and provide proof of sure cure, within the thirty (30) day period. Defaults that are susceptible of cure hereunder include, but are not limited to, the following illustrative events:

15.3.1 If you fail to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manual, or to carry out the terms of this Agreement in good faith;

15.3.2 If you fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates or any third party when due, or to submit the financial or other information required by us under this Agreement;

15.3.3 If you fail to maintain or observe any of the standards or procedures prescribed by us in this Agreement, the Manual, or otherwise in writing;

15.3.4 Except as provided in Section 15.2.6 hereof, if you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement;

15.3.5 If you act, or fail to act, in any manner that is inconsistent with or contrary to the Lease for the Premises, or in any way jeopardizes your right to renewal of such Lease;

15.3.6 If you engage in any business or market any service or product under a name or mark that, in our opinion, is confusingly similar to the Proprietary Marks; or

15.3.7 If you fail to comply with all applicable laws, rules, and regulations related to the operation of the Pure Fitness Club (including the applicable provisions of the ADA regarding the construction, design, and operation of the Pure Fitness Club).

15.4 Limitation of Services or Benefits. If we issue you a notice of default and you fail to cure such default within any applicable time period, we may, without waiving our right to terminate this Agreement as a result of such failure, temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to you hereunder, including restricting your or any of your staff's attendance at any training, meetings, workshops, or conventions; refusing to sell or furnish to you any advertising or promotional materials; refusing to provide you ongoing advice about the operation of the Pure Fitness Club; refusing any of your requests to approve a new supplier or the use of any advertising or promotional materials; and terminating your right to use the Required Software.

You shall hold us harmless with respect to any action we take pursuant to this Section 15.4; and you agree that we shall not be liable for any loss, expense, or damage you incur because of any action we take pursuant to this Section 15.4. Nothing in this Section 15.4 constitutes a waiver of any of our rights or remedies under this Agreement or any other agreement between us and you, including the right to terminate this Agreement. You agree that our exercise of our rights pursuant to this Section 15.4 shall not be deemed a constructive termination of this Agreement or of any other agreement between us and you, and shall not be deemed a breach of any provision of this Agreement. We may, in our discretion, reinstate any services or benefits removed, curtailed, or limited pursuant to this Section 15.4, and you agree to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited. If we limit any services or benefits under this Section 15.4, you shall continue to pay timely all fees and payments required under this Agreement and any other agreement between us and you, including any fees associated with services or benefits limited by us. You shall have no right to a refund of any fees paid in advance for such services or benefits.

15.5 Cross-Default. Any default by you under any other Pure Fitness franchise agreement between us or our affiliates as one party, and you or any of your owners or affiliates as the other party, that is so material as to permit us or our affiliates to terminate such other Pure Fitness franchise agreement, shall be deemed to be a default of this Agreement, and we shall have the right, at our option, to terminate this Agreement without affording you an opportunity to cure, effective immediately upon notice to you. Any default by you under a Pure Fitness area development agreement will not constitute a default under this Agreement, unless the basis for the

default under the area development agreement is also a basis for a default under the terms of this Agreement.

15.6 Step-In Rights. In the event we have provided you with a notice of default hereunder that is either incurable or uncured, we will have the right, but not the obligation, to step in and operate the Pure Fitness Club for such period of time as we deem necessary, in our reasonable business judgment, under the circumstances. In the event we exercise such right, you must indemnify and hold us harmless under the terms of Section 20.3 hereof for our operation of the Pure Fitness Club, except in the case of our willful misconduct, and you must immediately reimburse us for any and all out of pocket expenses we incur in operating the Pure Fitness Club during such time-period. You consent to our using monies from the Pure Fitness Club's Gross Sales for such reimbursement. All rights under this Section 15.6 are in addition to all other rights and remedies available to us under this Agreement, including without limitation our right to terminate this Agreement under this Section 15.

## **16. OBLIGATIONS UPON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall immediately terminate, and:

16.1 Cease Operations. You shall immediately cease to operate the Pure Fitness Club and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as our present or former franchisee.

16.2 Cease Use of Proprietary Marks, Software, and Confidential Information. You shall immediately and permanently cease to use, in any manner whatsoever, and return to us, at your expense, all Confidential Information (and any copies thereof, even if such copies were made in violation of this Agreement), the Club Management Software and other Required Software, the Proprietary Marks, and any other distinctive forms, slogans, signs, symbols, and devices associated with the System, including all signs, advertising materials, displays, stationery, forms, products, and any other articles that display the Proprietary Marks. You shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any correspondence between the parties, and any other documents that you reasonably need for compliance with any provision of law.

16.3 Cancellation of Registrations. You shall take such action as may be necessary to cancel any assumed name registration or equivalent registration you obtained that contains any Proprietary Mark.

16.4 Assignment of Lease. You shall, at our option, assign to us or our designee any interest that you have in any Lease for the Premises. In the event we do not elect to exercise our option to have you assign the Lease, you shall make such modifications or alterations to the Premises (including assigning to us the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of the Pure Fitness Clubs under the System, and you shall make such specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply

with the requirements of this Section 16.4, we have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand.

16.5 Payment. You shall promptly pay all sums owing to us and our affiliates. If the termination is due to your default, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, we incur as a result of the default.

16.6 Subsequent Use of Proprietary Marks Prohibited. You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in our sole discretion, is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to utilize any designation of origin, description, or representation (including reference to us, the System, or the Proprietary Marks), which, in our discretion, suggests or represents a present or former association or connection with us, the System, or the Proprietary Marks.

16.7 Return Manual. You shall immediately deliver to us the Manual and all other records, correspondence, and instructions containing Confidential Information relating to the operation of the Pure Fitness Club (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property, and you shall retain no copy or record of any of the foregoing.

16.8 Websites and Networking Media Sites. You shall immediately irrevocably assign and transfer to us or our designee any and all interests you may have in any websites or pages on Networking Media Sites you maintain in connection with the Pure Fitness Club, and all interests in the domain names and home page addresses related to such websites or webpages, regardless of whether such websites or webpages were authorized by us. You shall immediately execute any documents and perform any other actions we require to effectuate such assignment and transfer and otherwise ensure that all rights in such websites or webpages revert to us or our designee, and you hereby appoint us as your attorney-in-fact to execute such documents on your behalf if you fail to do so. You shall cease use of any Pure Fitness domain name, URL, home page address, or any webpage or account that uses the Proprietary Marks, and shall not establish any website using any similar or confusing domain name, URL, and/or home page address.

16.9 Our Option to Purchase Equipment. We shall have the option, to be exercised within thirty (30) days after termination or expiration, to purchase from you any or all of the Operating Assets related to the operation of the Pure Fitness Club at fair market value or at your depreciated book value, whichever is less. If you and we are unable to agree as to a purchase price and terms, the fair market value of such equipment and property shall be determined by three appraisers chosen in the following manner: you shall select one appraiser at your expense; we will select one appraiser at our expense; and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by us and you. If we elect to exercise our option to purchase any

Operating Assets, we shall have the right to set off all amounts due from you, and the cost of the appraisal, if any, against any payment therefor.

16.10 Liquidated Damages. In the event this Agreement is terminated due to your closing of the Pure Fitness Club prior to the end of the Term, or for any other default by you hereunder based on extenuating circumstances (as we determine), in addition to the amounts set forth in Section 16.5 hereof, we reserve the right to require that you promptly pay us a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to the Royalty fees and Brand Fund fees you would have paid, as described in this Section 16.10. The amount of such payment will be calculated as (a) the average weekly Royalty fees and Brand Fund fees payable by you under Sections 4.2 and 12.3 above during the fifty-two (52) weeks immediately preceding the date of termination (or such shorter time period if the Pure Fitness Club has been open less than fifty-two (52) weeks), (b) multiplied by the lesser of (i) fifty-two (52) weeks, or (ii) the number of weeks then remaining in the Term. If you have failed to provide all required financial records, we may estimate these sums based upon our records. You acknowledge that a precise calculation of the full extent of the damages we will incur in the event of termination of this Agreement as a result of your default is difficult to determine and that this lump sum payment is reasonable in light of the damages we will incur for the pre-mature termination of this Agreement. This lump sum payment will be in lieu of our damages for lost future Royalty fees or Brand Fund fees as a result of your default, but it shall be in addition to all amounts provided above in Section 16.5 and any attorneys' fees and other costs and expenses to which we are entitled under the terms of this Agreement, including but not limited to Section 26.7 below. Your payment of this lump sum will not affect our right to obtain relief for our other rights under this Agreement, including without limitation, appropriate injunctive relief and remedies to enforce this Section 16, the covenants set forth in Sections 10 and 17, and our trademark rights under Section 8.

16.11 Compliance With Covenants. You, your owners, and members of your and their immediate families shall comply with the covenants contained in Section 17.3.

16.12 Customer Contracts. On our written request, you shall provide us with all current and prospective customer lists and information in your possession. We reserve the right, in our sole discretion, to use the customer information in any manner we deem appropriate. At our request, you shall either assign existing customer contracts to us or our designee, or immediately refund to existing customers any and all monies paid to you by such customers for services that have not been rendered and, as a result of the termination or expiration of this Agreement, will not be rendered to such customers. You cannot use the customer information for any purpose, except for the purpose of providing refunds to customers, following the termination or expiration of this Agreement.

16.13 Evidence of Compliance. You shall furnish us with evidence satisfactory to us of compliance with the obligations of this Section 16 within thirty (30) days after termination or expiration of this Agreement.

## 17. COVENANTS

17.1 Best Efforts. You covenant that, during the Term, except as we might otherwise approve, your Key Owner or full-time Operations Manager shall devote full time, energy, and best efforts to the management and operation of your Pure Fitness Businesses including the Pure Fitness Club. We have the right to approve both your Key Owner and Operations Manager based on our review of their relevant experience, qualifications, and training. Your Key Owner, Operations Manager, and any Gym Managers must attend and successfully complete our Initial Training Program as described in Section 6 above.

17.2 In-Term Covenants. You acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training and Confidential Information, including information regarding us and the operational, sales, promotional, and marketing methods and techniques of the System. You covenant that during the Term of this Agreement, except as we might otherwise approve in writing, you, your owners, and members of your and their immediate families shall not, either directly or indirectly, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any Pure Fitness Business to any competitive business, by direct or indirect inducement or otherwise, or do; “competitive business” in this Agreement means any business, located anywhere, other than a Pure Fitness Business: (a) involving an athletic or fitness center, health club, gym, or exercise facility; and/or (b) offering health and fitness training to the public through access to fitness equipment, personal training, or group classes; and/or (c) that is engaged in the sale of classes, products, and services that are the same as or similar to those offered by Pure Fitness Businesses now or in the future (each a “**Competitive Business**”);

17.2.2 Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

17.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any Competitive Business.

17.3 Post-Term Covenants. You covenant that, except as we might otherwise approve in writing, you, your owners, and members of your and their immediate families shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a Transfer permitted under Section 14 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located at or within:

17.3.1 the Territory;

17.3.2 Five (5) miles of the Premises; or

17.3.3 Five (5) miles of any Pure Fitness Business.

You acknowledge and agree that Sections 17.2 and 17.3 are reasonable and enforceable provisions of this Agreement.

17.4 No Application to Equity Securities. Sections 17.2.3 and 17.3 shall not apply to ownership of a less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

17.5 Reduction of Scope of Covenants. We shall have the right, in our discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3 of this Agreement, or any portion thereof, without your consent, effective immediately upon your receipt of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 24 hereof.

17.6 No Defense. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 17. You agree to pay all costs and expenses (including reasonable attorneys' fees) we incur in connection with the enforcement of this Section 17.

17.7 Independent Covenants. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court, arbitrator, or agency having valid jurisdiction in an unappealed final decision to which we are a party, you shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

17.8 Irreparable Injury. Violation of any of the terms of this Section 17 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 17.

17.9 Our Costs and Expenses. You shall pay us all damages, costs, and expenses, including reasonable attorneys' fees, we incur in obtaining injunctive or other relief for the enforcement of any provision of this Section 17.

17.10 Confidentiality and Non-Competition Agreements. You shall require your owners, Operations Manager, and other employees having access to any of our Confidential Information to execute confidentiality and non-competition covenants in the form attached as Exhibit D as a condition of their ownership of, or employment by, you.

## **18. CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY**

18.1 Legal Entity. You must comply with the following requirements:

18.1.1 You must be newly organized, and your charter shall at all times provide that your activities are confined exclusively to operating Pure Fitness Businesses; and

18.1.2 You must promptly provide us with copies of your articles of formation, Bylaws, and other governing documents, and any amendments thereto, including the resolution of your governing body authorizing entry into this Agreement.

18.2 Guarantee and Indemnification. All of your owners must execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E-1, and their spouses must execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E-2.

## **19. TAXES, PERMITS, AND INDEBTEDNESS**

19.1 Payment of Taxes. You shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred in the operation of the Pure Fitness Club. You shall pay to us an amount equal to any state or local taxes, including, without limitation, sales, use, service, occupation, employment related, excise, gross receipts, income, property, or other taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, Royalty fees, Brand Fund and other advertising fees, Internet Member Management Fees, Club Management Software Fees, I.T. Hosting Fees, renewal fees, and all other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly, unless the tax is credited against income tax otherwise payable by us. In such event, you shall pay us (or to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

19.2 Contesting Tax Liability. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall you permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against any equipment, the Premises, or any improvements thereon.

19.3 Permits and Licenses. You shall comply with all federal, state, and local laws, rules, and regulations and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Pure Fitness Club, including licenses to do business, fictitious name registrations, occupancy licenses, health club registrations, sales tax permits, construction permits, health permits, building permits, handicap permits, and fire clearances.

19.4 Notification of Adverse Action. You shall immediately notify us in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Pure Fitness Club.

## 20. INDEPENDENT CONTRACTOR; INDEMNIFICATION

20.1 Independent Contractor. This Agreement does not create a fiduciary relationship between you and us. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. You also understand that we are not the employer or joint employer of your employees. During the Term, you shall hold yourself out to the public as an independent contractor operating the Pure Fitness Club pursuant to a franchise agreement with us. You shall take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which we reserve the right to specify or approve. Notwithstanding any other provision of this Agreement, you acknowledge and agree that you have the sole authority, and that it is your sole obligation under this Agreement, to make all personnel and employment decisions for the Pure Fitness Club, including, without limitation, decisions related to hiring, training, firing, discharging, and disciplining employees, and to supervising your employees, setting their wages, hours of employment, record-keeping, and any benefits, and that we shall have no direct or indirect authority or control over any employment-related matters for your employees. You shall require each of your employees to acknowledge in writing that you (and not we) are the employer of such employee.

20.2 No Authority to Contract. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name. We will, in no event, assume liability for, or be deemed liable as a result of, any of your actions, omissions, or any claim or judgment arising therefrom against us or you.

20.3 Indemnification. You shall indemnify and hold us and our affiliates, and our and their respective officers, directors, and employees (collectively, the “**Indemnitees**”) harmless against any and all claims, losses, costs, expenses, liabilities, and damages arising directly or indirectly from, as a result of, or in connection with the development and operation of your Pure Fitness Club, the business conducted under this Agreement, or your breach of this Agreement, including those alleged to be caused by an Indemnitee’s negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by such Indemnitee’s willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys’ fees, of defending against them. In the event we incur any costs or expenses, including legal fees, travel expenses, and other charges, in connection with any proceeding involving you in which we are not a party, you shall reimburse us for all such costs and expenses promptly upon presentation of invoices. Your indemnification and hold harmless obligations under this Section 20.3 shall survive the termination, expiration, or Transfer of this Agreement. Nothing herein shall preclude an Indemnitee from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

## **21. APPROVALS AND WAIVERS**

21.1 Approval and Consent. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent. Except as otherwise provided in this Agreement, any approval or consent granted by us must be in writing. Except where this Agreement expressly obligates us reasonably to approve, consent, or determine or not unreasonably to withhold our approval of or consent to any action or request, we have the absolute right to make the determination or grant subject to conditions we impose, or refuse to grant our approval or consent.

21.2 No Warranties or Guarantees. We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, advice, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

21.3 No Waiver. No failure on our part to exercise any power reserved to us by this Agreement, or to insist upon your strict compliance with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance, or omission to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its Term. Our subsequent acceptance of any payments due hereunder shall not be deemed to be a waiver of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

## **22. GRANT OF SECURITY INTEREST**

As security for the payment of all amounts from time-to-time owing by you to us or our affiliates under this Agreement and all other agreements, and performance of all obligations to be performed by you, you hereby grant to us a security interest in all of your assets, including all equipment, furniture, fixtures, interior signs, and exterior signs used in the operation of the Pure Fitness Club, as well as all proceeds of the foregoing (the “**Collateral**”). You warrant and represent that the security interest granted hereby is prior to all other security interests in the Collateral except bona fide purchase money security interests, or security interests held by financial institutions, if any, to which we have provided a written subordination. You agree not to remove the Collateral, or any portion thereof, from the Premises without our prior written consent. Upon the occurrence of any event entitling us to terminate this Agreement or any other agreement between the parties, we shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Pure Fitness Club is located, including the right to take possession of the Collateral. You authorize us to file one or more financing statements to perfect our security interest in and to the Collateral and agree to execute and deliver to us financing statements or such other documents as we reasonably deem necessary to perfect our interest in the Collateral within ten (10) days of your receipt of such documents from us.

**23. NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means that affords the sender evidence of delivery or rejected delivery (including private delivery or courier service), to the respective parties at the addresses shown in the opening paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party, to the attention of the following:

Notices to us: Attn: \_\_\_\_\_

Notices to you: Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

**24. ENTIRE AGREEMENT**

This Agreement, the documents referred to herein (including the Manual), and the exhibits hereto constitute the entire, full, and complete agreement between you and us concerning the subject matter hereof and supersede any and all prior discussions, statements, and agreements. Except for those changes permitted to be made unilaterally by us, no amendment, change, or variance from this Agreement shall be binding on either of us unless executed in writing. If we have provided you with a Franchise Disclosure Document, nothing in this Agreement or in any related agreement between you and us is intended to disclaim the representations in the Franchise Disclosure Document.

**25. SEVERABILITY AND CONSTRUCTION**

25.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

25.2 Survival. All provisions of this Agreement that, by their terms or intent, are designed to survive the expiration, termination, or Transfer of this Agreement, shall so survive the expiration, termination, or Transfer of this Agreement, including but not limited to Sections 10, 17, and 26.

25.3 No Rights or Remedies Conferred. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you or us and such of their respective successors and assigns as

may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

25.4 Promises and Covenants. You expressly agree to be bound by any promise or covenants imposing the maximum duty permitted by law that is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions that a court, arbitrator, or agency having valid jurisdiction may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court, arbitrator, or agency order. .

25.5 Captions and Headings. All captions and headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

25.6 Construction. Wherever we have reserved the right to take action “in our discretion,” we may do so in our “sole” discretion unless otherwise provided. References in this Agreement to “include,” “includes,” and “including,” followed by one or more examples, are intended to be illustrative and are not a limitation on the scope of the description or term for which examples are provided. The words “will,” “shall,” and “must” in this Agreement indicate a mandatory obligation. All words in this Agreement shall be deemed to include any number or gender, as the context of this Agreement requires. This Agreement may be executed in multiple copies, each of which will be deemed an original. Signatures delivered by facsimile or electronically shall be deemed to be, and have the same force as, an original.

25.7 Force Majeure. We, our affiliates, and you shall not be responsible or liable for any delays in the performance of any duties under this Agreement that are not the fault or within the reasonable control of us, our affiliates, or you including, but not limited to, fire, flood, natural disasters, acts of God, pandemics, epidemics, delays in deliveries by common carriers, governmental acts or orders, late deliveries of products or goods or furnishing of services by third party vendors, civil disorders, or strikes and any other labor-related disruption, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay or impossibility. Provided, however, this clause shall not apply to and not result in an extension of: (1) the time for payments to be made by you as required by Section 4 hereof; or (2) the Term of this Agreement.

## **26. APPLICABLE LAW**

26.1 Applicable Law. This Agreement shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail, without regard to, and without giving effect to, the application of Virginia conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Virginia, and if you are located outside of Virginia and such provision would be enforceable under the laws of the state in which you are located, then such provision shall be interpreted and construed under the laws of that state. Nothing in the Section 26.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation, to which

it would not otherwise be subject, of the state where your activities under this Agreement are conducted, or of the Commonwealth of Virginia.

26.2 Arbitration. Except as otherwise provided herein, any dispute, claim, or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the entry, making, interpretation, or performance of either party under this Agreement, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. Such arbitration shall take place before a sole arbitrator in Washington, DC at a location we determine in our discretion, and you agree not to file an objection to such locale. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between you and us. This agreement to arbitrate shall survive any termination, expiration, or Transfer of this Agreement. No arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, or in any other manner, any person or party other than us and you and any person in privity with, or claiming through, in the right of, or on behalf of, us and you, unless both parties consent in writing. We have the absolute right to refuse such consent. All such proceedings for which consent is not granted shall be conducted on an individual, not a class-wide, basis.

26.3 Jurisdiction and Venue. Any action that is not otherwise subject to arbitration under Section 26.2 (including all appeals from or relating to arbitration hereunder), whether or not arising out of, or relating to, this Agreement, brought by you (or any of your owners) against us or our affiliate shall be brought in the U.S. District Court presiding in Alexandria, Virginia or, if such court does not have competent jurisdiction, in a state court located in such district. We shall have the right to commence an action against you in any court of competent jurisdiction. You waive all objections to personal jurisdiction and/or venue for purposes of this Section 26.3 and agree that nothing in this Section 26.3 shall be deemed to prevent us from removing an action from state court to federal court.

26.4 No Exclusivity. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

26.5 Injunctive Relief. Nothing in this Agreement (including Sections 26.2 and 26.3 above) shall bar our right to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause us loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

26.6 Limitation of Claims. You agree that any and all claims you have against us and/or our affiliates, principals, employees, and agents, arising out of, or relating to, this Agreement or

your operation of the Pure Fitness Business, may not be commenced unless you bring them before the earlier of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) one (1) year after this Agreement expires, is terminated for any reason, or has been Transferred. You agree that any claim or action not brought within the periods required under this Section 26.6 shall forever be barred as a claim, counterclaim, defense, or set off.

26.7 Our Costs and Expenses. Except as expressly provided by Section 26.2 hereof, you shall pay all expenses, including attorneys' fees and costs, incurred by us, our affiliates, and our or their successors and assigns (a) to remedy any defaults of, or enforce any rights under, this Agreement; (b) to effect termination of this Agreement; and/or (c) to collect any amounts due under this Agreement.

26.8 WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. YOU AND WE KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE OUR RESPECTIVE RIGHTS TO A TRIAL BY JURY AND WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT WE SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

## 27. REPRESENTATIONS AND ACKNOWLEDGEMENTS

27.1 Independent Investigation. You acknowledge that you have conducted an independent investigation of the business franchised hereunder, and you recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your or your owners' ability as independent businesspeople. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty, representation, or guarantee, express or implied, not contained expressly in this Agreement including as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. You represent and warrant that you have not entered into this Agreement in reliance upon any warranty, representation, or guarantee, oral or written, by us as to potential or expected sales volume or profits.

27.2 Compliance With Anti-Terrorism Laws. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the "**Executive Order**"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order, the text of which is available at the Internet website address [www.ustreas.gov/offices/enforcement/ofac](http://www.ustreas.gov/offices/enforcement/ofac) and published at <https://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>. Accordingly, you represent and warrant to us that as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you, is designated under the Executive Order as a person with whom we may not transact business, and that you (a) do not, and hereafter shall not, engage in any terrorist activity; (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to

any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

27.3 Acknowledgment of Receipt. You acknowledge that you received our current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or you paid any money to us. You further acknowledge that you received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that you waited at least seven (7) calendar days prior to executing them if any changes to such agreements were unilaterally and materially made by us.

27.4 Acknowledgment of Understanding; Opportunity to Consult. You acknowledge that you have read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that we have accorded you ample time and opportunity to consult with an attorney or other advisor of your own choosing about the potential benefits and risks of entering into this Agreement.

27.5 No Conflicting Agreements. You represent and warrant that you are not a party to or subject to any agreement that conflicts with the terms of this Agreement, or that prevents you from fully performing your obligations under this Agreement, and you agree not to enter into any such agreement.

27.6 Electronic Records. You expressly consent and agree that we may provide and maintain all disclosures, agreements, amendments, notices, and all other evidence of transactions between you and us in electronic form. You expressly agree that electronic copies of this Agreement and related agreements between you and us are valid. You also expressly agree not to contest the validity of the originals or copies of this Agreement and related agreements, absent proof of altered data or tampering. You agree to execution of this Agreement and related agreements by electronic means and that such execution shall be legally binding and enforceable as an “electronic signature” and the legal equivalent of your handwritten signature.

**[Signature Page Follows]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date signed by PureFitness Franchising LLC below.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date\*: \_\_\_\_\_

Date: \_\_\_\_\_

(\*This is the Effective Date)

**EXHIBIT A TO  
PURE FITNESS  
FRANCHISE AGREEMENT**

**APPROVED LOCATION; TERRITORY; OWNERS**

1. **Approved Location.** The Approved Location under this Agreement shall be: \_\_\_\_\_

\_\_\_\_\_

2. **Territory.** The Territory under this Agreement shall consist of the following geographic area:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. **Owners.** The following is a complete list of all of your shareholders, partners, or members (“**Owners**”) and the percentage interest of each such Owner:

<u>Name</u>	<u>Position</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B TO  
PURE FITNESS  
FRANCHISE AGREEMENT**

**LEASE RIDER**

*[The following language must be included in your Lease  
pursuant to Section 5.2 of the Franchise Agreement.]*

If Lessee, a franchisee of PureFitness Franchising LLC (the “**Company**”), shall be in default under any of the provisions of its lease and Lessor has the right to terminate the same; or if such Lessee is in default under any of the provisions of its Franchise Agreement with the Company, and the Company has the right to terminate said Franchise Agreement; or if the lease or Franchise Agreement is terminated for any reason; or if Lessee desires to assign its lease to the Company, Lessor and Lessee agree that the Company shall have the right, subject to applicable law, but not the obligation, to assume the obligations of the Lessee under said lease upon the same terms and conditions, in which event, and upon the exercise of such right, the Company shall take immediate possession of the subject premises as if it was the tenant named in said lease. Lessor shall notify the Company of any default of Lessee at the same time notice is given to Lessee, and the Company may, but is under no obligation to, cure such default.

**EXHIBIT C TO  
PURE FITNESS  
FRANCHISE AGREEMENT**

**ADA CERTIFICATION**

PureFitness Franchising LLC (“we” or “us”) and \_\_\_\_\_ (“you”) are parties to a franchise agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) for the operation of a Pure Fitness business at \_\_\_\_\_ (the “**Premises**”). In accordance with Section 5.4 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Premises and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including the Americans with Disabilities Act (“**ADA**”). You acknowledge that we have relied on the information contained in this certification. Furthermore, you agree to indemnify us and our officers, directors, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance (or failure to comply) with the ADA, as well as the costs, including attorneys’ fees, related to the same.

IN WITNESS WHEREOF, the parties hereto have duly executed this ADA Certification on the date first above written.

\_\_\_\_\_  
FRANCHISEE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D TO  
PURE FITNESS  
FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT  
(For signature by all owners, Operations Managers, Gym Managers, and  
other personnel having access to any Confidential Information)**

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, I hereby acknowledge and agree in this Confidentiality and Non-Competition Agreement (“**Agreement**”) that:

1. By agreement dated \_\_\_\_\_, 20\_\_ (“**Franchise Agreement**”) between the Franchisee and PureFitness Franchising LLC (the “**Company**”), the Franchisee has acquired the right and obligation to establish and operate a Pure Fitness Club (the “**Pure Fitness Business**”) under the Company’s distinctive trade names, service marks, trademarks, trade dress, logos, emblems, slogans, indicia of origin, internal and external building designs, signage, and architectural features (the “**Proprietary Marks**”) and the Company’s unique and distinctive format and system relating to the establishment and operation of Pure Fitness Businesses (the “**System**”), as they may be changed, improved, and further developed from time-to-time in the Company’s sole discretion.

2. The Company possesses certain confidential information, knowledge, or know-how concerning the methods of operation of the Pure Fitness Business, including operating manuals, territory information, demographic data, customer lists and information, innovations, plans, trade secrets, proprietary information, marketing and sales methods and systems, client protocols and training programs, class methods and materials, sales and profit figures, employee lists, and relationships between the Company and suppliers and others who have business dealings with the Company and its affiliates, which may be communicated to the Franchisee or of which the Franchisee may be apprised by virtue of the Franchisee’s operation under the terms of the Franchise Agreement (the “**Confidential Information**”). In addition, any and all information, knowledge, know-how, and techniques that the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of the Franchise Agreement and this Agreement.

3. I understand and acknowledge that, as an employee of the Franchisee, the Company and the Franchisee will disclose some or all of the Confidential Information to me in furnishing to me initial and ongoing training, the operating manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchisee’s Business during the term of the Franchise Agreement, and I understand and acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. I understand and acknowledge that the Confidential Information is proprietary to the Company, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as an employee of the Franchisee, and I will continue not to disclose any such information even after I cease to be in that position, and I will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Franchisee, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that: (a) involves an athletic or fitness center, health club, gym, or exercise facility; and/or (b) offers health and fitness training to the public through access to fitness equipment, personal training, or group classes; and/or (c) is engaged in the sale of classes, products, and services that are the same as or similar to those offered by Pure Fitness Businesses now or in the future (each a “**Competitive Business**”). In addition, for a continuous uninterrupted period commencing upon the cessation or termination of my position with the Franchisee, regardless of the cause for termination, and continuing for two (2) years thereafter, I will not, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located at or within: (i) the Territory, which I acknowledge has been described to me; or (ii) five (5) miles of any Pure Fitness Business operating under the System and the Proprietary Marks.

The prohibitions in this Section 6 do not apply to my interests in or activities performed in connection with a Pure Fitness business. These restrictions do not apply to my ownership of less than a five percent (5%) beneficial interest in the outstanding securities of any publicly-held corporation.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company or Franchisee is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company has the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply with any covenant as so modified.

9. I understand and acknowledge that the Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my

violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement.

10. This Agreement shall be construed under the laws of the Commonwealth of Virginia. Except as provided in Paragraph 8 above, the only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT E-1 TO  
PURE FITNESS  
FRANCHISE AGREEMENT**

**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT  
(OWNERS)**

As an inducement to PureFitness Franchising LLC (the “**Company**”) to execute the Franchise Agreement between the Company and \_\_\_\_\_ (the “**Franchisee**”) dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”), the undersigned (the “**Guarantors**”), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of the Franchisee’s obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the Guarantors will immediately make each payment to the Company required of the Franchisee under the Agreement. The Guarantors hereby waive any right to require the Company to: (a) proceed against the Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from the Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against the Franchisee. Without affecting the obligations of the Guarantors under this Guarantee, the Company may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Franchisee, or settle, adjust, or compromise any claims against the Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by the Franchisee and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to indemnify and hold the Company and its affiliates, and our and their respective officers, directors, and employees, harmless against any and all claims, losses, costs, expenses, liabilities, and damages (including reasonable attorneys’ fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) arising directly or indirectly from, as a result of, or in connection with Franchisee’s conduct under the Agreement or any other agreement referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the Transfer of the Agreement by the Franchisee, except that all obligations and liabilities of the Guarantors that arose from events which occurred on or before the effective date of such termination, expiration, or Transfer of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants that by their terms continue in force after the termination, expiration, or Transfer of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by the Company. Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder

existing at the time of death; and the obligations of the other Guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement and shall be interpreted and construed in accordance with Section 26 of the Agreement. This Guarantee shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail, without regard to, and without giving effect to, the application of Virginia conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 26 of the Agreement are hereby incorporated into this Guarantee by reference, and references to the Franchisee and the Franchise Agreement therein shall be deemed to apply to the Guarantors and this Guarantee, respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means that affords the sender evidence of delivery or rejected delivery (including private delivery or courier service), to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to the Company: PureFitness Franchising LLC  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices to the Guarantors: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

**[Signature Page Follows]**

IN WITNESS WHEREOF, each of the Guarantors has signed this Guarantee as of the date of the Agreement.

**GUARANTORS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT E-2 TO  
PURE FITNESS  
FRANCHISE AGREEMENT**

**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT  
(OWNER'S SPOUSE)**

As an inducement to PureFitness Franchising LLC (the “**Company**”) to execute the Franchise Agreement between the Company and \_\_\_\_\_ (the “**Franchisee**”) dated \_\_\_\_\_, 20\_\_\_\_ (the “**Agreement**”) (the performance of which is guaranteed by Franchisee’s owners \_\_\_\_\_ (each an “**Owner**” and, together, the “**Owner Guarantors**”)), the undersigned spouse of Owner \_\_\_\_\_ (the “**Spousal Guarantor**”), jointly and severally, hereby unconditionally guarantees to the Company and its successors and assigns that all of the Franchisee’s obligations under the Agreement will be punctually paid.

Upon demand by the Company, the Spousal Guarantor will immediately make each payment to the Company required of the Franchisee under the Agreement. The Spousal Guarantor hereby waives any right to require the Company to: (a) proceed against the Franchisee or Owner Guarantors for any payment required under the Agreement; (b) proceed against or exhaust any security from the Franchisee or Owner Guarantors ; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against the Franchisee or Owner Guarantors. Without affecting the obligations of the Spousal Guarantor under this Guarantee, the Company may, without notice to the Spousal Guarantor, extend, modify, or release any indebtedness or obligation of the Franchisee, or settle, adjust, or compromise any claims against the Franchisee. The Spousal Guarantor waives notice of amendment of the Agreement and notice of demand for payment by the Franchisee and agree to be bound by any and all such amendments and changes to the Agreement.

The Spousal Guarantor hereby acknowledges and agrees to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the Transfer of the Agreement by the Franchisee, except that all payment obligations of the Spousal Guarantor that arose from events which occurred on or before the effective date of such termination, expiration, or Transfer of the Agreement shall remain in full force and effect until satisfied or discharged by the Spousal Guarantor, and all covenants that by their terms continue in force after the termination, expiration, or Transfer of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by the Company. Upon the death of the Spousal Guarantor, the estate of the Spousal Guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement and shall be interpreted and construed in accordance with Section

26 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Virginia. In the event of any conflict of law, the laws of Virginia shall prevail, without regard to, and without giving effect to, the application of Virginia conflict of law rules.

The Spousal Guarantor agrees that the dispute resolution and attorney fee provisions in Section 26 of the Agreement are hereby incorporated into this Guarantee by reference, and references to the Franchisee and the Franchise Agreement therein shall be deemed to apply to the Spousal Guarantor and this Guarantee, respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means that affords the sender evidence of delivery or rejected delivery (including private delivery or courier service), to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to the Company:      PureFitness Franchising LLC  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices to the Spousal Guarantor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, the Spousal Guarantor has signed this Guarantee as of the date of the Agreement.

**SPOUSAL GUARANTOR**

By: \_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT D TO  
FRANCHISE DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS OF MANUALS**

**(See attached.)**



**OPERATIONS MANUAL CONTENTS (240 pages in total)**

<b>PROPERTY MANUAL</b>	<b>5</b>
INTRODUCTION	6
CONTENTS	6
CRITERIA FOR A PURE FITNESS LOCATION	6
DEVELOPMENT PROCESS	8
SFP EXAMPLE	9
<b>BUILD, DESIGN &amp; DEVELOPMENT MANUAL</b>	<b>15</b>
INTRODUCTION	15
CONTENTS	16
DEVELOPMENT PROCESS	16
BRAND OVERVIEW	22
PLANNING PRINCIPLES	23
DESIGN & TECHNICAL SPECIFICATIONS	28
GRAPHICS	59
MECHANICAL & ELECTRICAL ENGINEERING	71
<b>EQUIPMENT &amp; PROCUREMENT MANUAL</b>	<b>78</b>
INTRODUCTION	79
CONTENTS	79
EQUIPMENT INTRODUCTION	80
STUDIO ZONE	83
CYCLE ZONE	85
FUNCTIONAL ZONE	87
WEIGHTS ZONE	89
GYM FLOOR	91
CARDIO ZONE (GYM FLOOR)	92
FIXED PIN & CABLE ZONE (GYM FLOOR)	94
FLEX ZONE (GYM FLOOR)	98
PROCUREMENT: WORKING WITH SUPPLIERS	99
<b>PEOPLE &amp; CULTURE MANUAL</b>	<b>102</b>
CONTENTS	103
THE PURE FITNESS BRAND	103
PURE FITNESS CULTURE	105
GYM STRUCTURE	107
RECRUITMENT	109
REWARD & RECOGNITION	111
CORPORATE SOCIAL RESPONSIBILITY	112
<b>TRAINING &amp; DEVELOPMENT MANUAL</b>	<b>113</b>
INTRODUCTION	114
CONTENTS	114

INDUCTION	114
SUPPORT & DEVELOPMENT PROGRAMS	120
PURE FITNESS ACADEMY	123
<b>STANDARD OPERATING PROCEDURES MANUAL</b>	<b>125</b>
INTRODUCTION	126
CONTENTS	126
GYM OPERATIONS	127
EQUIPMENT MAINTENANCE	131
GROUP EXERCISE CLASSES	132
HEALTH & SAFETY MANAGEMENT	134
FIRE SAFETY & SECURITY MANAGEMENT	136
ANCILLARY PRODUCTS	138
VENDING PRODUCTS	140
<b>MARKETING MANUAL</b>	<b>141</b>
INTRODUCTION	142
CONTENTS	142
MARKETING PLANNING	143
TARGET AUDIENCE	146
BUDGETING	148
IMPLEMENTING YOUR MARKETING PLAN	149
CREATIVE	154
CHANNEL MANAGEMENT	155
<b>PRE-OPENING MANUAL</b>	<b>159</b>
INTRODUCTION	159
CONTENTS	160
PRE-SALE STAGES	160
COMING SOON	161
OPENING SOON	164
SALES ACTIVITY	166
MARKETING ACTIVITY	174
OPENS ON	180
NOW OPEN	183
<b>IT MANUAL</b>	<b>185</b>
INTRODUCTION	186
CONTENTS	186
PURE FITNESS IT ‘SMART SUITE’	187
SERVICE MANAGEMENT	191
CONTENT	201
SECURITY	202
IT INFRASTRUCTURE	204
ON-BOARDING & GOVERNANCE	207
<b>FINANCE MANUAL</b>	<b>209</b>
INTRODUCTION	209
CONTENTS	210
ACCOUNTING EXPECTATIONS	210
MEMBER SIGN-UP & PROCESS FOR REVENUE COLLECTION	211

ACCOUNTING FOR EXERPT(MMS) REVENUE	221
MEMBERSHIP REPORTING & FINANCIAL ANALYSIS	223
PERFORMANCE MANAGEMENT	225
FINANCIAL PLANNING & REPORTING REQUIREMENTS	230
APPENDIX I – DEFINITIONS	231
APPENDIX I I– MAPPING & REPORTING	234

**BRAND MANUAL (32 pages in total)**

OUR STORY	3
MISSION & BUSINESS IDEA	4
OUR BRAND COMMUNICATIONS	6
TONE & VOICE	10
VISUAL IDENTITY	14

**EXHIBIT E**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF CURRENT AND FORMER U.S. FRANCHISEES**

None.

**EXHIBIT F**  
**FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**(See attached.)**

**PUREFITNESS FRANCHISING, LLC  
FINANCIAL STATEMENT  
DECEMBER 31 ,2023**

**PURE FTINESS FRANCHISING, LLC**  
**TABLE OF CONTENTS**

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	<u>Page</u>
<b>Independent Auditor's Report</b>	<b>1</b>
<b>Balance Sheets</b>	<b>3</b>
<b>Statements of Operations and Shareholder's (Deficit)</b>	<b>4</b>
<b>Statements of Cash Flows</b>	<b>5</b>
<b>Notes to Financial Statements</b>	<b>6</b>

MUHAMMAD ZUBAIRY, CPA PC  
Certified Public Accountant  
646.327.7013

## **INDEPENDENT AUDITOR'S REPORT**

**To the member  
Pure Fitness Franchising, LLC**

### **Opinion**

We have audited the financial statements of Pure Fitness Franchising, LLC. "The Company" which comprise the balance sheet as of December 31, 2023, and the related statements of operations, and changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Pure Fitness Franchising, LLC as of December 31, 2023, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pure Fitness Franchising, LLC. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pure Fitness Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.


Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness Pure Fitness Franchising, LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Pure Fitness Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Muhammad Zubairy, CPA PC  
Westbury, NY  
April 25, 2024

PURE FITNESS FRANCHISING, LLC  
BALANCE SHEET

---

	<u>ASSETS</u>	
	<u>YEARS ENDED DECEMBER 31</u>	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	<u>\$ 248,267</u>	<u>\$ 248,989</u>
 Total Assets	 <u>\$ 248,267</u>	 <u>\$ 248,989</u>
 <u>LIABILITIES AND MEMBER'S EQUITY</u>		
Member's Equity	<u>\$ 248,267</u>	<u>\$ 248,989</u>
 Total Liabilities and Member's Equity	 <u>\$ 248,267</u>	 <u>\$ 248,989</u>

See notes to financial statements

**PURE FITNESS FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)**

	YEARS ENDED DECEMBER 31	
	2023	2022
Revenues	\$ —	\$ —
Operating Expenses	<u>1,558</u>	<u>1,011</u>
Net Income (loss)	(1,558)	(1,011)
Members' Equity (Equity) - Beginning	248,989	—
Members' Contributions (Distributions)	<u>836</u>	<u>250,000</u>
Members' Equity (Deficit) - Ending	<u>\$ 248,267</u>	<u>\$ 248,989</u>

See notes to financial statements

**PURE FITNESS FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOW**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
<b>Net Income (loss)</b>	<b>\$ (1,558)</b>	<b>\$ (1,011)</b>
<b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b>		
<b>Changes in operating assets and liabilities;</b>	<b>(1,558)</b>	<b>(1,011)</b>
<b>Cash Flows (Used) By Investing Activities:</b>		
<b>Members' contributions (distributions)</b>	<b>836</b>	<b>250,000</b>
<b>Net Increase in Cash</b>	<b>(722)</b>	<b>248,989</b>
<b>Cash - Beginning of Year</b>	<b>248,989</b>	<b>—</b>
<b>Cash - End of Year</b>	<b><u>\$ 248,267</u></b>	<b><u>\$ 248,989</u></b>

See notes to financial statements

**PUREFITNESS FRANCHISING, LLC**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2023**

---

**1. THE COMPANY-** PureFitness Franchising, LLC is a Delaware limited liability company formed in August 2021. The Company offers franchises to operate a fitness club utilizing innovative technology, offering low-cost and flexible memberships in a distinctive atmosphere.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Franchise Arrangements**—The Company’s franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to form musical bands using the Rock Underground for a specified number of years. As of December 31, 2023, there were no franchisees operating.

**Concentration of Credit Risk**—Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company’s cash accounts did not exceed the Federal Deposit Insurance Company’s (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

**Revenue Recognition**-In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, “*Revenue from Contracts with Customers (Topic 606)*”, that attempts to establish a uniform basis for recording revenue to virtually all industries’ financial statements. The revenue standard’s core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations. The new standard requires that the franchise fee received from customers be allocated to each separate and distinct performance obligation.

**Use of Estimates**- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Taxes on Income** - The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on its income tax returns

**3. SUBSEQUENT EVENTS-** The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 25, 2024.

**THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

Pure Fitness Franchising, LLC  
Balance Sheet  
as of March 31, 2024

Q1 2024

Cash	\$248,151
<b>Total Assets</b>	<b><u>\$248,151</u></b>
Member's Equity	\$248,151
<b>Total Liabilities and Member's Equity</b>	<b><u>\$248,151</u></b>

Pure Fitness Franchising, LLC  
Profit and Loss  
as of March 31, 2024

	Q1 2024
Revenues	0
Operating Expenses	<u>\$183</u>
<b>Net Income (loss)</b>	<b><u><u>-\$183</u></u></b>

**EXHIBIT G**  
**FRANCHISE DISCLOSURE DOCUMENT**

**FORM OF CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT**

**(See attached.)**

**PUREFITNESS FRANCHISING LLC  
CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT**

This Confidentiality and Non-Disclosure Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between PureFitness Franchising LLC, on behalf of itself and its direct and indirect parents, subsidiaries and affiliates (hereinafter collectively referred to as the "Company") and \_\_\_\_\_ (hereinafter referred to as the "Recipient").

WHEREAS, the Company possesses certain confidential information pertaining to its businesses; and,

WHEREAS, the Recipient may, from time to time, receive a disclosure of such confidential information from the Company or its agents, consultants or affiliates for the purpose of enabling the Recipient to evaluate a possible franchise opportunity (the "Franchise Opportunity"); and,

THEREFORE, the Recipient agrees to hold in confidence and to refrain from the unauthorized use of Confidential Information (as hereinafter defined) as set forth below:

1. Confidential Information.

(a) As used herein, "Confidential Information" means information about the Company, in whatever format, furnished to the Recipient pursuant to this Agreement by or on behalf of the Company, including, but not limited to, information regarding policies and procedures; concepts; tools; techniques; contracts; business records; marketing information and plans; demographic information; operations; basic store inventory; sales; costs; employees; vendors; suppliers; expansion plans (e.g. existing, and entry into new, geographic and/or product markets); location of stores and offices (including proposed locations); lawsuits and/or claims; management philosophy; customer lists; rental activity reports; sell-through activity reports; and confidential information received from third parties pursuant to a confidential disclosure agreement,

(b) Confidential Information does not include information that (i) was available to the public prior to the time of disclosure, (ii) becomes available to the public through no act or omission of the Recipient, or (iii) communicated rightfully to Recipient free of any obligation of nondisclosure and without restriction as to its use. Recipient shall bear the burden of demonstrating that the information falls under one of the above-described exceptions.

2. Non-Use and Non-Disclosure.

Recipient agrees to (i) hold the Confidential Information in confidence and refrain from disclosing Confidential Information, or transmitting any documents or copies containing Confidential Information, to any other party except as permitted under the terms of this Agreement, (ii) use the Confidential Information only to assist the Recipient in evaluation of the Franchise Opportunity and will not disclose any of it except to the Recipient's directors, officers, employees and representatives (including outside attorneys, accountants and consultants) (collectively its "Representatives") who need such information for the purpose of evaluating the Franchise Opportunity (and the Recipient shall require such Representatives to agree to be bound by the provisions of this Agreement and the Recipient shall be responsible for any breach of the terms of this Agreement by its Representatives). Recipient shall use at least the standard of care with respect to protecting the Confidential Information that it accords or would accord its own proprietary and confidential information.

3. Ownership and Implied Rights.

All Confidential Information shall remain the exclusive property of the Company and nothing in this Agreement, or any document, or any course of conduct between the Company and the Recipient, shall be deemed to grant the Recipient any rights in or to the Confidential Information, or any part thereof.

Nothing herein shall obligate Company to enter into a franchise relationship with Recipient. Company may for any reason or for no reason decline to enter into a franchise relationship with Recipient. Recipient acknowledges that Company is under no obligation to enter into or execute a franchise agreement or a development agreement with Recipient on the basis of this Agreement or for any other reason.

4. Restrictions on Copying.

Recipient shall not make any copies of any Confidential Information, except as may be strictly necessary for Recipient to evaluate the Franchise Opportunity. Any copies made by Recipient shall bear a clear stamp or legend indicating their confidential nature. Recipient shall not remove, overprint or deface any notice of copyright, trademark, logo, or other notices of ownership from any originals or copies of Confidential Information.

5. Return of Materials.

At the request of the Company at any time, the Recipient shall promptly return to the Company all Confidential Information that may be contained in printed, written, drawn, recorded, computer disk or any other form whatsoever which is in the possession or control of the Recipient or the location of which is known by the Recipient, including all originals, copies, reprints and translations thereof and any notes prepared by the Recipient or its Representatives in connection with the Confidential Information.

6. Breach.

(a) In the event of Recipient's breach of its obligations under this Agreement or any other agreement with the Company, Company shall have the right to (i) demand the immediate return of all Confidential Information, (ii) recover its actual damages incurred by reason of such breach, including, but not limited to, its attorneys' fees and costs of suit, (iii) obtain injunctive relief to prevent such breach or to otherwise enforce the terms of this Agreement, and (iv) pursue any other remedy available at law or in equity.

(b) The Recipient recognizes that the Company would suffer irreparable harm for which it would not have an adequate remedy at law if the Recipient were to violate the covenants and agreements set forth herein. Accordingly, the Recipient agrees that the Company shall be entitled to specific performance and injunctive relief as remedies for any such breach and that, in such event, no bond shall be required. This remedy shall be in addition to any other remedy available at law or in equity.

7. Governing Law.

**THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN STRICT ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE COMMONWEALTH OF VIRGINIA WITHOUT REFERENCE TO CONFLICT OF LAW RULES. THE RECIPIENT HEREBY CONSENTS TO THE JURISDICTION OF THE DISTRICT COURTS OF THE COMMONWEALTH OF VIRGINIA AND ANY PROCEEDING ARISING BETWEEN THE PARTIES HERETO IN ANY MANNER PERTAINING OR RELATED TO THIS AGREEMENT SHALL TO THE EXTENT PERMITTED BY LAW, BE HELD IN ALEXANDRIA, VIRGINIA.**

8. Waiver; Severability.

Any failure on the part of the Company to insist upon the performance of this Agreement or any part thereof, shall not constitute a waiver of any right under this Agreement. No waiver of any provision of this Agreement shall be effective unless in writing and executed by the party waiving the right. If any provision of this Agreement, or the application thereof to any person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

9. Accuracy of Confidential Information.

(a) The Company makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Neither the Company nor any of the officers, directors, employees, agents, advisors, legal counsel or other representatives or affiliates thereof, shall be subject to any liability resulting from the use of the Confidential Information by the Recipient and its Representatives.

(b) The Recipient acknowledges that the restrictions set forth herein are fair and reasonable and are necessary in order to protect the business of the Company and the confidential nature of the Confidential Information. The Recipient further acknowledges that the Confidential Information is unique to the business of the Company and would not be revealed to Recipient were it not for its willingness to agree to the restrictions set forth herein.

10. Applicability.

The terms, conditions and covenants of this Agreement shall apply to all business dealings and relations between the Company and the Recipient.

**RECIPIENT**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PUREFITNESS FRANCHISING LLC**  
6701 Frontier Drive, Springfield, VA 22150

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT H**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**SAMPLE FORM OF GENERAL RELEASE**

**(See attached.)**

**SAMPLE  
GENERAL RELEASE**

This General Release (“Release”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_ and \_\_\_\_\_ between PureFitness Franchising LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

**WITNESSETH:**

**WHEREAS**, Franchisor and Franchisee are parties to a Pure Fitness Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_, granting Franchisee the right to operate a Pure Fitness business under Franchisor’s proprietary marks and system at the following location: \_\_\_\_\_

**NOW THEREFORE**, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries, affiliates, and guarantors (jointly and severally, the “Releasors”), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasees”), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release. Releasors hereby acknowledge that this release is intended to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist. Releasors acknowledge and agree that they have read the terms of this Release, they fully understand and voluntarily accept the terms, and that they have entered into this Release voluntarily and without any coercion.

**[SIGNATURES ON FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Release as of the date first above written.

**FRANCHISOR**

**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT I**  
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE ADDENDA AND RIDERS**

## **ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In Illinois only, this Franchise Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois. Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ILLINOIS RIDER TO FRANCHISE AGREEMENT**

This Rider amends the Pure Fitness Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between PUREFITNESS FRANCHISING LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), the Agreement is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rider on the same date as that on which the Agreement was executed.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ILLINOIS RIDER TO DEVELOPMENT AGREEMENT**

This Rider amends the Pure Fitness Development Agreement dated \_\_\_\_\_ (the "Agreement"), between PUREFITNESS FRANCHISING LLC, a Delaware limited liability company ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), the Agreement is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rider on the same date as that on which the Agreement was executed.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## **MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In Maryland only, this Franchise Disclosure Document is amended as follows:

1. Items 17(c) and 17(m), for each chart, under the headings, “Requirements for Franchisee to Renew or Extend” and “Conditions for Franchisor Approval of Transfer,” shall be supplemented by adding the following language at the end of each Item:

However, a general release required as a condition of approval will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17(f), for each chart, under the heading entitled “Termination by Franchisor With Cause,” shall be supplemented by adding the following language at the end of the Item:

The provision in the Franchise Agreement and Development Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Items 17(v) and 17(w), for each chart, under the headings entitled “Choice of Forum” and “Choice of Law,” shall be supplemented by adding the following language at the end of each Item:

However, you may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 shall be supplemented by adding the following language at the end of the Item:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Pure Fitness Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between PUREFITNESS FRANCHISING LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Sections 2.2, 14.3, and 26.1 of the Agreement, entitled “Successor Franchise,” “Conditions to Transfer,” and “Applicable Law,” shall be amended by adding the following language at the end of those Sections:

Provided that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Maryland Franchise Registration and Disclosure Law shall remain in force; it being the intent of this provision that the non-waiver provisions of the Law be satisfied. To that effect the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 24 of the Agreement, entitled “Entire Agreement,” shall be amended by adding the following language at the end of the Section:

Nothing in this Agreement or any other agreement is intended to disclaim Franchisor’s representations in Franchisor’s Franchise Disclosure Document.

4. Section 26.3 of the Agreement, entitled “Jurisdiction and Venue,” shall be amended by adding the following language at the end of the Section:

Notwithstanding the above, Maryland franchisees are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Section 26.6 of the Agreement, entitled “Limitation of Claims,” shall be amended by adding the following language at the end of the Section:

This provision shall not act to reduce the three (3) year statute of limitations period afforded a franchise for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

6. Section 27 of the Agreement, under the heading “Representations and Acknowledgements,” shall be amended by deleting Sections 27.1, 27.3, and 27.4 in their entirety and adding the following language at the end of the Section:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Each provision of this Rider shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rider on the same date as that on which the Agreement was executed.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## MARYLAND RIDER TO DEVELOPMENT AGREEMENT

This Rider amends the Pure Fitness Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PUREFITNESS FRANCHISING LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Sections 7.3 and 14.1 of the Development Agreement, entitled “Conditions of Transfer” and “Applicable Law,” respectively, shall be amended by adding the following language at the end of those Sections:

Provided that all rights enjoyed by Developer and any causes of action arising in Developer’s favor from the provisions of the Maryland Franchise Registration and Disclosure Law shall remain in force; it being the intent of this provision that the non-waiver provisions of the Law be satisfied. To that effect the general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 13 of the Development Agreement, entitled “Entire Agreement,” shall be amended by adding the following language at the end of the Section:

Nothing in this Agreement or any other agreement is intended to disclaim Franchisor’s representations in Franchisor’s Franchise Disclosure Document.

4. Section 14.3 of the Development Agreement, entitled “Jurisdiction and Venue,” shall be amended by adding the following language at the end of the Section:

Notwithstanding the above, Maryland Developers are permitted to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Section 14.6 of the Development Agreement, entitled “Limitation of Claims,” shall be amended by adding the following language at the end of the Section:

This provision shall not act to reduce the three (3) year statute of limitations period afforded a franchise for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

6. Section 15 of the Development Agreement, entitled “Acknowledgements, Representations and Warranties,” shall be amended by deleting Sections 15.1, 15.4, and 15.5 in their entirety and adding the following language at the end of the Section:

The foregoing acknowledgments shall not be construed as a waiver or release by Developer of any claims arising under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the

effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Each provision of this Rider shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rider on the same date as that on which the Agreement was executed.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## **MICHIGAN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In Michigan only, this Franchise Disclosure Document is amended as follows:

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area after the expiration of the franchise or you do not receive at least 6 months' advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of the assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

**ESCROW REQUIREMENTS (IF ANY):** \_\_\_\_\_

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1st Floor  
Lansing, Michigan 48933-1067  
Telephone Number: (517) 373-7117

**MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, AND DEVELOPMENT AGREEMENT**

In Minnesota only, this Franchise Disclosure Document, the PureFitness Franchise Agreement, and the PureFitness Development Agreement are amended as follows:

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400(J), may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minn. Rule 2860.4400(J), to the extent required by Minnesota law, the Franchise Disclosure Document and Franchise Agreement are modified so that we cannot require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

We will comply with Minn. Stat. Sec. 80C.14 subdivisions 3, 4, and 5, which require (except in certain specified cases) that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by Minnesota law, the Franchise Agreement and Item 13 of the Franchise Disclosure Document are amended to state that we will protect your right to use the primary trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of our primary trade name.

Minn. Rule 2860.4400(D) prohibits us from requiring you to assent to a general release. The Franchise Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

Any statements in the Franchise Disclosure Document and Franchise Agreement stating that we are entitled to injunctive relief are amended to read "we may seek injunctive relief"; and a court will determine if a bond is required.

Provisions in the Franchise Disclosure Document and Franchise Agreement limiting your right to file claims, that are inconsistent with Minn. Stat. Sec. 80C.17, Subd. 5, are amended to the extent required by Minnesota law.

Item 17 of the Franchise Disclosure Document, Section 27 of the Franchise Agreement (under the heading "Representations and Acknowledgements"), and Section 15 of the Development Agreement (under the heading "Acknowledgements, Representations, and Warranties") are each hereby amended by adding the following language:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In New York only, this Franchise Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST., 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity

as a result of an action brought by a public agency or department including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer:**”

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee:**”

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law:**”

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements – No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts – Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## OHIO RIDER TO FRANCHISE AGREEMENT

This Rider amends the Pure Fitness Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between PUREFITNESS FRANCHISING LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Section 27 of the Franchise Agreement, entitled “Representations and Acknowledgements,” shall be amended by adding the following language at the end of the Section:

**You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.**

3. Each provision of this Rider shall be effective only to the extent that the jurisdictional requirements of the Ohio Business Opportunity Purchasers Protection Act, with respect to each such provision, are met independent of this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

**[Notice of Cancellation form (in duplicate) follows]**

**Notice of Cancellation**

\_\_\_\_\_, 20 \_\_\_\_

**You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this Agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to PureFitness Franchising LLC at 6701 Frontier Drive, Springfield, VA 22150, or send a fax to PureFitness Franchising LLC at \_\_\_\_\_, or an e-mail to PureFitness Franchising LLC at franchise@purefitness.com, not later than midnight of \_\_\_\_\_, 20 \_\_\_\_.**

**I hereby cancel this transaction.**

\_\_\_\_\_, 20 \_\_\_\_  
**(Date)**

\_\_\_\_\_  
**(Purchaser’s signature)**

\_\_\_\_\_  
**(Print name)**

**Notice of Cancellation**

\_\_\_\_\_, 20 \_\_\_\_

**You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this Agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to PureFitness Franchising LLC at 6701 Frontier Drive, Springfield, VA 22150, or send a fax to PureFitness Franchising LLC at \_\_\_\_\_, or an e-mail to PureFitness Franchising LLC at franchise@purefitness.com, not later than midnight of \_\_\_\_\_, 20 \_\_\_\_.**

**I hereby cancel this transaction.**

\_\_\_\_\_, 20 \_\_\_\_  
**(Date)**

\_\_\_\_\_  
**(Purchaser's signature)**

\_\_\_\_\_  
**(Print name)**

## **VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In Virginia only, this Franchise Disclosure Document is amended as follows:

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17(h) of the Franchise Disclosure Document shall be amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement or Development Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Item 17 shall be supplemented by the addition of the following language at the end of the Item:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

## VIRGINIA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Pure Fitness Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between PUREFITNESS FRANCHISING LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

In recognition of the requirements of the Virginia Retail Franchising Act, the Agreement is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in this Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Rider.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rider on the same date as that on which the Agreement was executed.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**VIRGINIA RIDER TO DEVELOPMENT AGREEMENT**

This Rider amends the Pure Fitness Development Agreement dated \_\_\_\_\_ (the “Agreement”), between PUREFITNESS FRANCHISING LLC, a Delaware limited liability company (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

In recognition of the requirements of the Virginia Retail Franchising Act, the Agreement is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in this Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Rider.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Rider on the same date as that on which the Agreement was executed.

**PUREFITNESS FRANCHISING LLC**

\_\_\_\_\_  
**FRANCHISEE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT J**  
**FRANCHISE DISCLOSURE DOCUMENT**

**STATE EFFECTIVE DATES**

The following states require that the Franchisee Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
Illinois	<i>Pending</i>
Indiana	<i>Pending</i>
Maryland	<i>Pending</i>
Michigan	<i>Pending</i>
Minnesota	<i>Pending</i>
New York	<i>Pending</i>
Virginia	<i>Pending</i>
Wisconsin	<i>Pending</i>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K TO  
FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**

**(See attached.)**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PureFitness Franchising LLC (“Pure Fitness”) offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, Pure Fitness or an affiliate in connection with the proposed franchise sale.

New York requires that Pure Fitness gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Pure Fitness give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration.

If Pure Fitness does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

Pure Fitness authorizes the agents listed in Exhibit A to receive service of process on its behalf.

The franchise seller(s) offering this franchise is/are checked off below:

\_\_\_\_ Bradford Smith, 6701 Frontier Drive, Springfield, VA 22150, (276) 800-2057  
\_\_\_\_

Issuance Date: **May 9, 2024**. (See Exhibit J for state effective dates.)

I have received a disclosure document dated **May 9, 2024**, that included the following exhibits:

- |  |  |
|--|--|
| Exhibit A: Agents for Service of Process<br>and State Regulators | Exhibit F: Financial Statements              |
| Exhibit B: Development Agreement                                 | Exhibit G: Form of Confidentiality Agreement |
| Exhibit C: Franchise Agreement                                   | Exhibit H: Sample General Release            |
| Exhibit D: Table of Contents of Manuals                          | Exhibit I: State Addenda and Riders          |
| Exhibit E: Current and Former Franchisees                        | Exhibit J: State Effective Dates             |
|  | Exhibit K: Receipts                          |

_____ Date	_____ Prospective Franchisee	_____ Print Name
_____ Date	_____ Prospective Franchisee	_____ Print Name

**PLEASE SIGN AND DATE THIS PAGE AND RETAIN THIS PAGE IN YOUR  
POSSESSION AS PART OF YOUR RECORDS**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If PureFitness Franchising LLC (“Pure Fitness”) offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, Pure Fitness or an affiliate in connection with the proposed franchise sale.

New York requires that Pure Fitness gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Pure Fitness give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration.

If Pure Fitness does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

Pure Fitness authorizes the agents listed in Exhibit A to receive service of process on its behalf.

The franchise seller(s) offering this franchise is/are checked off below:

\_\_\_\_ Bradford Smith, 6701 Frontier Drive, Springfield, VA 22150, (276) 800-2057  
\_\_\_\_

Issuance Date: **May 9, 2024**. (See Exhibit J for state effective dates.)

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| Exhibit E: Current and Former Franchisees                        | Exhibit J: State Effective Dates             |
|  | Exhibit K: Receipts                          |

_____ Date	_____ Prospective Franchisee	_____ Print Name
_____ Date	_____ Prospective Franchisee	_____ Print Name

**PLEASE REMOVE THIS PAGE, SIGN AND DATE ABOVE, AND RETURN IT TO:  
PUREFITNESS FRANCHISING LLC  
6701 Frontier Drive, Springfield, VA 22150  
franchise@purefitness.com**