

FRANCHISE DISCLOSURE DOCUMENT



Basecamp Fitness, LLC
a Delaware limited liability company
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www.basecampfitness.com

Basecamp Fitness, LLC is offering franchises for the operation of boutique interval training studios, under the “BASECAMP” and “BASECAMP FITNESS” trademarks and related trademarks and service marks, that offer short, high-intensity guided workouts combining strength, cardio and core training in a fast-paced, high-energy environment (“**Basecamp Studio**”).

The total investment necessary to begin operation of a Basecamp Fitness franchise ranges from \$500,759 to \$734,847. This includes \$218,000 to \$254,700 that must be paid to the franchisor or its affiliates. We may also offer you the right to develop multiple Basecamp Studios. You would then sign an Area Development Agreement and pay a Development Fee based upon the number of Basecamp Studios you agree to open, which replaces the Initial Franchise Fee you would have paid for those studios.

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 disclosures in different formats, contact your sales representative at 111 Weir Drive, Woodbury, Minnesota 55125, telephone 866-956-4612.

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: March 27, 2020, as amended October 9, 2020.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	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 C.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Basecamp Fitness business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Basecamp Fitness franchisee?	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 Risk(s) to Consider About *This* Franchise

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

Out-of-State Dispute Resolution. The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by mediation at a place selected by the mediator more than 100 miles from your principal office, by arbitration in Minnesota (or if franchisor's principal office is not in Minnesota, at the office of the American Arbitration Association located closest to its principal office) and/or by litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" to see whether your state requires other risks to be highlighted.

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN’S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

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.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is 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 subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor 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 the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor 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 the franchisor’s then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor 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 the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee 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.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, Lansing, Michigan 48909, telephone: (517) 373-7117.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document the “**Company**”, “**Basecamp Fitness**” or “**we**,” “**us**,” or “**our**” means Basecamp Fitness, LLC, the “**Franchisor**.” “**You**” or “**your**” means the person, corporation, limited liability company, partnership or other business entity that buys the franchise, the “**Franchisee**.” If you are a corporation, limited liability company, partnership or other entity, “**you**” includes the franchisee’s owners.

The Franchisor

We are a Delaware limited liability company formed on August 22, 2018. Our principal business address is 111 Weir Drive, Woodbury, Minnesota 55125. We do business under our corporate name and as “Basecamp” and “Basecamp Fitness”. We do not conduct business in any other line of business nor do we offer franchises in any other line of business. Our agents for service of process are disclosed on Exhibit A.

The Business

The Basecamp Fitness concept and brand was founded in March 2013, with the opening of the first Basecamp Fitness studio in Burlingame, California. The Basecamp Fitness brand’s presence expanded with the opening of 4 more locations in California over a 2-year period; Santa Monica in January 2015, San Francisco in April 2015, West Hollywood in October 2015 and Pasadena in January 2017. On October 23, 2018 we purchased the assets of the Basecamp Fitness brand, including the assets of these 5 locations, pursuant to an Asset Purchase Agreement between Nick Swinmurn, us, Dethrone Basecamp, LLC, Dethrone LLC, Dethrone Corporate, LLC, Dethrone Pasadena, LLC, Dethrone San Francisco, LLC, Dethrone Santa Monica, LLC, Dethrone West Hollywood, LLC, and Dethrone Burlingame, LLC. All of these Dethrone entities would be considered predecessors of ours and have a principal business address of 405 Primrose Road, No. 200, Burlingame, California 94010. To our knowledge, none of these entities has offered franchises in any lines of business.

After our purchase of the Basecamp Fitness assets we opened a Basecamp Fitness studio in Minneapolis, Minnesota in May 2019. We sold one Basecamp Fitness area development agreement in Wisconsin in the summer of 2019. We began offering unit Basecamp Studio franchises in the spring of 2020.

The franchise we offer is for the establishment, development and operation of a boutique interval training studio that offers short, high intensity guided workouts that combine strength, cardio and core training in a fast-paced, high-energy environment, under the “BASECAMP” and “BASECAMP FITNESS” trademarks, and other trademarks, trade names, service marks, and commercial symbols we may authorize (“**Marks**”). These businesses are referred to in this Disclosure Document as a “**Basecamp Studio**”. You will operate your Basecamp Studio using a unique system with high standards of service, including valuable know-how, information, trade secrets, confidential information, training and exercise methods, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, the sale of proprietary products, and research and development connected with the operation and promotion of Basecamp Studios (“**System**”). We can change or otherwise modify the System at any time as we see fit.

You must construct and operate your Basecamp Studio in accordance with our standards and sign our standard franchise agreement (“**Franchise Agreement**”). Your Basecamp Studio may only offer the services and products we authorize. Specifically, your Basecamp Studio must provide certain class-based workouts that meet our standards, offer the various types of memberships we specify and sell the merchandise, including apparel, and food and beverage products we require. We may add, modify, or delete

any services or products that you must offer or sell at your Basecamp Studio at any time, and change and modify our standards as we see fit.

You will have the right to operate a single Basecamp Studio at a location we specify in your Franchise Agreement. We also offer qualified people the right to develop multiple Basecamp Studios within a specific territory under the terms of an Area Development Agreement (“**Area Development Agreement**”). If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each Basecamp Studio you develop under your Area Development Agreement. You will sign the Franchise Agreement when you sign the Area Development Agreement. The form of that agreement will be the form attached to this Disclosure Document. Later Franchise Agreements you sign will be in the form of agreement we use at the time you sign the agreement. The terms of those agreements may differ from the form attached to this Disclosure Document.

We retain the right, in our sole discretion, to choose to award or not to award a franchise to any prospective franchisee, and to cease discussions regarding the awarding of a franchise at any time, regardless of the stage of the franchise award process or the time and money spent by you or any other prospective franchisee.

We will not require the owner of a Basecamp Studio to participate personally in the direct operation of the studio. However, each Basecamp Studio must employ a studio manager, a fitness manager, plus fitness instructors. The individual you designate as the “Principal Operator”, your studio manager and fitness manager must complete our Initial Training Program.

Our Parents and Affiliates

Our direct parent is Self Esteem Brands, LLC (“**SEB**”). SEB is owned by Anytime Worldwide, LLC (“**Anytime Worldwide**”). The majority of Anytime Worldwide is owned by Anytime Holdings, Inc. The principal business address of each of these parent companies is 111 Weir Drive, Woodbury, Minnesota 55125. We do not have any other parent companies.

We have 3 affiliates that offer franchises in other lines of business as discussed below. None of these affiliates have conducted the type of business that a Basecamp Fitness franchisee will operate nor have they offered franchises for the type of business a Basecamp Fitness franchisee will operate. All of these affiliates have the same principal business address as we do.

Our affiliate, Anytime Fitness, LLC (“**Anytime Fitness**”), began offering franchises for the operation of fitness centers designed to operate with minimal overhead and labor costs under the trademark, “Anytime Fitness®” in October 2002, and “Anytime Fitness Express®” in October 2006. Anytime Fitness began operating its own Anytime Fitness centers in January 2005, and its own Anytime Fitness Express center in October 2006. (It no longer operates any Anytime Fitness Express centers.) As of December 31, 2019, Anytime Fitness had 2,455 franchised centers in operation in the United States and 14 company-owned centers.

Our affiliate, The Bar Method Franchising, LLC (“**The Bar Method Franchising**”), offers franchises for the operation of boutique fitness studios that offer barre-based exercise classes using proprietary and non-proprietary instructional techniques, formats and methods designed to provide fitness training in an attractive atmosphere. As of December 31, 2019, The Bar Method Franchising had 117 franchised studios in operation in the United States. In addition, as of December 31, 2019, The Bar Method, LLC. (“**TBM**”), had 1 company-owned studio in California. TBM offered rights for Bar Method studios from June 2003 until October 2007 and assigned those agreements to The Bar Method Franchising in January 2008 at which time The Bar Method Franchising began offering Bar Method franchises.

Our affiliate, Waxing the City Worldwide, LLC (“**Waxing the City Worldwide**”), offers franchises for sale in the boutique body waxing services industry. Waxing the City Worldwide began offering franchises for that business in April 2013 and as of December 31, 2019 had 107 franchised locations operating in the United States and 9 company-owned locations.

We have one affiliate that will sell goods and services to our franchisees. ProVision Security Solutions, LLC (“**ProVision**”), will sell exercise equipment, information technology services, technology, and security systems, including computers, sound systems, software and other related components to our franchisees and can provide technology support, monitoring, and installation services for your Basecamp Studio. ProVision has the same principal business address as we do.

Market Competition

You will sell your services to the general public. The market for class-based fitness services, including group workout classes, is developed and highly competitive. Your competitors include other national fitness chains, personal training studios and local fitness centers. You will also face normal business risks that could have an adverse effect on your Basecamp Studio. These include industry developments, such as pricing policies of competitors, and supply and demand. Your financial success may also be sensitive to changes in general economic conditions, both globally and nationally.

Regulations

Your Basecamp Studio will be subject to national, state and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, employment laws, zoning laws, and business licensing requirements. Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry (“**PCI**”) Data Security Standard (“**DSS**”). Compliance with the PCI DSS is your responsibility. You must also comply with personal information, data protection and data privacy laws that affect the safekeeping of member information, and regulations that apply to electronic marketing, like faxes, emails, text messaging and telemarketing.

Many states, and some municipalities, have laws and regulations that apply specifically to health clubs and fitness clubs, membership contracts, operations and licenses. Many states limit the length of your customer contracts, provide for specific provisions to be included in those contracts, prescribe the format or type size for the contract, and/or provide customers the right to terminate their contracts. State regulations may also require you to obtain a bond to protect pre-paid membership fees you collect. Some states and municipalities may also have enacted laws requiring a staff person be certified in basic cardiopulmonary resuscitation, or have other specialized training. In addition, some states have laws requiring a fitness studio to have an automated external defibrillator and other first aid equipment on the premises, and some may require you to take other safety measures. Some states impose sales taxes on studio memberships. There may also be special permits required for you to operate some or all of your business. If these or similar laws have been enacted in the state or municipality in which you intend to operate your Basecamp Studio, you will need to comply with these laws, and we urge you to become familiar with them.

There are also state and federal laws and regulations that apply to credit transactions, such as the Federal Truth In Lending Act and Regulation Z, and various other credit related statutes like the Equal Credit Act and Fair Debt Collection Practices Act. These laws and regulations vary from state to state and may affect your operations.

Your business is subject to state and federal regulations that allow the government to restrict business operations during state or national emergencies. As of the date of this Disclosure Document, restrictions

on operations (such as class sizes due to social distancing requirements) have been implemented by state governments in response to the novel strain of the coronavirus (COVID-19) a global pandemic.

ITEM 2 BUSINESS EXPERIENCE

President and Governor – Charles Runyon

Chuck Runyon has been the President and a Governor of our company since our formation in August 2018. He is also one of the founders of Anytime Fitness, and has served as a Director of Anytime Fitness since February 2002, until he was appointed as a Governor, President and Chief Manager in December 2009. In January 2013, he transitioned from the role of President to Chief Executive Officer of Anytime Fitness. He has been the Chief Executive Officer and a Governor of Waxing the City Worldwide since September 2012, and the President of The Bar Method Franchising since September 2019.

Vice President and Governor – Dave Mortensen

Dave Mortensen has been the Vice President and a Governor of our company, since our formation in August 2018. He is also one of the founders of Anytime Fitness, and has served as the Secretary and a Governor of Anytime Fitness since December 2009 and as its President since January 2013. In August 2007, he was elected a Director of our affiliate, ProVision, and he was appointed as President, Chief Financial Officer/Treasurer and Secretary of ProVision in October 2009. In December 2009, he was appointed as Secretary and a Governor of ProVision. He has been the President and Secretary of Waxing the City Worldwide, as well as a Governor, since September 2012, and the Vice President of The Bar Method Franchising since September 2019.

Chief Development Officer - Jedidiah Schmidt

Jedidiah (Jed) Schmidt has been our Chief Development Officer since January 2020. Mr. Schmidt joined SEB in June 2016 and served in various roles: from June 2016 to October 2018 he was President of ProVision Security, LLC and from October 2018 to January 2020 he was Brand President of Basecamp Fitness. Before joining us, Mr. Schmidt was Global Vice President of Sales and Marketing for Playerlync, LLC in Denver, Colorado from August 2013 to June 2016.

Chief Financial Officer/Treasurer – R. John Pindred

Mr. Pindred has been the Chief Financial Officer/Treasurer of our company since our formation in August 2018. From August 2004 until September 2014, he was Chief Financial Officer for Family Christian, LLC (f/k/a Family Christian Stores, Inc.), in Grand Rapids, Michigan. From August 2006 until September 2014, he was also the Chief Administrative Officer of that company. Mr. Pindred has been the Chief Financial Officer/Treasurer of Anytime Fitness since November 2014 and of Waxing the City Worldwide since November 2014, and the Chief Financial Officer of The Bar Method Franchising since September 2019.

General Counsel - James Goniea

Mr. Goniea has been the General Counsel and the Secretary of our company since our formation in August 2018. He has also served as the General Counsel for Anytime Fitness and Waxing the City Worldwide since October 2017 and as the General Counsel and Secretary of The Bar Method Franchising since September 2019. From January 2016 to September 2017, he was a partner at Einbinder Dunn & Goniea

LLP (now Einbinder & Dunn LLP) a law firm in New York, New York. Between September 2012 and December 2015, he was a partner at Wiggin and Dana LLP, a law firm in Philadelphia, Pennsylvania.

Basecamp Fitness Brand President – Benjamin Camper

Benjamin Camper has been our Brand President since March 2020. From July 2017 to February 2020 he was the Senior Director of Strategic Operations for 24 Hour Fitness in San Ramon, California. From November 2015 through June 2017 he was a District Manager for Extra Space Storage, a real estate investment trust located in Salt Lake City, Utah.

Studio Division President - Angela Jaskolski

Angela Jaskolski joined SEB in April 2016 as the Senior Vice President of Strategic Operations. In August 2016, she became the Brand President of Waxing the City. In September 2019 she became our Studio Division President. From April 2013 to April 2016 Ms. Jaskolski was the Vice President of Corporate Operations for Regis Corporation, based in Minneapolis, MN.

Vice President of Franchise Administration – Jennifer Yiangou

Jennifer Yiangou has been our Vice President of Franchise Administration since August of 2018. She has served in this same role with The Bar Method since September 2019, with Waxing the City since October 2012 and with Anytime Fitness since January 2008.

Chief Information Officer: Tammylynne Jonas

Tammylynne Jonas has been our Chief Information Officer since June 2019 and serves in the same role for Waxing the City Worldwide, Anytime Fitness and The Bar Method. From 2017 to 2019 she was the Chief Information Officer for Holiday Companies, and while in that role, from 2018 to 2019, she simultaneously served as Senior Director of the Global Technology Team for Couche-Tard, located in Laval, Canada. From 2012 to 2017, Ms. Jonas was Vice President for Technology: Vendor Management, Sourcing, Enterprise Services, and Application Development for Kohl's, located in Menomonee Falls, Wisconsin.

Chief Self Esteem Officer - Carol Grannis

Carol Grannis has been our Chief Self Esteem Officer since August of 2018. She has served in this same capacity with Waxing the City and Anytime Fitness since August 2017. She founded Leading Edge Talent Solutions (“**Leading Edge**”) in January 2003 based in Woodbury, Minnesota, and operated Leading Edge through July 2017. Through Leading Edge, she was a consultant for us from March 2010 to July 2017.

Vice President of Real Estate – Mark Norman

Mr. Norman joined us in September 2019 as Vice President of Real Estate. He serves in the same capacity for Anytime Fitness, Basecamp Fitness and The Bar Method. From April 2017 to September 2019 Mr. Norman served as Vice President of Real Estate for Regis Corporation in Minneapolis, Minnesota. From September 2016 to April 2017 he was Associate Vice President of Real Estate at Regis Corporation in Minneapolis, Minnesota and was a Real Estate Director with Regis from November 2010 to September 2016.

Director of Financing – Timothy Smith

Timothy Smith has been our Director of Financing since October 2018. He has served in this same capacity with Waxing the City since October 2012. He has also served as the Director of Financing of Anytime Fitness since December 2009. From February 2013 to present has been President of our affiliate Franchise Financial, LLC.

ITEM 3 LITIGATION

Remarck Partners, LLC vs. Gibson Center, L.P., et al. Superior Court for the State of California, Yolo County, Case No. CV-17-1747, filed October 24, 2017. Plaintiff Remarck Partners, bought a shopping center in which an Anytime Fitness franchisee had planned to lease space to develop an Anytime Fitness center. Plaintiff is suing the seller, Gibson Center, L.P., along with Anytime Fitness and Franchise Real Estate LLC (“FRE”) for allegedly fraudulently failing to disclose that the franchisee was trying to get out of the lease and could not move forward with opening a club due to significantly changed financial circumstances. Plaintiff subsequently filed an Amended Complaint on or about January 11, 2018 adding claims against the franchisee. Anytime Fitness and FRE filed a motion to dismiss all claims brought against Anytime Fitness and FRE, but that motion was denied. In November 2019, Anytime Fitness entered into a settlement agreement with the plaintiff. The settlement agreement resolved all claims against Anytime Fitness and FRE, except for certain cross-claims by Gibson Center, a former owner of the shopping center at issue. Those cross claims are still pending. The final settlement agreement provides that neither Anytime Fitness nor FRE will pay any amount, but they will dismiss their claims against Remarck in exchange for Remarck’s dismissal of its claims against Anytime Fitness and FRE. We are not a party to this litigation.

The following disclosures relate to our affiliates, TBM and The Bar Method Franchising, in connection with the offering of boutique fitness studios that offer barre-based exercise classes under the name The Bar Method®:

Illinois v. The Bar Method Franchising Inc. and The Bar Method Inc. (Case No. 2009CH 0125, Seventh Judicial Circuit of Illinois, filed February 9, 2009). The Illinois Attorney General brought this action against The Bar Method Franchising and TBMI alleging the agreement between TBMI and an Illinois resident that TBMI assigned to The Bar Method Franchising in January 2008 constituted a franchise that was not registered under the Illinois Franchise Disclosure Act, and that TBMI did not provide a franchise disclosure document to the operator as that statute requires. On February 9, 2009, The Bar Method Franchising and TBMI agreed to the entry of a Final Judgment and Consent Decree in which, while not admitting any liability for any violations, The Bar Method Franchising and TBMI agreed to the entry of a permanent injunction prohibiting The Bar Method Franchising and TBMI from offering or selling franchises in Illinois without being registered as a franchisor or failing to provide the franchise disclosure document to residents of Illinois as the Illinois Franchise Disclosure Act requires. The Bar Method Franchising also agreed to offer rescission of the agreement to the Illinois operator and to the payment of penalties and costs to the State of Illinois in the amount of \$5,000. The Illinois operator did not accept the offer of rescission and its agreement continues in effect.

In the Matter of the Investigation by Andrew Cuomo, Attorney General of the State of New York, of The Bar Method Inc. and Carl Diehl (Assurance No. 08-108). On April 2, 2009, TBMI and Mr. Diehl, as its Vice President, entered into an Assurance of Discontinuance (“AOD”) under which, without admitting any violation of the law, they agreed to offer rescission of an agreement that TBMI signed in New York without being registered to sell franchises in that state. As part of the AOD, TBMI and Mr. Diehl agreed to comply with the provisions of the New York Franchises Act and not to sell franchises in New York without a

current registration. TBMI also paid to the State of New York the sum of \$2,500. The New York operator did not accept the offer of rescission and she continues to operate her studio under the agreement.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

Except as set forth below, no bankruptcy information is required to be disclosed in this Item.

Our Chief Financial Officer, R. John Pindred, was an officer of Family Christian, LLC, 5300 Patterson Avenue Southeast, Grand Rapids, Michigan 49530, from August 2004 until September 2014. On February 11, 2015, about 5 months after Mr. Pindred left that company, Family Christian, LLC, filed for protection under Chapter 11 of the United States Bankruptcy Code, Case No. 15-00643, United States Bankruptcy Court, Western District of Michigan. The deadline for filing claims passed on June 9, 2015. On August 11, 2015, Family Christian, LLC's Chapter 11 Plan of Liquidation, involving a sale of assets and continuity of operations, was confirmed. On August 1, 2016, the court issued a final decree closing the case.

ITEM 5 INITIAL FEES

Standard Franchises

Our initial franchise fee ("**Initial Franchise Fee**") for a single Basecamp Studio is \$50,000. However, we offer other pricing options for veterans, existing franchisees who are not in default under their existing Franchise Agreement(s) with us, and for people signing an Area Development Agreement to open and operate multiple Basecamp Studios. A schedule of the various pricing options and fees follows:

Franchise Agreement Pricing	New Franchisee	New Franchisee Who Meets Veteran Requirements (Note 1)	Existing Franchisee (Outside of Preference Period) (Note 2)	Existing Franchisee Who Meets Veteran Requirements
Basecamp Studio Franchise	\$50,000	\$47,500	\$45,000	\$42,500

1. To qualify for a veteran fee, you must be a current member of the United States or Canadian military, or a veteran who received an honorable discharge from a branch of the United States or Canadian military.

2. We offer a pricing option for existing franchisees of ours, or of our affiliates, Anytime Fitness, The Bar Method and Waxing the City, that are open and operating, and are in good standing, i.e. not subject to any uncured default notice.

Limited-time "Friends and Family" Initial Franchise Fee Pricing (Single Unit)

For a minimum period of 120 days beginning March 31, 2020, we are offering a one-time "Friends and Family" pricing and preference option to financially qualified, existing franchisees of ours, or of our affiliates, Anytime Fitness, The Bar Method, and Waxing the City, that are open and operating, and are in good standing, including not subject to any uncured default notice ("**Preference Period**"). During this Preference Period, these existing franchisees will have preference over members of the general public in

purchasing during the Preference Period a Basecamp Fitness franchise. For example, this means that if a member of the public and a qualified, existing franchisee each want to purchase a Basecamp Franchise in the same DMA, and there is only one franchise agreement available in that DMA, we will award the franchise agreement to the qualified, existing franchisee. During the Preference Period, existing franchisees may purchase a Basecamp Fitness franchise for an initial franchise fee of \$39,000. No discounts apply to this limited-time offer. In each case, the different Initial Franchise Fees only apply to Franchise Agreements or ADAs you enter into with us during the time this option is offered. We can modify or terminate any of these programs at any time. See below for Area Development pricing. In all cases, the Initial Franchise Fee is due in full when you sign the Franchise Agreement, deemed fully earned by us once paid and is non-refundable.

You will have 12 months from the date you sign the Franchise Agreement to open and begin operating your Basecamp Studio. If you want to extend that time for an additional 3 months, and we agree to allow you to do so, you must pay a \$500 extension fee to us as a condition to our granting the extension. (However, we will waive this extension fee if you are actively working with us in locating a site.) The extension fee also applies if we agree to allow you to extend the date for opening of any Basecamp Studio that you must open under your Area Development Agreement. We are not, however, obligated to grant these extensions, and we can condition our consent on other requirements. Extension fees are not refundable and are not credited against any other obligation you may have to us.

Area Development

We also offer Area Development Agreements (an “**ADA**”) to develop multiple Basecamp Studios.

Initial Franchise Fee

You must pay an Initial Franchise Fee in connection with each Franchise Agreement you sign under the ADA. Pricing for ADAs purchased outside of the Friends and Family Program is discussed below:

Initial Franchise Fee Pricing under Area Development Agreements (Standard Basecamp Fitness Franchise)	New Franchisee	New Franchisee Who Meets Veteran Requirements	Existing Franchisee	Existing Franchisee Who Meets Veteran Requirements
2 locations	\$92,500.00	\$ 87,500.00	\$90,000.00	\$ 85,000.00
3 locations	\$130,000.00	\$ 125,000.00	\$130,000.00	\$ 125,000.00
4 locations	\$ 172,500.00	\$ 162,500.00	\$172,500.00	\$ 165,000.00
5 locations	\$200,000.00	\$ 187,500.00	\$200,000.00	\$ 192,500.00
6 locations	\$242,500.00	\$ 230,000.00	\$242,500.00	\$ 232,500.00
7 locations	\$285,000.00	\$ 272,500.00	\$285,000.00	\$ 272,500.00
8 locations	\$327,500.00	\$ 315,000.00	\$327,500.00	\$ 312,500.00
9 locations	\$370,000.00	\$ 357,500.00	\$370,000.00	\$ 352,500.00
10 locations	\$395,000.00	\$ 377,500.00	\$395,000.00	\$ 377,500.00
Additional locations	+\$42,500 each	+\$40,000 each	+\$42,500 each	+\$40,000 each

Limited-time “Friends and Family” ADA Initial Franchise Fee Pricing

As discussed above, we have instituted a “Friends and Family Program”. Existing franchisees of ours, or of our affiliates, Anytime Fitness, The Bar Method and Waxing the City, that are open and operating, and are in good standing, i.e. not subject to any uncured default notice will have preference over members of the general public in purchasing a Basecamp Fitness ADA during the Preference Period. For example, this

means that if a member of the public and a qualified, existing franchisee each want to purchase a Basecamp ADA in the same DMA, and that DMA does not have the capacity to support both ADAs, we will award the ADA to the qualified, existing franchisee. No other discounts apply to this limited-time offer. Pricing for ADAs purchased through the Friends and Family Program is discussed below:

Initial Franchise Fee Pricing under Area Development Agreements (Standard Basecamp Fitness Franchise)	Existing Franchisee
2 locations	\$79,000
3 locations	\$116,500
4 locations	\$156,500
5 locations	\$189,000
6 locations	\$229,000
7 locations	\$269,000
8 locations	\$309,000
9 locations	\$349,000
10 locations	\$376,500
Additional locations	+\$42,500 each

If you sign an ADA, the initial franchise fee is referred to as a Development Fee, and you pay it in full, for all the Basecamp studios you commit to open, when you sign the Development Agreement. All portions of the Development Fee are deemed fully earned by us once paid and are non-refundable.

The number of Basecamp Studios we will allow you to open under an ADA may be limited by various factors, including the capacity of the DMA in which you choose to develop. For example, we will not sell a 10 location ADA in a DMA that has a holding capacity of 5 Basecamp studios at the time you purchase. We may not allow a single franchisee to purchase more than 70% of the potential or existing locations within any given DMA.

If you purchase an ADA that gives you the right to develop 5 Basecamp Studios, you may be given a development schedule that requires the development of all of those Studios within a 3 year period. If you purchase an ADA that gives you the right to develop 10 Basecamp Studios, you may be given a development schedule that requires the development of all of those Studios within a 5 year period.

Retail Product Package

Before you begin operating, you must purchase a package of retail products to offer for sale in your Basecamp Studio from us. The cost of the package is approximately \$5,000 and is non-refundable and is due before we ship the goods.

Construction Documents

You must retain an architectural vendor to create a complete set of detailed construction documents and to complete construction of your facility in compliance with our mandatory specifications (“**Construction Documents**”), and to obtain any required permits, and conform the premises to local ordinances or building codes. If you do not use our designated architectural vendor to create the Construction Documents, we will charge you a fee of \$2,700 to review the Construction Documents created by another vendor. If this is your first Basecamp Studio, we may require you to obtain your Construction Documents from our designated architectural vendor. This fee is not refundable and is due upon receipt of an invoice.

Build-Out Package

You must purchase your signage, initial marketing materials, furniture, fixtures and a design kit from us. You will order all these items as a package through our on-line portal. We estimate that the total payments for the Build-Out Package will range from approximately \$64,000 to \$70,000. The actual amount you pay for these components may vary based on how many non-mandatory items you purchase from us, the requirements and size of your particular Basecamp Studio, and what products we are offering at the time of your purchase. This fee is not refundable and is due at the time of purchase.

Technology and Fitness Equipment Package

You must purchase your fitness equipment, certain technology services, technology, network hardware, and security systems, including iPads, computers, audio and video systems, software and other related components to operate your Studio as a package offered by our affiliate, ProVision. These systems include a point of sale system and software and cloud based technology. You will use these systems for marketing and sales, business intelligence, club management, fitness programming, communications with us and other studios, web integration, online team collaboration, and to manage your social content, reviews and advertisements. The actual amount you pay for these components may vary based on how many non-mandatory items you purchase from us, the requirements of your particular Basecamp Studio, and what products we are offering at the time of your purchase. ProVision will provide you with technology support, monitoring, and installation services for your Basecamp Studio. The cost to purchase the Technology and Fitness Equipment Package ranges from \$100,000 to \$120,000. This range does not include the cost of taxes, shipping or installation. This cost may be financed through a third party. These payments are not refundable and are due at the time our affiliate specifies.

Technology Set-up Fee

You must purchase from our affiliate ProVision, a Technology and Fitness Equipment Package that includes various technology systems you need to operate your Basecamp Studio. You will pay ProVision a one-time set-up fee and a monthly fee for these technology solutions. The set-up fee is \$500 and is not refundable and is due before the set-up of the systems. See Item 6 for information on the monthly fee.

Training Fees

Before your Studio opens your Fitness Manager must attend and complete our Train the Trainer Program and a minimum of 3 of your instructors must attend and complete our Instructor Training Program. Cost for the Instructor Training Program is \$4,000. Cost for the Train the Trainer Program is \$2,000 if the bootcamp portion of it occurs contemporaneously with the Instructor Training Program. If the bootcamp portion is conducted at a different time we will conduct the bootcamp portion at your location or another location we designate and the cost will be \$2,000 plus our travel and living expenses. The costs for these trainings are nonrefundable and must be paid before the applicable training begins. For more information on these trainings see Item 11.

**ITEM 6.
OTHER FEES**

Type of Fee	Amount (Note 1)	Due Date	Remarks
Royalty Fee	8% of Gross Revenue each week. We reserve the right to increase this fee upon notice to you.	Payable on 10th day of each month for the prior month. (Note 2)	Gross Revenue, includes all amounts generated by your Basecamp Studio, including membership package sales and gift cards (all counted at time of sale), and excluding bona fide refunds, credits given or allowed to customers for the return of merchandise and amounts collected from customers and remitted by you to any governmental taxing authority in satisfaction of sales taxes. Chargebacks are not deducted from collections.
General Advertising and Marketing Fund Contributions	Currently, 2% of Gross Revenue each month	Payable on the 10 th day of each month for the prior month. (Note 2)	We reserve the right to increase the General Advertising and Marketing Fund Contribution upon 60 days' written notice to you, but it will not exceed 3% of monthly Gross Revenue.
Grand Opening Program (Note 3)	\$40,000	As incurred	If you fail to spend the minimum required amount on the Grand Opening Program, you must pay us the difference and we can either spend it in your market on your behalf or place the money in the General Advertising and Marketing Fund.
Local Marketing Requirement (Note 4)	\$2,500 per month.	As incurred	If you do not meet this minimum requirement, you must pay us the difference and we can either spend it in your market on your behalf or place the money in the General Advertising and Marketing Fund.
Technology Fee (Note 5)	Currently, \$799 per month.	Payable monthly on the first business day of each month.	You pay this fee to our affiliate, ProVision. We may increase the Technology Fee upon written notice to you.
Marketing Materials	Variable, but currently sold at our cost plus shipping	When incurred.	You must purchase marketing materials for brand level promotion. We may prescribe minimum amounts you must purchase.

Type of Fee	Amount (Note 1)	Due Date	Remarks
Conference Fee	Currently, \$439 for early registration, increasing to \$659 at the Conference	When you register for the Conference	If we hold a Conference you must pay this fee for one Basecamp Studio, regardless of how many studios you open, even if you do not register for our Conference. Payment of this fee covers registration for a Principal Owner of your Basecamp Studio to attend our Conference. (Note 6)
No Show Fees	Currently, \$500-\$1,000 depending upon trainer, or our actual costs of rescheduling whichever is greater	Immediately after notice from us.	If we are scheduled for an on-site visit or if you register for a training program, and you cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire program, and you did not provide us at least 2 weeks' notice that you would not be attending, then you must pay this fee.
Renewal Fee	\$5,000	At least 15 days before the term of your Franchise Agreement expires.	You only pay this fee if you want to renew your franchise.
Training Compliance Fee	Currently, \$4,500	Immediately after notice from us.	You only pay this fee if you or any of your instructors teach Basecamp Fitness classes without completing the required instructor training. The fee consists of a \$500 fine and \$4,000 flat fee for an on-site instructor certification course.
New Instructor Training (Note 7)	Currently, \$4,000	Payable before training begins.	3 days of training at your location.
Train the Trainer	Currently, \$2,000 plus travel and living expenses for trainers if training held outside of a corporate-designated location	Payable before training begins.	If you are an existing Basecamp Studio and your Fitness Manager has not attended this training or you employ new Fitness Managers, these individuals must attend and complete this training to our satisfaction.
Transfer Fee	\$7,500 or \$15,000 (Note 8)	Before you transfer the franchise.	You only pay this fee if you sell your franchise or your interest in it.
Relocation Fee	\$1,500 plus our expenses	When you submit a request to move your Basecamp Studio.	You only pay this fee if you want to relocate your Basecamp Studio. If we do not approve your request, we will refund the fee.

Type of Fee	Amount (Note 1)	Due Date	Remarks
Audit	Cost of audit	30 days after billing	Payable only if audit shows an understatement of at least 2% of Gross Revenue for any month.
Inspection Fee	Currently, up to \$500 per failed inspection	Immediately after notice from us.	We will have someone conduct an inspection of your Basecamp Studio on a periodic basis, no more than annually. If you fail the inspection based on our criteria, we will re-inspect at a time we determine and you must pay this fee to cover our costs of re-inspection. If you pass the inspection, you will not incur this cost.
Additional On-site Operations Training	Currently, \$500-\$1,000 per day plus travel costs and expenses, per trainer	Immediately after notice from us.	If you request and we agree we will send one or more experienced Basecamp Fitness instructor(s) and one or more operations staff member(s) to your Basecamp Studio for 2 days to provide you and your staff with on-site studio operations and coaching training. If you are not meeting our coaching and/or operations standards, we may require you to take and pay for this training. We can also require you to take and pay for this training if we determine it is needed to keep the System competitive. This fee increases to \$1,000 if you request a Master Trainer for the training.
Standard Default Fee	\$250 per violation per month	Immediately after notice from us.	In addition to our right to terminate the Franchise Agreement and any other rights we may have, if you breach certain provisions of your Franchise Agreement, and you fail to cure the default during the cure period provided, you must pay us a fee of up to \$250 per month until the default is cured in order to offset our costs incurred to address the default.
Insurance Handling Fees	Currently \$100	Immediately after notice from us.	You only pay this fee to us if you fail to obtain insurance, and we obtain the insurance coverage for you. This fee does not include the cost of insurance premiums, for which you must also reimburse us.

Type of Fee	Amount (Note 1)	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Basecamp Studio.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees, will vary under the circumstances.	Immediately after notice from us.	You only pay this amount if we are successful in any legal action we bring against you, or in defending any claim you bring against us.
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law.	As incurred	Payable on all overdue amounts.
Late Report Fee	\$100 per violation	As incurred	Payable only if a required report or financial statement is not delivered when due.
Insufficient Funds Fee	\$100 per check that you submit to us that is returned for insufficient funds, and \$100 each time that we are unable to collect via EFT due to insufficient funds.	As incurred	
Construction Document Review Fee	\$2,700	Immediately after notice from us	You must pay us this fee if this is your first Basecamp Studio and you do not use our designated architectural vendor to complete your Construction Documents.
CEC Credit Deficiency	\$1.00 per credit deficiency multiplied by the number of Basecamp Studios you own	Immediately after notice from us	You only pay this fee if you fail to meet your Continuing Engagement Credit minimum in any given year. We will deposit the fee in the General Advertising and Marketing Fund. See Item 11 for more information.
Compliance Drawing Fee	\$250 per additional Drawing	As incurred	If you would like additional Compliance Drawings you must pay this fee to us for each additional Drawing.
Cleaning Fee	Costs we incur and are charged by third parties	As incurred	Only payable if you fail to maintain your Studio in a condition that meets our standards and we designate one of our personnel to assist you and/or have third party cleaners clean your Studio to bring it up to standards.
Liquidated Damages	\$10,000 multiplied by number of undeveloped Basecamp studios	Immediately after notice from us	Only payable if your ADA is terminated and you have not developed all Basecamp studios under the ADA you agreed to develop.

Except as otherwise stated, all fees paid to us or our affiliates are non-refundable under any circumstances, and are uniform for all new franchisees. You must pay fees and other amounts due to us via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to this Disclosure Document or other form that we may require) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Revenue for your Basecamp Studio to us for any reporting period, then we will be authorized, at our option, to debit your account for (a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Revenue was provided to us; or (b) the amount due based on information we have retrieved from your operating system.

Notes:

- (1) If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or Minnesota income taxes we or our affiliates have to pay.
- (2) If the payment falls on a banking holiday, the payment will be due on the next business day.
- (3) You must spend a minimum of \$40,000 on a Grand Opening Program we have approved for your Basecamp Studio beginning 12 to 16 weeks before your scheduled opening and ending 30 days following the opening of your Basecamp Studio. We recommend that you spend at least \$60,000 on your Grand Opening Program. If you do not meet the minimum spend requirement, you must pay us the difference between what you were required to spend and what you actually spent and we can either spend it in your market on your behalf or place the money in the General Advertising and Marketing Fund, as we determine.
- (4) After the Grand Opening Program, you must spend a minimum of \$2,500 per month on local advertising of your Basecamp Studio and we recommend that you spend at least \$4,000 per month. If you do not meet the minimum spend requirement, you must pay us the difference between what you were required to spend and what you actually spent and we can either spend it in your market on your behalf or place the money in the General Advertising and Marketing Fund, as we determine.
- (5) You will pay this monthly fee to our affiliate, ProVision for the support of certain components in the Technology and Fitness Equipment Package. You may still need to purchase various technology and equipment that is not included in the Technology and Fitness Equipment Package. This fee does not include any fitness equipment maintenance that you may also need to purchase.
- (6) A person owning a 10% or greater interest in you or your Basecamp Studio ("**Principal Owner**"), must attend our Conference when offered, typically every other year. If they do not register for a Conference, we will bill you for the "early bird" minimum conference fee after the Conference.
- (7) Each instructor at your Basecamp Studio must successfully complete our Instructor Training Program. Cost for this training is \$4,000.

- (8) If you transfer the franchise before you open the Basecamp Studio, the fee will be \$15,000. If you transfer the franchise after you open, the transfer fee is \$7,500.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	\$42,500	\$50,000	Lump sum	Upon signing the Franchise Agreement	Us
Travel and Living Expenses While Training (Note 3)	\$5,000	\$6,400	As incurred	As incurred during training	Airlines, hotels, restaurants
Real Estate and Leasehold Improvements (Note 4)	\$30,645	\$206,645	Varied times	Before Opening	Landlord and building contractor
Architect/Design Fees (Note 5)	\$8,500	\$8,500	As specified in contract	At time of design	Architect
Technology and Fitness Equipment (Note 6)	\$115,000	\$138,000	As agreed	Varied times	Affiliate and Vendors
Millwork & Furniture	\$33,500	\$36,403	As agreed	Varied times	Us or vendors
Supplies (Note 7)	\$4,220	\$4,520	As agreed	Varied times	Us or vendors
Signage (Note 9)	\$30,467	\$33,052	As agreed	Varied times	Us or vendors
Initial Inventory/Merchandise (Note 10)	\$5,000	\$5,000	As agreed	At delivery	Us or vendors
Grand Opening Advertising (Note 11)	\$40,000	\$60,000	Lump sum	Before opening	Us or vendors
Insurance (Note 12)	\$3,050	\$3,450	As incurred	Varied times	Third parties
Miscellaneous Expenses (Note 13)	\$14,123	\$14,123	As agreed	Varied times	Vendors
Additional Funds and Working Capital for First 3 Months (Note 14)	\$168,754	\$168,754	As incurred	Varied times	Vendors or third parties
TOTAL (Note 15)	\$500,759	\$734,847			

Notes:

- (1) Unless otherwise provided, the low and high ranges in the table are based on a Basecamp Studio with 3,200 square feet. These fees are non-refundable unless otherwise noted.
- (2) The Initial Franchise Fee is described in Item 5. If you sign an Area Development Agreement, you must commit to opening more than one Basecamp Studio, and you will pay the Development Fee at the time you sign the Area Development Agreement. The Development Fee will be credited to the Initial Franchise Fee due under each Franchise Agreement you or your affiliate signs for each Basecamp Studio developed under the Area Development Agreement. The Development Fee is described in Item 5.
- (3) The person you designate as the “Principal Operator” of your Basecamp Studio, your studio manager and fitness manager must attend our Initial Training Program at a location we designate. If your Principal Operator is not also a Principal Owner, then this individual must attend training, and along with your studio manager and fitness manager must sign confidentiality and non-disclosure agreements that meet our requirements and you must provide a copy to us before they attend training. In addition, if your Principal Operator is not also a Principal Owner, then a Principal Owner must also attend and complete this training to our satisfaction before you open your Basecamp Studio. Additional personnel of your studio must attend and complete the other required trainings before opening. While we do not currently charge for the Initial Training Program, you must pay all travel and living expenses for your attendees. The estimates are the estimated costs for 1 person to attend the Initial Training Program at our corporate offices in Woodbury, MN for 5 days.
- (4) Our estimate for initial expenses for real estate and improvements assumes you will lease space for your Basecamp Studio and these assumptions are based on our costs in leasing and building out two Basecamp studios in the Minneapolis, Minnesota market. The typical size of a Basecamp Studio is 2,500 to 4,500 square feet. Rent costs are generally between \$20 and \$50 per square foot in the Minneapolis, Minnesota market, not including CAM or taxes, and will vary in other markets. The cost for build-out is approximately \$100 per square foot in the Minneapolis, Minnesota market, will vary in other markets, and includes at a minimum, a work-out area, concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for a Basecamp Studio. Our estimates are based on these assumptions.

As described in Item 8, we offer a Construction Management Services program through our approved vendor to oversee the construction of your Basecamp Studio. We do not currently require you to participate in the Construction Management Services program, however we may transition this to a mandatory program. If this occurs, you must purchase Construction Management Services if you have not already signed a Franchise Agreement with us or have not commenced the construction of your Basecamp Studio. As of the issuance date of this Disclosure Document, we anticipate that the cost of the Construction Management Services will be \$8,500.

The amount of your leasehold improvements will likely vary substantially based on existing conditions, size, design, including the availability and prices of labor and materials. The amounts do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a free-standing Basecamp Studio, which also would result in a significantly greater initial investment. You should carefully investigate all of these costs in the area where you

wish to establish your Basecamp Studio. In addition, we assumed the general contractor will include permitting fees in the construction costs.

- (5) You must retain an architectural vendor to create a complete set of detailed Construction Documents. You must pay a fee of \$2,700 if you do not use our designated architectural vendor to create the Construction Documents. We do not construct, remodel or decorate your premises. The estimates assumes standard tenant improvements within a structure, designed for commercial use, and excludes items such as structural modifications, site work, energy studies, surveys and/or exterior improvements. For purposes of these estimates we have assumed you will use our approved architectural vendor.
- (6) Many of these items are included in the Technology and Fitness Equipment Build-Out Package you will purchase from us. The total cost of equipment will vary depending on various factors, including the size of your facility. These estimates include the estimated taxes, shipping and install costs that are not included in Item 5.
- (7) Before beginning operations, you must purchase equipment and supplies as described in the Operations Manual, including membership brochures, posters, and other items. This estimate also includes additional marketing materials, like branded promotional products, printed materials, and similar items, which you may purchase through our marketing portal. You may purchase initial supplies from us (see Item 5) or from a third party vendor.
- (8) This estimate includes the amount you pay to our affiliate, ProVision for various technology services, the set-up fee and monthly fee you pay to us for the Technology and Fitness Equipment Package and the cost of other third party technology you must acquire to operate your Basecamp Studio, including various music licenses.
- (9) Some of this signage is included in the Build-Out Package you will purchase from us. The total cost for the signage varies depending on the size of the signs, quantity, and the requirements of the landlord and governing authority.
- (10) This is the cost for our Retail Product Package.
- (11) The estimate also includes amounts you must spend to advertise your Basecamp Studio for the Grand Opening Program. Factors that may affect the actual amount you spend include the type of media used, the location of your Basecamp Studio, the size of the area you are advertising to, local media cost, and the time of year.
- (12) Some state laws also require the purchase of a bond. Because the requirements vary by state, and may depend on your net worth, we cannot estimate the amount you will need to obtain a bond, or the assets you may need to collateralize that bond. We have negotiated a base rate of \$250 per year for bonds through our designated vendor, however your actual cost may vary based on your individual circumstances. Further, you will need to purchase and maintain in effect at all times during the term of the Franchise Agreement a policy or policies of insurance, naming us and our affiliates as additional insureds on the face of each policy. You must have and maintain general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage all with current minimum limits of \$1,000,000 per person and \$1,000,000 per occurrence, \$3,000,000 in the aggregate, and other insurance in the types and amounts as we may require or as required by law. The insurance policy must be written by a carrier who has a minimum rating acceptable to us. Our insurance estimate assumes that you will personally operate your Basecamp Studio and have no employees. Therefore, the estimates do not include premiums for

worker's compensation insurance, employer's liability insurance or automobile liability insurance. Your insurance costs may be substantially higher if you have to buy employer's liability insurance, automobile liability insurance, or any other insurance required by your landlord. Before you make a decision to purchase the franchise, you should confirm that insurance is available for a fitness center of the type you intend to operate, given that you will not staff the premises all of the time.

- (13) This amount includes security deposits, utility costs, licensing fees, and professional expenses such as legal and accounting.
- (14) This amount includes estimated operating expenses you should expect to incur during the first 3 months of operations, not including any fees or other amounts you owe us. These figures do not include any taxes or other permitting or licensing fees that you may pay.
- (15) These figures are estimates only. We have relied on our experience and that of our predecessors in operating 5 company-owned Basecamp Studios in California and our experience in operating one in Minneapolis, Minnesota to compile these estimates. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Disclosure Document. You must bear any deviation or escalation in costs from the estimates that we have given. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your experience in the fitness industry, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges or fees, interest or debt service obligations.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All equipment, furnishings, fixtures, signs, software, software support and security monitoring, supplies, maintenance services, insurance and products you purchase for use or sale in your Basecamp Studio must meet our specifications. Additionally, all membership types you offer as well as workouts provided through your Basecamp Studio must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating. We may include these specifications in the manual that we provide to you online, or we may issue them separately. While we do not have specifications for local advertising you create to promote your studio, we do require that you obtain our prior approval to the use of any advertising materials you prepare. You may not establish or have established any website, web page, social media and/or social networking site, profile or account, relating to or making reference to us, your Basecamp Studio, or to the Basecamp Fitness System.

You can expect that the items you purchase to meet our specifications will represent over 90% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent between 70% and 90% of your total expenses.

If you want to purchase items for your Basecamp Studio that we have not previously approved, or items that differ from our specifications, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material or supply meets our specifications and quality standards. We do not impose any fee for our consideration.

We may require you to purchase certain furniture, equipment, inventory, supplies, services and other products used or offered at your studio from vendors we approve, in which case we will provide you with a list of approved suppliers. These will include mandatory vendors (persons from whom you must purchase certain items or services), designated vendors (for items or services that must be purchased from vendors we approve), and preferred vendors (for vendors we have approved, but in categories where we do not require you obtain our approval of the vendor). These suppliers may pay vendor rebates to us and they may include our company and affiliates of ours. We may modify our mandatory, designated, and/or preferred vendor(s) at any time.

As of the issuance date of this Disclosure Document, we have the following sole suppliers in our System:

1. We are currently the sole supplier of the items logo'd with our Marks, including any branded mobile applications, all products for re-sale and workout formats that you must use at your Basecamp Studio. We are the sole supplier for those technology systems included in the Technology and Fitness Equipment Package. These systems include a point of sale system and software and certain cloud based technology. We are also the sole supplier for the signage, initial marketing materials, furniture, fixtures, a design kit and all fitness programming.
2. ProVision, an affiliate of ours, is currently the sole supplier for certain fitness equipment, technology services, technology, network hardware, and security systems, including iPads, tablet devices, computers, audio and video systems, software and other related components which you must purchase to operate your Basecamp Studio.
3. We have a sole supplier of studio management, billing, payment and scheduling software which you must use to operate your Basecamp Studio.

If you choose to use a vendor other than our designated architectural vendor for the creation of your Construction Documents, you will pay us \$2,700 to review your Construction Documents. See Item 5. The Construction Documents supplied by the alternate service provider must provide the same level of information and detail as the prototypical Construction Documents created by our designated architectural vendor and use the same format, style and structure. The service provider will be responsible for distribution and coordination of documents to all designated vendors that utilize the Construction Documents as part of the development process. If this is your first Basecamp Studio, we may require you to obtain your Construction Documents from our designated architectural vendor.

We currently offer construction management services through an approved third-party vendor, to assist franchisees with the build-out of their studios ("**Construction Management Services**"). Construction Management Services generally include consulting services regarding construction-related lease requirements, construction estimates, general contractor bidding and selection (you select the general contractor), the exterior sign review and approval process, utilities set up, obtaining building permits, site conditions and work progress, FF&E operation, maintenance and trouble-shooting; providing a punch list of open issues; construction warranty work; and obtaining occupancy approval. As of the issuance date of this Disclosure Document, the Construction Management Services are optional. However, we may transition the Construction Management Services program to a mandatory program. If this occurs, you must purchase Construction Management Services if you have not already signed a Franchise Agreement with us or have not commenced the construction of your Basecamp Studio. We anticipate that the cost of the program will be \$8,500. You must pay our approved vendor for the Construction Management Services when you sign its Project/Construction Management Services Agreement. This payment is not refundable. While our vendor provides consulting services in these various areas if you sign its construction management agreement, you alone are responsible for all fees, costs, and expenses associated with your

Basecamp Studio's build-out, including plans and specifications, permits, licenses, construction and materials, FF&E, installation and insurance.

When we have a designated vendor (other than a mandatory vendor), if you want to purchase from other vendors the items or services for which that vendor has been designated, you must notify us in writing and obtain our approval. If you seek approval of a new supplier (or if the supplier applies directly to us for approval), we will require the supplier pay us a nonrefundable fee of \$300 before we will consider approving their application. This fee is intended to defer our cost of reviewing the supplier. (We do not require you to pay any fee.) We may also require the supplier to sign a supplier agreement with us.

You must participate in all consumer sales and satisfaction programs or surveys that we require, including loyalty programs as well as obtain and maintain all technology we require to deliver member exercise programming.

We may also negotiate preferred vendor contracts with vendors. The preferred vendor contracts will usually provide favorable pricing to our franchisees. A list of current preferred vendor contracts will be available to you from us at any time after you sign your Franchise Agreement.

As further described above, we have the right to designate a single source or sources from whom you must purchase any required products and services, and we and/or our affiliates may be that single source or one or more of the sources. Except as described above, as of the issuance date of this Disclosure Document, neither we nor our affiliate are the only approved suppliers of any required products and services.

In reviewing prospective suppliers, we consider whether the product or service is consistent with our concept and brand; how they and/or their products or services would enhance our brand and make it more attractive to customers or franchisees; how the product or service would improve the studio experience of a customer; how the product or service would increase revenue of a franchisee's business; how the product or service would increase the efficiency of a franchisee; if the product or service is already available through other sources, would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; is the product of a commercial quality with a proven record of durability; does the supplier support our values; and other factors. In addition, we consider demand from franchisees, the need for the vendor based on business trends, and the ability of the vendor to serve franchisees throughout the United States. (The criteria is posted on our website for potential vendors.) We will generally notify you and the supplier of our approval or disapproval within 2-12 months of our receipt of all the information and samples we request. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item.

In the future, we may derive revenue from your purchases or leases of goods, services, supplies, fixtures, equipment, inventory and products from our mandatory, designated or preferred suppliers. This income may be in the form of percentage rebates on the purchases you make from the vendor or fixed amounts on supplies and services. There are no caps or limitations on the maximum amount of rebates we may receive from our suppliers as the result of franchisee purchases. During 2019 neither we nor our affiliates received any revenue from the sale of goods or services to our franchisees.

We do not have any purchasing or distribution cooperatives as of the issuance date of this Disclosure Document although we reserve the right to create them in the future and may require your participation in them. We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers and distributors.

None of our officers own any interest in any of our other suppliers, other than us and our affiliate ProVision.

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 Franchise Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1, 9, and Rider	Sections 1 and 3.A	Items 7 and 11
b. Pre-opening purchases/leases	Sections 1, 6, 7, and 9	Section 1.C	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 6, 7, 8, and 9	Sections 1,3 and Rider	Items 5, 7 and 11
d. Initial and ongoing training	Sections 2, 7, and 8	Not Applicable	Item 11
e. Opening	Sections 1, 7, and Rider	Sections 3.A,3.B, and Rider	Items 7, 11 and 12
f. Fees	Sections 1, 2, 4, 5, 6, 7, 8, 9, 12, 13, 14, 20, and Rider	Sections 2, 6.B, 7.C, and Rider	Items 5 and 6
g. Compliance with standards and policies/operating manual	Sections 1, 2, 3, 8, and 9	Section 8.A, 8.C	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Sections 3, 9, and 10	Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	Section 9	Not Applicable	Items 8, 11, and 16
j. Warranty and customer service requirements	Section 9	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Section 3 and Rider	Item 12
l. Ongoing product/service purchases	Sections 8 and 9	Section 8.C	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Sections 9 and 14	Not Applicable	Item 6
n. Insurance	Section 11	Not Applicable	Item 7
o. Advertising	Sections 3, 5, 6, and 9	Not Applicable	Items 6, 7, and 11
p. Indemnification	Sections 9 and 11	Sections 7.C and 9	Item 6
q. Owner's participation/management/staffing	Sections 8 and 9	Section 1.A	Item 15
r. Records and reports	Sections 6, 9, and 12	Not Applicable	Not Applicable
s. Inspections and audits	Sections 6, 9, and 12	Not Applicable	Item 6
t. Transfer	Section 13	Section 7	Items 6 and 17
u. Renewal	Section 2	Not Applicable	Items 6 and 17
v. Post-termination obligations	Sections 16, 17, and 18	Section 6	Item 17
w. Non-competition covenants	Sections 10 and 17	Section 9	Items 15 and 17
x. Dispute resolution	Sections 18 and 20	Section 9	Item 17
y. Other: guaranty of franchise obligations (Note 1)	Personal Guaranty (which follows the Franchise Agreement)	Personal Guaranty (which follows the Area Development Agreement)	Item 15

Notes:

- (1) Each individual who is an owner of any business entity that is the franchisee, and their spouse, must sign a personal guarantee of all the obligations of the franchisee under the Franchise Agreement and the Development Agreement. This Guarantee also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement.

**ITEM 10
FINANCING**

We do not offer, directly or indirectly, any financing to you to help you establish your business. We do not guarantee any note, lease or other obligation you incur. However, we do have an arrangement with a third-party equipment lender who will provide financing to our franchisees who meet this lender's requirements.

Geneva Capital, LLC ("**Geneva**"), offers financing of up to \$100,000 for a new location, including, among others, tangible equipment, security system, and signage (but excluding your initial franchise fee and working capital), based on credit approval. Financing is offered as a lease that typically requires 1 advance payment of up to 20%. Geneva also collects a security deposit equal to 1 month's lease payment. Lease terms vary from 12 to 36 months. Geneva offers both true tax and capital leases. Fixed equivalent interest rates typically vary from 7.99%, to 11.99% per annum, based on your financial and credit worthiness. Geneva will not require you to pledge any other assets to secure the lease, but you must provide a personal guaranty. The amount of your lease payments will depend on the amount financed, the term of the lease, and the interest rate. You will have the right to purchase the equipment at the end of the lease at fair market value, typically capped at 10% or 20% of the original equipment cost, assuming you have not defaulted under the lease. The ability to prepay your obligations is negotiated on a case by case basis.

You will be in default under Geneva's lease documents if you fail to pay amounts owed when due or you breach any other provision of the lease documents. If you commit a payment default, you must pay a late charge of 15% of the payment which is late or \$25.00, whichever is greater or, if less, the maximum charge allowed by law. Regardless of the type of default, Geneva may retain your security deposit, elect not to renew any or all time-out controls programmed within the equipment, terminate or accelerate the lease and require that you pay the remaining balance of the lease (discounted at 3% per annum), and any purchase option due, and/or return the equipment to Geneva. Geneva may recover interest on the unpaid balance at the rate of 18% per annum or, if less, the highest rate permitted by law. It may also exercise any remedies available to it under the Minnesota Uniform Commercial Code or the law of its assignee's principal place of business. It may also file criminal charges against you and prosecute you to the fullest extent of the law if any information supplied by you on your credit application or during the credit process is found to have been falsified or misrepresented. You must also pay Geneva's reasonable attorneys' fees and actual court costs. If Geneva has to take possession of the equipment, you must pay the cost of repossession including damage to the equipment or real property as a result of repossession.

Under the personal guaranty, which is contained in Geneva's equipment lease agreement, you waive all notices. If you default under the lease agreement, Geneva may obtain and use consumer credit reports to determine acceptable means of remedies, and you waive any right or claim you may otherwise have under the Fair Credit Reporting Act (Equipment Lease Agreement – Section 12). Because the lease is a noncancelable net lease you are not entitled to any reduction of rent or any setoff for any reason, nor will the lease terminate or will your obligations be affected by any defect in, damage to or loss of possession or use of any of the equipment (Equipment Lease Agreement – Section 2). You waive any and all rights or remedies not in the lease (Equipment Lease Agreement – Section 14) and you and your guarantors, consent to personal jurisdiction in the state that Geneva or its assignee, as applicable, has its principal place of

business and you and your guarantors waive trial by jury. If Geneva transfers the lease the transferee will not have to perform any of Geneva's obligations and the rights of the transferee will not be subject to any claims you have against Geneva (Equipment Lease Agreement – Section 11). A copy of the current Geneva lease documents as of the date of this Disclosure Document is attached as Exhibit K-1.

We have signed a separate agreement with Geneva, under which we agreed to assume certain obligations if you default under your lease, including an obligation to assist Geneva in remarketing your equipment. Under that agreement, we also agreed to establish a pool to compensate Geneva for certain amounts of the losses it incurs, and to guaranty payment of certain amounts of those losses. This agreement also provides for a percentage of the lease amount to us as a referral fee and for a percentage of the lease amount added to the guaranty pool. There is no direct affiliation between Geneva Capital and us.

We and our affiliates have the right to sell, assign or discount to a third party all or part of any amounts you may owe to us or to our affiliates.

ITEM 11

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

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

Before you open your Basecamp Studio, we will:

(1) Designate a Market Area (“**DMA**”) in which you may look for a site location for your Basecamp Studio (Franchise Agreement – Section 1).

(2) Once you have chosen a site location for your Basecamp Studio, either approve or disapprove that location (Franchise Agreement – Section 1.C).

(3) Once we approve a site location for your Basecamp Studio, provide you with a Protected Territory for your studio (Franchise Agreement – Section 1.E).

(4) Provide you online access to our operations manual that contains mandatory and suggested specifications, standards and procedures (the “**Operations Manual**”). The Operations Manual consists of one or more manuals, technical bulletins or other written materials available electronically and may be modified by us periodically in our discretion. (Franchise Agreement – Sections 8, 9). The manual currently contains 40 pages. A copy of the table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit B.

(5) Provide you with a prototype floor plan, as well as a list of the equipment, displays, fixtures and furnishings for setting up or remodeling your studio (Franchise Agreement – Section 8.B).

(6) Create a specific studio layout/design for your Basecamp Studio (a “**Compliance Drawing**”) (Franchise Agreement – Section 8.C). If, however, you want to make changes in the Compliance Drawing, you will have to pay the vendor directly for the cost of those changes.

(7) If you do not use our designated architectural vendor to create the Construction Documents, review the Construction Documents created by another vendor (Franchise Agreement – Section 8.D).

(8) Provide, at our expense, the Initial Training Program for you, or if you are a legal or business entity, a Principal Owner, your studio manager and fitness manager. (Franchise Agreement Section 8.E.). See below for additional information on the Initial Training Program and other training.

(9) Sell to you, or have our affiliate sell to you, a variety of items to operate and promote your Basecamp Studio, including the items included in our Retail Product Package, the Build-Out Package, and the Technology and Fitness Equipment Package, and various other items described in the Operations Manual. (Franchise Agreement – Section 7.A).

(10) Assist you in developing and implementing a pre-opening and grand opening program we approve (Franchise Agreement - Section 6).

(11) If you are signing an Area Development Agreement identify a market area within which you will open the number of Basecamp Studios you and we agree on (Area Development Agreement - Sections 1, 3 and Rider).

During the term of the Franchise Agreement, we will:

(1) Make a representative reasonably available to speak with you on the telephone, or at our option, online or via email during normal business hours to discuss your operational issues and support needs or we may send a representative to your Studio (Franchise Agreement – Section 8).

(2) Arrange a mystery shopping service to shop your Basecamp Studio periodically during the term of your Franchise Agreement, and provide the results to you (Franchise Agreement – Section 8).

(3) Establish and maintain an Internet website for the Basecamp Fitness brand and provide with a local landing page for your Basecamp Studio on that site (Franchise Agreement – Section 9).

(4) Make available additional and advanced training that we feel is necessary to familiarize you and your management team on changes and updates in the franchise System (Franchise Agreement – Section 2, 7 and 8).

(5) Maintain and administer the General Advertising and Marketing Fund (Franchise Agreement – Section 5.B). See below for more information on this Fund and other advertising requirements.

Training

Initial Training Program

Before the opening of your Basecamp Studio, we provide an initial training program (“**Initial Training Program**”) to the person you designate as the “Principal Operator” of your Basecamp Studio, your studio manager and fitness manager. The Initial Training Program may be provided in-person at our corporate offices in Woodbury, Minnesota, at another location designated by us, and/or in a virtual, online or webinar format. The training is held on an as needed basis to accommodate demand. There is no charge to you for this training, but you are responsible for all travel and living expenses you and your personnel incur in attending the training. In addition, if your Principal Operator is not also a Principal Owner, then a Principal Owner of your business must also attend and complete this training to our satisfaction before you open your Basecamp Studio. You are expected to successfully complete this training program at least 30 days before you open your Basecamp Studio.

The following represents a summary of our Initial Training Program as of the issuance date of this Disclosure Document:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On-The-Job Training	Location
Introduction to Basecamp	1	0	Woodbury, MN or another location we designate
Technology Overview	1	0	Woodbury, MN or another location we designate
Staffing Overview	1	0	Woodbury, MN or another location we designate
Operations / Vendor Management / Retail	16	0	Woodbury, MN or another location we designate
Presales and Sales	6	0	Woodbury, MN or another location we designate
Marketing Training	4	0	Woodbury, MN or another location we designate
Construction and Equipment	2	0	Woodbury, MN or another location we designate
Financial / KPIs	2	0	Woodbury, MN or another location we designate
Coaching Basecamp Classes	20	0	Woodbury, MN or another location we designate
Total Training Time	53	0	

The Initial Training Program will be provided by multiple facilitators, including our Brand President, Ben Camper and Jesse Jones, our Regional Director. Ben has been with Basecamp Fitness since March 2020 and has been in the fitness industry since July 2017. Ben oversees our Initial Training Program. Jesse has been with our predecessor since October, 2012 and us since our formation. He has 12 years of experience in the fitness industry. Jesse is mainly responsible for the coaches training and development. Additional people will be involved in the initial training program. These people will have at least one year of experience in the subject they teach. Other members of our training staff at our designated training center may conduct training as necessary, and we may delegate our duties and share our training responsibilities. The Operations Manual serves as our primary instructional material during the Initial Management Training Program.

If you have more than one Franchise Agreement with us, we may, at our option, for additional locations waive the requirement that you undertake this training.

Train the Trainer Program

Before the opening of your Basecamp Studio, your Fitness Manager(s) must attend and complete to our satisfaction our Train the Trainer Program. This program must begin at least 8 weeks before the Instructor Training below can occur. It begins with 1 hour weekly training sessions that will occur via phone calls, webinars, online or in another virtual format, and includes an approximately 4 hour bootcamp during the Instructor Training discussed below and ends with two 1 hour monthly training sessions that will occur via phone calls, webinars, online or in another virtual format. The cost of this training is currently \$2,000 if the bootcamp portion of the training occurs contemporaneously with the Instructor Training described below. If the bootcamp portion is conducted at a different time we will conduct the bootcamp portion at your location or another location we designate and the cost will be \$2,000 plus our travel and living expenses. If you are an existing Basecamp Studio and your Fitness Manager has not attended this training or you employ new Fitness Managers, these individuals must attend and complete this training to our satisfaction. You are responsible for the costs and expenses of your personnel attending this training.

Instructor Training Program

Before the opening of your Basecamp Studio, a minimum of at least 3 of your instructors must attend and complete to our satisfaction our Instructor Training Program. We will train as many instructors as you wish to participate at the same time at your Basecamp Studio. Cost is a flat rate of \$4,000. Each instructor at your Basecamp Studio must successfully complete our Instructor Training Program and they may not teach any Basecamp classes until after they have successfully completed this training

Continuing Education Programs

Launch Training

We may offer a training program called “Launch Training”, which typically occurs within the first 60 days of opening. For this training we will send a representative to your Basecamp Studio for 2 days to provide you and your staff with on-site studio operations, coaching and customer experience training. There is no cost to you for this training when we provide it in connection with the opening of your Basecamp Studio. We can institute, charge for, or discontinue, this program at any time.

Re-Launch Training

We may provide franchisees with an existing Basecamp Studio an optional training program called “Re-Launch Training” in which we will send one or more experienced Basecamp instructor(s) and one or more operations staff member(s) to your Basecamp Studio for 2 days to provide you and your staff with on-site studio operations and coaching training. The cost of this training is currently \$500-\$1,000 per day, per trainer, plus the cost of travel, lodging and meals, but we can adjust that rate periodically. If you are not meeting our standards for operations or coaching Basecamp classes we may require you to take this training and you must pay for it. We can institute, charge for, or discontinue, this program at any time. The cost increases to \$1,000 per day if you request a Master Trainer for the training.

Additional Training

If you require additional operations training beyond what is provided by us, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance if you are not meeting our requirements, if we determine additional pre-

opening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. (Franchise Agreement - Sections 7, 8). Such additional assistance will be at your expense as described above. Our current published rate for additional assistance is \$500-\$1,000 per day, per representative, plus the cost of travel, lodging and meals, but we can adjust that rate periodically in our Operations Manual. This training may be a mix of online and in-person training. The cost increases to \$1,000 per day if you request a Master Trainer for the training.

Conference

We may hold a conference on a regular basis (likely, every other year) to discuss sales techniques, new programming and products, training techniques, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures, and other topics. This conference may be live or a virtual event. You must pay the conference fee, if any (currently \$439, based on early registration), and, if applicable, all travel and living expenses to attend. Your Principal Owner must attend these conferences. If that person does not attend, you will be billed for the “early bird” Conference Fee following the Conference. The conferences may be held at various locations that we will designate. (Franchise Agreement - Section 8).

Vitals Training

During the time you operate your Basecamp Studio, there may be additional training that we require you to attend in order to stay current on the policies, procedures, and techniques of operating a Basecamp studio. These programs are intended to maximize the profitability of your business. In the years that we do not offer a Conference, you must send a representative to a “Vitals” program, if offered. The program typically includes 2 to 3 hours of training in two or more of the following areas: marketing, client engagement, customer service, and other topics that we designate from time to time. When the training is held in one of the regions, it will be held in a hotel in that region. This training may be conducted live or as a virtual event. We offer this training generally every other year in those years in which we do not have a Conference scheduled. We currently do not charge you to attend the Vitals program, but you are responsible for travel costs, room and board, and the salaries, fringe benefits, and other expenses you and your employees incur in attending these programs. We can charge for this training in the future.

Continuing Engagement Credits

Each calendar year, your Basecamp Studio must obtain at least 1,200 continuing engagement credits within our System. The credits are not tied to hours, but to specific events or participation you have in our system.

There are no additional fees for receiving continuing engagement credits, or taking additional training, but you are responsible for any expenses you or your employees incur in completing any activity. We do not currently, but in the future may offer you the opportunity to take virtual or other online training to receive continuing engagement credits. If you fail to meet the minimum requirements in any year, you must pay us a fee of \$1.00 per Basecamp Studio for each credit deficiency, which we will deposit in the General Advertising and Marketing Fund. As an example, if you have 1 Basecamp Studio, and you achieved only 1,000 credits for the year, you would pay us a fee of \$200, but if you had multiple Basecamp Studios, you would pay \$200 for each of those Basecamp Studios. The credits required are prorated for any partial year you are open. This fee is due to us on February 1 following any year in which you fail to meet the minimum requirement.

No Show

If you register for training, and fail to attend, or fail to have the appropriate parties attend, and you did not provide us with 2 weeks' notice, or leave early, then you must pay us a "no show" fee. This fee is currently \$500-\$1,000 depending on the trainer, or the actual costs of rescheduling travel, whichever is greater. (Franchise Agreement – Section 8.E).

Advertising Programs

General Advertising and Marketing Fund

Under the Franchise Agreement, each franchisee must contribute amounts to the Basecamp Fitness General Advertising and Marketing Fund (the "**General Advertising and Marketing Fund**" or the "**Fund**") currently equal to 2% of monthly Gross Revenue. You must contribute to this Fund at the same time that you pay your Royalty Fee, based on the amount of Gross Revenue you generated in the previous reporting period. We require all our franchisees to contribute to this Fund, and our company-owned will also studios contribute to the Fund at the same percentage rate as franchisees. We may periodically increase the General Advertising and Marketing Fund Contribution, but the General Advertising and Marketing Fund Contribution will not exceed 3% of monthly Gross Revenue.

We account for the contributions to the Fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the Fund, including salaries and overhead in administering the Fund and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Fund, such as salaries, administrative costs, travel expenses and overhead like rent and utilities, we may incur in activities related to the operation and administration of the Fund and its programs. We may also reimburse ourselves, our authorized representatives or our affiliates from the Fund for any expenses we incur related to the promotion of the Basecamp Fitness brand, the Marks or the System, including conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Fund, administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes.

The purpose of the Fund is to develop marketing and advertising programs that maximize general public recognition and acceptance of our brand. This means we may use monies in the Fund for any purpose that promotes the System or the Marks, including the creation, production and placement of consumer advertising; agency costs and commissions; costs of preparing, producing and conducting local, regional or national media of our choice, including: television, radio, internet, magazine, direct mail and newspaper, billboard, social media and digital advertising, and direct mail campaigns, and other public relations activities; developing and/or hosting, maintaining and optimizing our website, other websites, and other applications or similar activities; implementing keyword or adword purchasing programs; administering regional and multi-regional advertising programs, and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms and other advertising, promotion or marketing agencies; developing marketing and advertising training programs and conducting market research (including sampling) and secret shopper programs; and other advertising, promotion and marketing activities, including participating at trade shows. Advertising may be placed in local, regional or national media of our choice. We do not guarantee that advertising expenditures from the General Advertising and Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

We have an in-house marketing department, and also work with national, regional and local agencies. It is our responsibility to determine how monies in the Fund are spent. We will direct all advertising or other

promotional programs produced using monies from the Fund and have the sole right to approve or disapprove creative concepts, materials and media used in those programs, the placement of the advertisements and the allocation of money in the Fund to production, placement or cost. We are not required to use monies in the Fund to benefit you or any individual market or location, or on a pro rata or other basis. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises. We may periodically furnish you at no cost with samples of advertising, marketing and promotional formats and materials that are paid for by the Fund.

Any unused funds in any calendar year will be applied to the following year's funds. Any interest the Fund earns will be used for advertising before we use any principal. At your request, we will make available to you an annual accounting for the General Advertising and Marketing Fund that shows how the Fund proceeds were spent for the previous year, but these statements will not be audited. We have no fiduciary duty to you or any other party regarding the operation or administration of the Fund. We may loan funds to the Fund. If we do, the terms of repayment and any interest charged will be as we determine.

We do have an advertising council that advises us on advertising matters but may form one in the future if we so choose.

Advertising Cooperatives

Although we currently do not, in the future we may establish local advertising cooperatives in market areas in which 2 or more Basecamp Studios are operating. If we establish a cooperative in your area, or there is an existing cooperative in your area when you become a franchisee, you must participate and contribute your share to the cooperative. These cooperatives will, with our approval, administer advertising programs and develop advertising, marketing and promotional materials for the area the cooperative covers. We may require the cooperative to use an advertising agency or other partner we chose.

The amount of the contribution you must contribute will be determined at the time we establish the cooperative but will not be more than 2% of your weekly Gross Revenue. All franchisees and company-owned Basecamp Fitness studios in the market area will be expected to contribute at the same rate to the cooperative. Each Basecamp Studio contributing to a cooperative will have one vote on matters involving the activities of the cooperative. But the cooperative may not produce or use any advertising, marketing or promotional plans that have not be approved by us.

The cooperative will operate from written governing documents. Each cooperative will prepare annual financial statements which will be available for review by a franchisee participating in the cooperative, upon request of that franchisee. We may change, dissolve or merge any cooperative at any time.

Grand Opening Program

If you are a franchisee who is new to the Basecamp Fitness System and you are opening a new Basecamp Studio, you must spend a minimum of \$40,000 on a Grand Opening Program we have approved for your Basecamp Studio beginning 12 to 16 weeks before your scheduled opening and ending 30 days following the opening of your Basecamp Studio. We recommend that you spend \$60,000 on your Grand Opening Program. If you fail to spend the minimum required amount on the Grand Opening Program, you must pay us the difference between the amount you spent and the minimum required amount and we can either spend it in your market on your behalf or place the money in the General Advertising and Marketing Fund.

Local Advertising Spend Requirement

You must spend a minimum of \$2,500 per month on local advertising and we recommend that you spend at least \$4,000 per month on local advertising. If you do not meet this requirement, you must pay us the difference between what you actually spent and the minimum that you were required to spend and we can either spend it in your market on your behalf or place the money in the General Advertising and Marketing Fund.

Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not be counted toward your monthly expenditure. Additionally, any costs you incur for advertising conducted at your Basecamp Studio, such as in-store materials and signage will not count towards these minimum expenditure requirements. Amounts you spend for the Grand Opening Program discussed above will not count toward your monthly expenditure.

Marketing Resources, Pre-Approvals For Marketing Materials

You must order sales and marketing materials from our approved suppliers and per our standards and specifications. If you desire to use your own advertising materials for any marketing activity, you must obtain our prior approval. Use of our Marks and other brand identification materials must be consistent with our approved standards. You may not use our Marks and other brand identification materials on items to be sold or services to be provided without our prior written approval. You may not establish or have established on your behalf, any websites, profiles or accounts or use any social media relating to us, your Basecamp Studio, or to the Basecamp Fitness System. You are ultimately responsible for ensuring that your advertising complies with all applicable laws before using it.

Site Selection and Opening

You will be given the right to open a Basecamp Studio in a DMA that we agree on at the time you sign your Franchise Agreement. You will have 12 months from the date you sign the Franchise Agreement to secure a location we approve in the DMA and open and begin operating your Basecamp Studio. We will provide you with consulting services to assist you in evaluating and selecting a site for your Basecamp Studio in this DMA and may provide you recommendations on sites in this DMA. It is your obligation to select a site for your studio and obtain our approval of that site. While we will assist you, and we may identify various potential sites in your market area, we have no obligation to locate or select a site for you, or negotiate the purchase or lease of a site, and we do not own the premises and lease them to you. Before you acquire any site, you must submit to us information and materials we require and obtain our approval to your site. The factors we take into account in approving a site are the visibility of the site, the location of competitors, whether the site is easily accessible, surrounding businesses and various other factors. A Basecamp Studio should be between 2,500 and 4,500 square feet. We will generally tell you within 30 days whether or not we approve your proposed site. If you and we are unable to agree on a site for your Basecamp Studio, the opening of your Basecamp Studio may be delayed.

You may not open your Basecamp Studio until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) the Initial Training Program is completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received and installed your equipment, supplies, inventory and computer systems. You must be prepared to begin operating your Basecamp Studio immediately after we state that your Basecamp Studio is ready for opening.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Basecamp Studio will be approximately 12 months. Some factors which may affect this timing are the competition for sites in your DMA, your ability to acquire space for your studio through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment, tools and inventory and the time to convert, renovate or build the facility. Unless we otherwise approve, you must open your Basecamp Studio on or before the Projected Opening Date on the Rider to the Franchise Agreement, but in no event more than 12 months from the date the Franchise Agreement becomes effective. Your failure to open your Basecamp Studio on or before the Projected Opening Date will constitute a default of your Franchise Agreement and allow us to terminate your Franchise Agreement.

Under the Area Development Agreement, you will have the right to develop, open, and operate multiple Basecamp Studios. Each Basecamp Studio must be developed and opened according to our then-current System standards and other approval requirements. You or your affiliates must sign our then-current form of Franchise Agreement for each Basecamp Studio you develop and open under the Area Development Agreement, which may contain materially different terms and conditions than the Franchise Agreement attached to this Disclosure Document. We will determine or approve the location of future Basecamp Studios and any protected territories for those Basecamp Studios based on our then-current System standards for sites and protected territories.

Software and Computer Equipment

Technology Solutions

You must purchase certain technology services, technology, network hardware, and security systems, including iPads, tablet devices, computers, audio and video systems, software and other related components to operate your Studio from our affiliate, ProVision. ProVision will provide you with technology support, monitoring, and installation services for your Basecamp Studio. The cost to purchase these items ranges from \$50,000 to \$60,000. This range does not include the cost of taxes, shipping or installation.

You must also purchase from us a Technology and Equipment Fitness Package that includes various technology systems you need to operate your Basecamp Studio. These systems include a point of sale system and software and cloud based technology. You will use these systems for marketing and sales, business intelligence, club management, fitness programming, communications with us and other clubs, web integration, online team collaboration, and to manage your social content, reviews and advertisements. You will pay us a one-time set-up fee and a monthly fee for these technology solutions. The set-up fee is \$500 and the monthly payment is \$799. We will also license to you a branded mobile application for use by your customers.

Ongoing Maintenance and Use

Neither we, nor any affiliate nor to our knowledge, any third party, is obligated to provide you with ongoing maintenance, repairs, upgrades or updates to your computer hardware or software. We may require you to upgrade or update the computer system (including hardware and software) during the term of the franchise, and we anticipate that you will be required to do so. You may be required to pay initial and/or ongoing license, support or service fees associated with such upgrades or updates. There are no contractual limitations on the frequency and cost of the obligation. Other than as described above, we do not have any contractual obligation to upgrade or update any of your hardware or software, during the term of this franchise.

You must have sufficient computer skills to be able to operate your computer system and to access e-mail and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. You will use your computer and the software discussed above for scheduling, customer management, point-of-sale transactions, employee management and education, eCommerce, inventory management, business and payroll reporting, marketing, and social media integration. The software we provide to you will also give you access to our online franchisee support center, ongoing product development and online education.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems. We strongly recommend that your computer system be used for business purposes only, and not for entertainment, personal social networking site access, or other matters unrelated to your business.

ITEM 12 TERRITORY

When you sign a Franchise Agreement, you will receive the right to operate a single Basecamp Studio at a specific location that we must approve within the DMA we agree on at that time. DMAs represent market areas, that vary in size and we use the market areas that are established by The Nielsen Company, LLC, which is an independent, unaffiliated, third party to define our DMAs. The boundaries of a DMA will change if The Nielsen Company, LLC or its successor changes the applicable defined market area. In determining how many Basecamp Fitness studios to place in a particular DMA, we consider various factors including, population density and growth trends, apparent degree of affluence of population, the density of residential and business entities, traffic generators, competition, availability or suitable real estate, other commercial considerations, and other criteria. The capacity of a DMA (the number of Basecamp studios a particular DMA may hold) may change during the term of your agreements with us.

You may locate your Basecamp Studio at any site we approve within that DMA, so long as the site you select is not also within a territory of another Basecamp Studio or an Anytime fitness franchisee (for a limited time as discussed below). You must operate the studio at that site. If the site becomes unavailable to you for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site, and before you obtain any rights in the location. Once the location for your Basecamp Studio has been approved, we will grant you a protected territory.

If you identify a potential site in the DMA for your Basecamp Studio you must send us a complete site report containing demographic, commercial and other information and photographs that we may reasonably require. In approving or disapproving a proposed site we consider various factors including, density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, competition, proximity to other Basecamp studios, size and other commercial considerations, appearance and other criteria. We do not have to accept a proposed location that does not meet our criteria. We or an affiliate can acquire the site or we can give other Basecamp franchisees searching for sites in the DMA the right to acquire the site if we approve it.

Your rights in the DMA are not exclusive and we, other franchisees and/or Area Developers may also be looking for sites in the same DMA at the same time. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Proposed sites within the DMA will be emailed to all franchisees and/or Area Developers who have rights in the DMA at the time we approve the site regardless of whether the proposed site was identified by our real estate team or was submitted for approval by you or another franchisee. In deciding whether and to whom to award a proposed site we consider various factors including, how long a franchisee has been looking for a proposed site within the DMA (generally awarded to those who have been looking longest), length of time to the required opening date (generally awarded to those with closest required opening date), proximity to a franchisee's existing studio if applicable, and a franchisee's financial ability to support the Basecamp Studio. Given these factors, you may not be awarded a particular proposed site, even if you submitted it to us for approval. If we provide you a proposed site and you do not accept it within the time we specify or another franchisee accepts it before you do then you will not have any rights to the site. If you do not acquire a site that we have approved within the timeframe we have given you we or an affiliate can acquire the site or give another franchisee the right to acquire the site.

We currently intend to offer you the assistance of our real estate team to assist you in finding a proposed location for your Basecamp Studio within your designated DMA and to provide you with demographic and other information to which it has access regarding proposed locations within your designated DMA. However, we may be looking for our own sites or sites for other franchisees, we are not obligated to provide you such assistance and you are solely responsible for locating and securing an acceptable, proposed location that is approved by us in order to fulfill the development obligations in your Franchise Agreement(s). You are responsible if we terminate the ADA because you are unable to secure one or more acceptable, proposed locations to fulfill the development schedule in your ADA. If you fail to meet the terms of the development schedule in your ADA or you fail to develop a Basecamp Studio on or before the required opening date in your Franchise Agreement, we can terminate your ADA and/or Franchise Agreement(s) in their entirety and you are not entitled to a refund of any of the Development Fees or Initial Franchise Fees paid.

When you have found a location in the DMA that is approved by us, we will amend your Franchise Agreement to identify your location, proposed opening date and the "protected territory" around your location. To identify your protected territory we will use mapping and demographic software to draw a circle around your location. The determination of your protected territory is within our sole discretion. The radius of the circle identifying the protected territory may vary, but will be no larger than 3 miles and your protected territory will include a population of no more than 50,000 people.

We may attach a map to your Franchise Agreement that will identify the protected territory or we may simply describe an area surrounding your location. The map or description may not be a specific radius from your Basecamp Studio, because it will take into account traffic patterns and natural boundaries. However, the territory will range from approximately one-half mile from your studio (in densely populated metropolitan areas) to as much as 3 miles (in small towns). Protected territories may overlap, but we will not approve anyone opening a Basecamp studio, or relocating a Basecamp Fitness studio, into a protected territory given to another studio. (By way of example, one person may have a Basecamp Fitness studio in the center of City A, with a territory of 2 miles in all directions, while another person has a Basecamp Fitness studio in the center of City B, located 3 miles away from the site of the first franchisee's Basecamp Fitness studio, and also with a territory of 2 miles. While the protected territories overlap, each franchisee's studio is located outside the protected territory of the other franchisee, and it cannot be relocated within the other franchisee's protected territory). We cannot unilaterally change your protected territory, and there are no minimum quotas required; as long as your Franchise Agreement is in effect, you will retain the rights described in this paragraph.

The criteria we use for determining the boundaries of the protected territory in your Franchise Agreement include density of population, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, traffic generators, driving time, and natural boundaries. Your

protected territory is exclusive. During the term of your Franchise Agreement, we will not place or license to anyone else the right to place a Basecamp Fitness studio that is physically located in your protected territory. However, we and our affiliates can place Basecamp Fitness studios, or grant others the right to do so, outside your protected territory, including studios operated under the Basecamp Fitness name, even if they compete for customers with your studio, and even if the territorial boundaries for that franchise overlap with the boundaries for your territory. We and our affiliates also have the right to operate, and to grant franchises or licenses to others to operate, any fitness business and any other business from locations within this territory under trademarks other than “Basecamp Fitness”, without compensation to you.

You must provide us at least 60 days’ prior notice, pay a relocation fee and obtain our consent before you intend to relocate your Basecamp Studio. The new location must be within your protected territory, and it may not be located within any territory we grant to any other franchisee. You must upgrade the new space to comply with all of our current specifications.

We do not restrict the customers you may serve, and you generally may solicit customers outside your territory, including through channels of distribution such as the Internet, telemarketing or other direct marketing sales. However, all of your advertising, must be approved by us, and you must obtain our written approval before you establish any website, web page, or social networking or social media site, profile or account, relating to or making reference to us, your studio, or to the Basecamp Fitness system. We and our affiliates have the right to sell products and services (like apparel and related products) both inside and outside your territory, using the “Basecamp Fitness” name, any derivative or any other name, through any channel of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, without any compensation to you. We may use our website or otherwise to provide to members and others access to web-based or application-based fitness instruction.

Upon signing the ADA you will acquire the right to develop the specified number of Basecamp Studios within the identified DMA and you will sign the Franchise Agreement for your first Basecamp Fitness Studio contemporaneously with signing the ADA. You will sign our then-current Franchise Agreement for each subsequent Basecamp Fitness Studio that you open according to the development schedule in the ADA. We will determine or approve the location of any future Basecamp Studios and any protected territories for those Basecamp Studios based on our then-current standards for sites and territories. We do not permit an ADA that would permit the development of Basecamp Studios in multiple DMAs.

Temporary Restrictions on Basecamp Franchises under Friends and Family Program

As discussed in Item 5 we are running a Friends and Family Program. Under that Program, for a minimum of 120 days beginning March 31, 2020, financially qualified, franchisees of Anytime Fitness, The Bar Method and Waxing the City who are in good standing (i.e., no uncured default(s)), will receive preferential pricing, as outlined in Item 5 and they will be given preference in purchasing Basecamp Fitness franchises over new franchisees for Basecamp Fitness franchises they buy during this period. During this period, no Basecamp Fitness studio proposed locations will be approved by us if they are located within the protected territory granted to an Anytime Fitness franchisee for the operation of their Anytime Fitness franchise.

An existing Anytime Fitness franchisee who purchases a Basecamp Fitness franchise in a DMA during the time period discussed above may choose to locate the Basecamp Studio in the protected territory granted in connection with their Anytime Fitness, so long as that location is approved by us, or they may locate the Basecamp Studio in other open, available space within the DMA, at a location that is approved by us. However, we will not approve a location for a Basecamp Fitness studio that is owned by an existing Anytime Fitness franchisee if the proposed location is within the protected territory granted to another Anytime Fitness franchisee in connection with their Anytime Fitness club, unless that other Anytime Fitness

franchisee expressly consents to the location of the Basecamp Fitness studio within the protected Anytime Fitness territory.

As described in Item 1, we have 2 affiliates that offer franchises under different trademarks and sell goods and services that are similar to those offered by us. Our affiliate, Anytime Fitness operates and franchises the operation of fitness centers designed to operate with minimal overhead and labor costs under the trademark, “Anytime Fitness®” and “Anytime Fitness Express®” (although it no longer operates any Anytime Fitness Expresses). Anytime Fitness has the same principal business address as we do and would not maintain physically separate offices or training facilities. Our affiliate, The Bar Method Franchising franchises the operation of boutique fitness studios that offer barre-based exercise classes using proprietary and non-proprietary instructional techniques, formats and methods designed to provide fitness training in an attractive atmosphere. The Bar Method Franchising currently offers Bar Method franchises for sale, and our affiliate TBM currently operates a Bar Method studio. The Bar Method Franchising has the same principal business address as we do and would not maintain physically separate offices or training facilities.

There may be now, or in the future, Anytime Fitness and/or Bar Method locations in the same market as current or future Basecamp Fitness franchisee territory(ies). If there is a conflict between us and an Anytime Fitness franchisee or a Bar Method franchisee or between a Basecamp Fitness franchisee, and/or an Anytime Fitness franchisee and/or a Bar Method franchisee, in either case regarding territory, customers or franchisor support, our management team will attempt to resolve the conflict after taking into account the specific facts of each situation and what is in the best interest of the affected system or systems. However, we do not have a policy, and are not responsible for resolving conflicts between or among Anytime Fitness franchisees or Bar Method franchisee, but may develop a policy concerning this issue in the future.

ITEM 13 TRADEMARKS

The Franchise Agreement gives you the right to operate a Basecamp Studio under the trade names, trademarks and service marks that we establish.

The following marks have been registered or we are seeking registration, as denoted in the chart below, on the Principal Register of the United States Patent and Trademark Office (“USPTO”). These and the mark below the chart are the principal trademarks you will use in operating your Basecamp Studio:

Mark	Application / Registration Number	Application / Registration Date
BASECAMP	3635120	June 9, 2009
	4646648	November 25, 2014
	90016351	June 23, 2020 (Application Pending)

Mark	Application / Registration Number	Application / Registration Date
	90016320	June 23, 2020 (Application Pending)

Although we maintain a federal trademark registration for the mark “Basecamp”, we do not have a federal trademark registration for “Basecamp Fitness” as a unitary mark. Accordingly, this mark and the unregistered marks in the chart above may not have as many legal benefits and rights as a federally-registered trademark. If your right to use any of these marks is challenged, you may have to change to alternative marks, which may increase your expenses.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or ownership rights in any Mark. All affidavits required to preserve and renew these Marks have been filed. No currently effective agreement limits our right to use or license the use of our Marks.

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including URLs, domain names, e-mail addresses, locators, links, metatags or search techniques. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

We will protect and maintain all rights to use our Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of our Marks, including bringing actions against third parties regarding the use of any of our Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving our Marks. You must cooperate with us and take all actions as may be desirable in the opinion of our counsel to carry out the defense or prosecution. While we are not required to defend you against a claim based on your use of our Marks, we will either do so, or we will reimburse you for your liability as long as you properly use our Marks, including against claims of infringement or unfair competition arising out of your use of the Marks.

We may change our Marks and require you to adopt new Marks as if they were part of the Franchise Agreement at the time of its execution. You must comply with these changes immediately at your expense after we notify you that we have discontinued, modified or changed one or more of our Marks. We will have no liability or obligation because of the discontinuation, modification or change. You must not directly or indirectly contest the validity of our ownership of the Marks or our right to use or license our Marks, trade secrets, confidential information or business techniques that are part of our business. You must use the designations of ®, ™, and SM in advertising and promotions using our Marks.

We do not know of any infringing uses that could materially affect your use of our Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We do claim copyright protection for the Operations Manual, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses or these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may separately provide to you. You may use these materials, in the manner we approve, in the operation of your Basecamp Studio during the term of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include any trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your Principal Operator, but only to the extent necessary to operate the Basecamp Studio, and then only while your Franchise Agreement is in effect.

ITEM 15
**OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS**

While we do not require that you personally supervise your Basecamp Studio, we recommend that you do so. If you are not the “on premise” manager of the Basecamp Studio, then you must designate a Principal Operator to serve as your on-premise manager. You, and your Principal Operator if you have one, must attend and participate in any on-site visits by our corporate representatives at your Studio. You must participate in any scheduled business review calls scheduled by our corporate representatives and you must provide us with accurate and complete financial statements, including profit & loss statements and balance sheets, for your Studio upon our request, and in advance of any scheduled business review call(s). We do not impose any limitations on whom you can hire as your Principal Operator, but that person must complete our initial training requirements and all other training we reasonably designate, and that person along with your studio and fitness manager must sign a confidentiality and non-disclosure agreement with you that meets our requirements and that you provide to us before they attend training. We also require you to designate a Principal Owner of your business to attend our Conference each year, even if that person is not personally supervising your Basecamp Studio. We do not require the Principal Operator of your business to have any ownership interest in your business.

If you are a legal or business entity, each individual who has any ownership interest in your business, directly or indirectly, must sign the Guaranty and Assumption of Franchisee’s Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. (See the Franchise Agreement (Exhibit E))

All Principal Operators, studio and fitness managers must sign non-disclosure agreements with you.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those services and products which are approved by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications. We can change the services and products that you must offer at any time, without limitation. We can establish maximum and/or minimum resale prices for use with multi-area marketing programs and special price promotions. You must also offer products and services only at the Basecamp Studio and may not offer products or services via any other medium, for example via the Internet, including live-streaming, or via an application, web based or otherwise.

We do not generally limit the persons to whom you may sell memberships. However, we can impose minimum age restrictions and other requirements we deem appropriate, either for safety reasons, or to preserve the goodwill of our Marks for the benefit of all franchisees. Also, because our business model is based on the concept of local memberships, we do not allow you to solicit businesses or organizations for the sale of memberships that would enable persons to join your Basecamp Studio that is not the facility they would principally use.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.

Provision	Section in Franchise or Other Agreements	Summary
a. Length of the franchise term	Section 2.A – Franchise Agreement	The initial term is 6 years.
	Section 3.A and 4 and Rider – Area Development Agreement	The term depends on the number of franchises to be developed under the Area Development Agreement. It will typically be between 1 and 5 years.
b. Renewal or extension of the term	Section 2.B – Franchise Agreement	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 5 year period.
	Area Development Agreement – Not Applicable	You cannot renew the Area Development Agreement.

Provision	Section in Franchise or Other Agreements	Summary
c. Requirements for you to renew or extend	Section 2.B – Franchise Agreement Area Development Agreement – Not Applicable	Give written notice, sign new franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); update (or move) your location to comply with then-current standards; sign general release; pay renewal fee; show that you have the right to remain in possession of the location for the renewal term; your staff completes any required refreshing training. You do not have the right to renew or extend the Area Development Agreement.
d. Termination by you	Section 15 – Franchise Agreement Sections 4 and 5 – Area Development Agreement	If we materially breach the Franchise Agreement and fail to cure the breach within 30 days after notice, you can then terminate the Franchise Agreement by giving us an additional 10 days’ notice. (Subject to applicable state law). You do not have the right to terminate the Area Development Agreement. (Subject to applicable state law).
e. Termination by us without cause	Franchise Agreement – Not Applicable Area Development Agreement – Not Applicable	Not applicable. Not applicable.
f. Termination by us with cause	Section 14 – Franchise Agreement Section 5 – Area Development Agreement	If you do not open in 12 months (subject to an extension as described in Item 5) or are in default under the Franchise Agreement or any other agreement you have with us or with any of our affiliates. If you are in default under the Area Development Agreement, or you or any of your affiliates are in default under any Franchise Agreement or other agreement you have with us or with any of our affiliates. The Franchise Agreement and the Area Development Agreement contain cross-default provisions.
g. “Cause” defined – curable defaults	Section 14.B – Franchise Agreement and Section 5 – Area Development Agreement	Most defaults are curable and you will have 30 days to cure.

Provision	Section in Franchise or Other Agreements	Summary
h. “Cause” defined – non-curable defaults	Section 14.A – Franchise Agreement Section 5 – Area Development Agreement	You are liquidated or dissolved; fail to operate the business for 7 consecutive days, abandon the business, lose the right to do business, or lose the right of possession of the premises where the Basecamp Studio is located; unapproved transfers; you or any of your owners engage in fraudulent conduct or are convicted of, or plead guilty or no contest to, certain crimes; 3 notices of material breaches within 12 months; you maintain false books or records or submit any false or misleading application, statement or report to us; you misuse our marks or materially impair the value of, or the goodwill associated with our marks or the System; and other stated non-curable defaults. Similar reasons as for Franchise Agreement, you fail to meet your development obligations in the Development Schedule, or we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions
i. Your obligations on termination/non-renewal	Section 16 – Franchise Agreement Section 6 – Area Development Agreement	Stop operating the Basecamp Studio, stop using our names and marks, return information to us, assign to us or cancel certain registrations, listings, telephone numbers, websites and domain names, and pay all amounts you owe us. You lose all remaining rights to develop Basecamp Studios.
j. Assignment of contract by us	Section 13.A – Franchise Agreement and Section 7.A – Area Development Agreement	No restriction on our right to assign.
k. “Transfer” by you – defined	Section 13.B – Franchise Agreement and Section 7.B – Area Development Agreement	Includes transfer of contract or business, or transfer of majority control of the Franchise Agreement or of the business.
l. Our approval of transfer by franchisee	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	We have the right to approve all transfers, but will not withhold our consent if all of the requirements for the transfer are met. We have the right to approve, but you may not transfer only a portion of your rights.

Provision	Section in Franchise or Other Agreements	Summary
m. Conditions for our approval of transfer	Section 13.B – Franchise Agreement Section 7.B – Area Development Agreement	Transferee must meet our requirements and sign a new franchise agreement on our then current form for the remaining term of your agreement, which may contain materially different terms and conditions than in your agreement. You must also pay a transfer fee and sign a release (subject to state law). You must meet any additional conditions we specify in the Operations Manual or otherwise in writing. You must sign franchise agreements for all remaining Basecamp Studios you are permitted to develop, and you must transfer those agreements to the same person or entity to whom you are transferring the Area Development Agreement. You must meet any additional conditions we specify in the Operations Manual or otherwise in writing
n. Our right of first refusal to acquire your business	Section 19 – Franchise Agreement	We have the right to match any offer for your business.
o. Our option to purchase your business	Section 16 – Franchise Agreement	We can purchase from you at book value all or a portion of the assets of your Basecamp Studio and take an assignment of your leases, upon the termination or expiration without renewal of your Franchise Agreement.
p. Your death or disability	Section 13.B – Franchise Agreement and Section 7.B – Area Development Agreement	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Section 17.A – Franchise Agreement and Section 9 – Area Development Agreement	No involvement in any fitness center that offers interval training or high-intensity guided workouts (including as creditor or landlord), wherever located.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.B – Franchise Agreement and Section 9 – Area Development Agreement	No involvement in any fitness center that offers interval training or high-intensity guided workouts (including as creditor or landlord) for 2 years in your Protected Territory or within a 10 mile radius of any Basecamp Studio.
s. Modification of the agreement	Sections 8.I and 20.H, 20.K – Franchise Agreement Section 8 – Area Development Agreement	No modifications without consent by all parties, but our manuals are subject to change. No modifications without consent of all parties.
t. Integration/merger clause	Section 20.E., K – Franchise Agreement, Section 9 – Area Development Agreement	Only the terms of the Franchise Agreement, Area Development Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement/Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18 – Franchise Agreement, Section 8 – Area Development Agreement	Subject to state law, except for certain disputes, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration.

Provision	Section in Franchise or Other Agreements	Summary
v. Choice of forum	Section 18.E – Franchise Agreement, Section 9 – Area Development Agreement	Subject to state law, mediation (at a location determined by the mediator which is at least 100 miles from either of our offices) and arbitration in Minneapolis, Minnesota. Subject to state law, any litigation must be brought in the United States District Court for the District of Minnesota or the Ramsey County District Court, Minnesota.
w. Choice of law	Section 20.D – Franchise Agreement, Section 9 – Area Development Agreement	Subject to state law, Minnesota law generally applies.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure to promote our franchise.

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.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of 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 outlet, 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 income, you should report it to the franchisor’s management by contacting General Counsel and Secretary James Goniea at 111 Weir Drive, Woodbury, Minnesota 55125, telephone (651) 438-5000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2017-2019¹

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Company-Owned	2017	4	5	+1
	2018	5	5	0
	2019	5	6	+1
Total Outlets	2017	4	5	+1
	2018	5	5	0
	2019	5	6	+1

1. All numbers are as of December 31 of the applicable year.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2017-2019¹

State	Year	Number of Transfers
All States	2017	0
	2018	0
	2019	0
Total	2017	0
	2018	0
	2019	0

1. All numbers are as of December 31 of the applicable year.

Table No. 3

Status of Franchised Outlets
For Years 2017-2019^{1, 2}

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
All States	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Total	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

1. All numbers are as of December 31 of the applicable year.
2. Although we had no outlets as of December 31, 2019, we had signed one Area Development Agreement for studios in Wisconsin.

Table No. 4

Status of Company-Owned Outlets
For Years 2017-2019¹

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2017	4	1	0	0	0	5
	2018	5	0	0	0	0	5
	2019	5	0	0	0	0	5
Minnesota	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
Total Outlets	2017	4	1	0	0	0	5
	2018	5	0	0	0	0	5
	2019	5	1	0	0	0	6

1. All numbers are as of December 31 of the applicable year.

Table No. 5

Projected Openings as of December 31, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
Minnesota	0	0-4	1
Wisconsin	1	1-2	0
Total	1	1-6	1

The name of each of our current franchisees and the address and telephone number of each of their outlets is listed in Exhibit C. No franchisees left the System during 2019.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System. We did not have any franchisees sign confidentiality clauses with us during the last 3 fiscal years that would prevent them from speaking openly about their experiences with us.

There are no trademark-specific franchisee organizations associated with this System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit D is a copy of the audited financial statements of our affiliate, Anytime Fitness, LLC, for the fiscal years ended December 31, 2017, December 31, 2018, and December 31, 2019. Our affiliate, Anytime Fitness, LLC, has guaranteed our performance with you. A copy of the Guaranty of Performance is included as Exhibit J.

ITEM 22
CONTRACTS

A copy of the Franchise Agreement, Franchise Agreement Guaranty, and General Release is attached as Exhibit E.

A copy of the Area Development Agreement and Development Agreement Guaranty is attached as Exhibit F.

Exhibit H is the ProVision Services Agreement.

Exhibit I is an Electronic Transfer of Funds Authorization.

Exhibit J is an Affiliate Guaranty that our affiliate, Anytime Fitness, has signed for your benefit.

Exhibit K is a Franchisee Questionnaire we require you to complete and sign before we will grant you a franchise.

Exhibit L is the Equipment Loan Documents.

ITEM 23
RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

EXHIBIT A

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT A**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 302 West Washington Street, Room E018 Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236 Phone 212-416-6042 Fax	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 518-473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 605-773-3563	Director of South Dakota Division of Insurance – Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

TABLE OF CONTENTS OF OPERATIONS MANUAL

Basecamp Fitness Operations Manual – The Playbook

- Why Basecamp Fitness - 1
- Studio Location Selection - 2
- Studio Design Specifications – 3-6
- Fitness Equipment Specifications – 7-8
- Furniture, Fixtures & Equipment – 8-9
- Hardware/Technology Planning -9-12
- Pre-opening – 12-13
- Sales Training – 13-15
- Marketing – 15-20
- Staff Recruiting - 20 -25
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- Inventory Management & Retail – 32-33
- Technology Training – 33-34
- Studio Opening – 35-37
- Ongoing training – 37-38
- Managing a Successful Studio – 39-40

EXHIBIT C

LIST OF OUTLETS as of December 31, 2019

**(INCLUDING AREA DEVELOPMENT
AGREEMENT COMMITMENTS)**

EXHIBIT C

CURRENT FRANCHISEES

As of December 31, 2019

Wisconsin

BC Madison 1, LLC (Andrew Gundlach)
1730 Monroe St
Madison, WI 53711
(608) 960-4500*

*Denotes Area Developer

EXHIBIT D

ANYTIME FITNESS, LLC FINANCIAL STATEMENTS

**ANYTIME FITNESS, LLC AND
SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019, 2018 and 2017

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ANYTIME FITNESS, LLC AND SUBSIDIARIES
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Consolidated Balance Sheets	Statement 1	4
Consolidated Statements of Income	Statement 2	6
Consolidated Statements of Equity	Statement 3	7
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INDEPENDENT AUDITOR'S REPORT

To the Members
Anytime Fitness, LLC and Subsidiaries
Woodbury, Minnesota

We have audited the accompanying consolidated financial statements of Anytime Fitness, LLC, which comprise the consolidated balance sheets as of December 31, 2019, 2018 and 2017, and the related consolidated statements of income, equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Anytime Fitness, LLC and subsidiaries as of December 31, 2019, 2018 and 2017, 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.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, as of January 1, 2019, the Company adopted the provisions of the Financial Accounting Standards Board, ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes accounting standards that currently existed under accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Redpath and Company, Ltd.
REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

March 19, 2020

CONSOLIDATED FINANCIAL STATEMENTS

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2019, 2018 and 2017

Statement 1
Page 1 of 2

	2019	2018	2017
Assets			
Current assets:			
Cash	\$444,572	\$21,193	\$1,559,033
Restricted cash	5,442,047	2,437,452	6,371,965
Accounts receivable, net of allowance for doubtful accounts	2,479,398	2,479,824	2,260,662
Vendor rebate receivable	3,584,198	3,048,539	3,073,957
Prepaid expenses and other current assets	1,321,277	1,583,710	1,809,316
Notes receivable, current portion	58,437	116,042	265,815
Due from related parties, current	15,638,402	5,165,257	774,486
Deferred compensation, current portion	627,737	-	-
Total current assets	<u>29,596,068</u>	<u>14,852,017</u>	<u>16,115,234</u>
Property and equipment, net	<u>2,241,612</u>	<u>4,829,160</u>	<u>6,226,367</u>
Other assets:			
Trademarks, net	351,987	383,277	404,741
Software development and license costs, net	3,315,604	2,623,724	1,676,405
Goodwill	141,521	141,521	213,083
Notes receivable, net of current portion	155,829	206,826	324,895
Note receivable - related party	21,000,000	-	-
Deposits	104,525	223,866	269,641
Deferred compensation, net of current portion	1,513,623	-	-
Total other assets	<u>26,583,089</u>	<u>3,579,214</u>	<u>2,888,765</u>
Total assets	<u><u>\$58,420,769</u></u>	<u><u>\$23,260,391</u></u>	<u><u>\$25,230,366</u></u>

The accompanying notes are an integral part of these financial statements.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2019, 2018 and 2017

Statement 1
Page 2 of 2

	2019	2018	2017
Liabilities and Equity			
Current liabilities:			
Current maturities of long-term capital lease obligations	\$ -	\$92,230	\$258,604
Accounts payable	2,868,178	1,671,085	2,207,621
Accrued expenses and other current liabilities	1,229,456	1,108,492	1,225,297
Due to related parties	401,321	142,421	121,157
Advertising obligation	-	1,940,935	5,302,601
Deferred revenue, current portion	8,731,085	677,067	529,047
Deferred rent	697,042	1,895,887	2,386,106
Total current liabilities	<u>13,927,082</u>	<u>7,528,117</u>	<u>12,030,433</u>
Long-term liabilities:			
Long-term capital lease obligations, net of current maturities	-	70,349	172,812
Deferred revenue, net of current portion	<u>28,012,079</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>28,012,079</u>	<u>70,349</u>	<u>172,812</u>
Total liabilities	41,939,161	7,598,466	12,203,245
Equity:			
Member's capital	16,482,159	15,661,925	13,027,121
Accumulated other comprehensive income (expense)	<u>(551)</u>	<u>-</u>	<u>-</u>
Total equity	<u>16,481,608</u>	<u>15,661,925</u>	<u>13,027,121</u>
Total liabilities and equity	<u>\$58,420,769</u>	<u>\$23,260,391</u>	<u>\$25,230,366</u>

The accompanying notes are an integral part of these financial statements.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
December 31, 2019, 2018 and 2017

Statement 2

	2019	2018	2017
Revenues:			
Monthly franchise royalties	\$23,236,350	\$21,140,680	\$18,873,844
Franchise fees	10,098,278	12,455,777	12,423,483
Sales	8,080,220	13,387,870	14,324,481
Advertising fund revenue	15,222,202	-	-
Vendor rebates	41,529,570	34,230,627	22,176,794
Other revenues	3,369,303	1,492,427	640,945
Total revenues	101,535,923	82,707,381	68,439,547
Cost of goods sold	2,023,387	3,187,100	3,344,226
Gross profit	99,512,536	79,520,281	65,095,321
General and administrative expenses	41,692,842	40,246,238	37,609,655
Advertising fund expense	14,578,305	-	-
Total general, administrative, and advertising fund expense	56,271,147	40,246,238	37,609,655
Income from operations	43,241,389	39,274,043	27,485,666
Other income (expense):			
Interest expense	(8,094)	(17,693)	(21,122)
Other income	2,342	16,664	27,239
Other expense	(1,285,764)	(1,284,342)	(889,089)
Gain (loss) on sale of club operations	1,396,838	123,096	(129,468)
Total other expense	105,322	(1,162,275)	(1,012,440)
Net income	\$43,346,711	\$38,111,768	\$26,473,226

The accompanying notes are an integral part of these financial statements.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
December 31, 2019, 2018 and 2017

Statement 3

	Member's Capital	Accumulated Other Comprehensive Income (Expense)	Total Equity
Balance at December 31, 2016	\$11,594,921	\$ -	\$11,594,921
Distributions	(25,041,026)	-	(25,041,026)
Net income	<u>26,473,226</u>	<u>-</u>	<u>26,473,226</u>
Balance at December 31, 2017	13,027,121	-	13,027,121
Distributions	(35,476,964)	-	(35,476,964)
Net income	<u>38,111,768</u>	<u>-</u>	<u>38,111,768</u>
Balance at December 31, 2018	15,661,925	-	15,661,925
Cumulative effect adjustment (See Notes 1 and 14)	(29,512,772)	-	(29,512,772)
Distributions	(13,013,705)	-	(13,013,705)
Net income	43,346,711	-	43,346,711
Foreign currency translation adjustments	<u>-</u>	<u>(551)</u>	<u>(551)</u>
Balance at December 31, 2019	<u><u>\$16,482,159</u></u>	<u><u>(\$551)</u></u>	<u><u>\$16,481,608</u></u>

The accompanying notes are an integral part of these financial statements.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2019, 2018 and 2017

Statement 4
Page 1 of 2

	2019	2018	2017
Cash flows from operating activities:			
Net income	\$43,346,711	\$38,111,768	\$26,473,226
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	2,311,621	2,513,718	2,724,335
(Gain) loss on sale of property and equipment	-	119,487	(4,556)
(Gain) loss on sale of fitness club	(1,396,838)	(123,096)	129,468
Deferred rent	(233,255)	(353,718)	(300,805)
Changes in assets and liabilities:			
Restricted cash	(3,004,595)	3,934,513	(2,950,552)
Accounts receivable and vendor rebates receivable	(535,233)	(193,744)	(505,738)
Deferred compensation	360,070	-	-
Prepaid expense and other current assets	262,433	225,606	(245,552)
Deferred revenue	2,305,050	150,578	(79,956)
Advertising obligation	-	(3,361,666)	2,466,057
Accounts payable and other accrued expenses	1,196,981	(653,341)	483,981
Net cash flows provided by operating activities	<u>44,612,945</u>	<u>40,370,105</u>	<u>28,189,908</u>
Cash flows from investing activities:			
Purchases of property and equipment	(553,139)	(697,030)	(1,192,912)
Proceeds from sale of fitness clubs, property and equipment	2,475,999	357,066	97,993
Payments received on notes receivable	108,602	275,411	144,808
Issuance of notes receivable	-	(7,569)	(117,722)
Issuance of note receivable - related parties	(21,000,000)	-	-
Software licenses and internally developed software expenditures	(1,844,923)	(930,438)	(805,337)
Purchase of trademarks	-	(8,336)	(21,352)
Change in rent deposits	14,975	25,033	(6,265)
Payments (paid to) received from related parties, net	(10,214,245)	(5,176,281)	318,295
Net cash flows used in investing activities	<u>(31,012,731)</u>	<u>(6,162,144)</u>	<u>(1,582,492)</u>
Cash flows from financing activities:			
Principal payments under capital lease obligations	(162,579)	(268,837)	(274,116)
Distributions paid	(13,013,705)	(35,476,964)	(25,041,026)
Net cash flows used in financing activities	<u>(13,176,284)</u>	<u>(35,745,801)</u>	<u>(25,315,142)</u>
Effect of exchange rate on cash flows, net	<u>(551)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	423,379	(1,537,840)	1,292,274
Cash - beginning of year	<u>21,193</u>	<u>1,559,033</u>	<u>266,759</u>
Cash - end of year	<u>\$444,572</u>	<u>\$21,193</u>	<u>\$1,559,033</u>

The accompanying notes are an integral part of these financial statements.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2019, 2018 and 2017

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	2019	2018	2017
Supplemental disclosures of cash flow information:			
Cash paid for interest	<u>\$8,094</u>	<u>\$17,693</u>	<u>\$21,122</u>
Supplemental schedule of noncash investing and financing activities:			
Equipment purchased with capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$207,300</u>
Receivable due from landlord for tenant improvement allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$191,320</u>
Equipment purchases included in accrued expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$119,949</u>
Assets contributed from related party	<u>\$ -</u>	<u>\$806,774</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

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ANYTIME FITNESS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Anytime Fitness, LLC (the Company) was originally formed as a corporation in February 2002. On December 11, 2009 the Company elected to change the legal form of its business to a limited liability company (LLC). The Company is a wholly owned subsidiary of Self Esteem Brands, LLC (SEB). SEB is a wholly owned subsidiary of Anytime Worldwide, LLC.

The Company franchises the right to open, operate, and manage fitness centers in the United States, Canada, Saudi Arabia, Bahrain, United Arab Emirates, Qatar, Chile, Columbia and China. Franchisees pay the Company an initial franchise fee to acquire the franchise. The Company has various initial and ongoing obligations to franchisees, including training. During the term of the franchise, franchisees pay fixed monthly franchise royalties, in amounts that vary depending on when the franchise agreement was signed, and whether the franchise is for an Anytime Fitness club, or an Anytime Fitness Express club. Franchisees also pay monthly advertising fees, which are used for current and future advertising and marketing campaigns.

The Company also has master franchise agreements with entities that allow the master franchisees to operate as an Anytime Fitness franchisor in Australia, New Zealand, Mexico, Belgium, The Netherlands, Luxembourg, Japan, United Kingdom, Ireland, Italy, India, Hong Kong, Singapore, Malaysia, the Philippines, Taiwan, Thailand, Indonesia, Morocco, South Korea, South Africa, Vietnam, and Germany. Anytime Fitness, LLC collects an initial fee and monthly fees from the master franchisors.

The Company operates 24 hour fitness centers of its own. These fitness centers are subject to the same monthly fee structure as other franchisees.

SUBSIDIARY OPERATIONS

Anytime Fitness China Holding (Hong Kong), Ltd. is a foreign holding company set up to hold assets and operations in China.

Anytime Fitness (Shanghai) Co., Ltd., a subsidiary of Anytime Fitness China Holding (Hong Kong), Ltd., develops Anytime Fitness clubs in China.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Anytime Fitness, LLC and Subsidiaries (collectively, the Company) and are prepared in accordance with accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions are eliminated in consolidation.

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. The Company

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regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

CASH

The Company maintains its cash in financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant cash credit risk. The Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

RESTRICTED CASH

Restricted cash consists of franchisee contributions held in a general advertising and marketing fund. The use of the cash is restricted to advertising and marketing expenditures, as defined.

ACCOUNTS RECEIVABLE

Accounts receivable develop in the normal course of business. It is the policy of management to review the outstanding accounts receivable at year end, as well as bad debt expenses in the past, and establish an allowance for doubtful accounts for uncollectible amounts, if necessary. Bad debts are charged to expense when deemed uncollectible. The allowance for doubtful accounts was \$148,294, \$10,000, and \$30,654 for the years ended December 31, 2019, 2018 and 2017, respectively.

PROPERTY AND EQUIPMENT AND DEPRECIATION METHODS

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. The estimated useful lives for fitness equipment and furniture are from 5 to 7 years. Depreciation of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair market value of the leased assets at the inception of the lease. Depreciation expense is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

IMPAIRMENT OF LONG-LIVED ASSETS, GOODWILL AND INTANGIBLE ASSETS

Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in the business combinations accounted for under the acquisition method. The Company does not amortize goodwill but tests it for impairment annually.

The Company paid and capitalized fees for the development of international trademarks. These trademarks are amortized on the straight-line method over fifteen years.

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The Company incurs costs related to internally developing software. Generally accepted accounting principles authorize software to be capitalized once technical feasibility has been established. Technical feasibility is established when the developer completes all the planning, designing, coding and testing activities necessary to determine that the product can be produced according to its design specifications. These costs are amortized on the straight-line method over three years.

The Company accounts for cloud computing arrangements (arrangements that include software as a service, platform as a service, infrastructure as a service, and other similar hosting arrangements) that contain a software license element as software costs. As such, these costs are amortized as internally developed software on the straight-line method over three years.

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future forecasted net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the discounted cash flows or appraised values, depending upon the nature of the assets. No such impairment charges were recognized for the years ended December 31, 2019, 2018 and 2017.

DEFERRED RENT

The Company recognizes rent expense on a straight-line basis. There are often differences between the amounts paid to the landlord of the operating lease and straight-line rent expense, creating deferred rent. Periodic rent increases, a period of reduced or free rent, or an upfront allowance from the lessor for tenant improvements are common situations that create deferred rent. The total minimum payments under an operating lease are calculated and then divided equally over the life of the lease to determine a straight-line rent expense. The Company recognizes free rent lease incentives and tenant improvement credits straight-line over the life of the lease.

INCOME TAXES

The Company is treated as a single member limited liability company (LLC) that is taxed as a disregarded entity. As such, the Company's income, losses, and credits are included in the income tax returns of Anytime Worldwide, LLC.

The Company has evaluated its tax positions and related income tax under the Financial Accounting Standards Board's (FASB) authoritative guidance *Accounting for Income Taxes*. Management believes that since the Company is taxed as an LLC, there is not a significant impact on the Company as a result of implementing this standard. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements. A provision has been made, however, for state minimum fees and other state taxes which are applicable to all entities. Because the Company is an LLC, liabilities to the members are limited.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future penalties or interest, the Company has elected to record interest and penalties as income tax expense on the Company's statements of income.

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REVENUE FROM CONTRACTS WITH FRANCHISEES

Revenue Recognition Significant Accounting Policies under ASC 606

The Company's revenues are comprised of monthly franchise royalties, advertising fund contributions, initial franchise fees, area development fees, master franchise fees, transfer and renewal fees, corporate-owned club sales, vendor rebates and other revenues.

Franchise revenue

Franchise revenues consist primarily of monthly franchise royalties, franchise fees, and advertising fund contributions. Franchise fees consist of initial franchise fees, area development agreement ("ADA") fees, master franchise fees, and transfer and renewal fees.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property over the term of each agreement. Training and construction management services provided under the franchise agreements are distinct within the contract, and, therefore, accounted for under ASC 606 as separate performance obligations. Training and construction management services are satisfied at the time the services are performed. The franchise fees remaining after any performance obligations have been satisfied are recognized on a straight-line basis over the term of the respective agreement.

Monthly franchise royalties and advertising fund contributions are collected as defined in the terms of the franchise agreement. Under the Company's franchise agreements, advertising fund contributions paid by franchisees must be spent on advertising, marketing, and related activities. Initial, ADA, master, and renewal franchise fees are payable by the franchisee upon signing a new franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee.

Corporate-owned club sales

Members are offered multiple membership choices varying in length. Membership dues are earned and recognized over the membership term on a straight-line basis. Personal training revenue is recognized at the time the service is performed. Revenue from prepayments of personal training sessions is deferred until the sessions are used or expire.

Vendor Rebates

The Company recognizes vendor rebate income from franchisees' use of certain preferred vendor arrangements. Vendor rebates are recognized when franchisees purchase services or equipment from preferred vendors and collectability from the vendor is reasonably assured.

Other Revenues

Other revenue consists primarily of optional local advertising, separate from the advertising fund described below. This optional advertising revenue is recognized monthly when the Company bills the franchisee.

Sales tax

All revenue amounts are recorded net of applicable sales tax.

Deferred revenue

Subsequent to the adoption of ASC 606, deferred revenue from initial franchise fees, ADA fees, master franchise fees, and renewal and transfer fees is generally recognized on a straight-line basis over the term of the underlying franchise agreement net of any performance obligations which have been satisfied. Also included in

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deferred revenue are corporate-owned club annual fees, monthly fees, and pre-paid personal training sessions. The Company classifies these contract liabilities as deferred revenue in the balance sheets.

Deferred compensation

Deferred compensation consists of commission expense resulting from the sales of initial franchises, ADA, and master franchises and is generally recognized on a straight-line basis over the term of the underlying franchise agreement. The Company classifies these contract assets as deferred compensation in the balance sheets.

Advertising Fund

The Company has an advertising fund for the creation and development of marketing, advertising, and related programs and materials for all clubs located in the United States and Canada. On behalf of the advertising fund, the Company collects advertising fees from franchisees, in accordance with the provisions of the franchise agreements. The use of amounts received by the advertising fund is restricted to advertising, product development, public relations, and administrative expenses and programs to increase sales and further enhance the public reputation of the Anytime Fitness brand. The Company consolidates and reports all assets and liabilities held by the advertising fund within the consolidated financial statements. Amounts received or receivable by advertising funds are reported as restricted assets within current assets on the consolidated balance sheets. Beginning in 2019 with the adoption of ASC 606, the Company records all revenues of the advertising fund, except those discussed below, within franchise revenue and all expenses of the advertising fund, except those discussed below, within the operating expenses on the consolidated statements of income. The Company provides administrative services to the advertising fund and charges the advertising fund a fee for providing those services.

Included in the advertising fund are fees collected from franchisees related to continuing engagement credits. These funds are used by the Company at its discretion on behalf of the Anytime Fitness brand and its franchisees. These revenues and expenses are included in other revenues and general and administrative expenses, respectively, on the consolidated statements of income.

FRANCHISE FEES AND REVENUE RECOGNITION SIGNIFICANT ACCOUNTING POLICIES UNDER PREVIOUS STANDARDS, PRIOR TO JANUARY 1, 2019 IF DIFFERENT THAN UNDER ASC 606

Prior to the adoption of ASC 606, the Company's advertising fund contributions were recognized as a liability on the balance sheet and subsequent payments for advertising were offset against the liability as incurred. Initial, ADA, master, and transfer and renewal franchise fees were recognized as revenue when all of the initial services required by the Company under the terms of the franchise agreement had been performed.

CONFERENCE

The Company hosts a conference every other year and encourages all franchisees to attend this meeting. Since the Company is not in the business of hosting conferences, the Company records the receipts and expenses as net expense in general and administrative expenses on the consolidated statements of income.

ADVERTISING COSTS

Advertising costs associated with solicitation of new franchisees are expensed as incurred. Advertising costs totaled \$2,746,581, \$1,483,510, and \$809,346 for the years ended December 31, 2019, 2018 and 2017, respectively.

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FAIR VALUE MEASUREMENTS

The Company follows the provisions of FASB's authoritative guidance regarding *Fair Value Measurements*. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy categorized into three levels based on the inputs used.

Generally, the three levels are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs.
- Level 3 – Significant unobservable inputs.

The Company does not have any significant fair value measurements on a recurring or non-recurring basis for the years ended December 31, 2019, 2018 and 2017.

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. See Note 6 for fair value of long-term notes receivable and Note 11 for fair value of long-term debt obligations.

RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the impact of this new standard on the financial statements.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The Company transitioned to FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue From Contracts with Customers* ("ASC 606"), from ASC Topic 605, *Revenue Recognition* and ASC Subtopic 952-605, *Franchisors – Revenue Recognition* (together, the "Previous Standards") on January 1, 2019 using the modified retrospective transition method. The Company's consolidated financial statements reflect the application of ASC 606 guidance beginning in 2019, while The Company's consolidated financial statements for prior periods were prepared under the guidance of Previous Standards. The \$29,512,772 cumulative effect of the Company's transition to ASC 606 is reflected as an adjustment to January 1, 2019 members' equity.

The Company's transition to ASC 606 represents a change in accounting principle. ASC 606 eliminates industry-specific guidance and provides a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of ASC 606 is that a reporting entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the reporting entity expects to be entitled in exchange for those goods or services.

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The cumulative effect of this transition for contracts with franchisees that were not completed as of January 1, 2019 was recorded as an adjustment to members' equity as of that date. As a result of applying the modified retrospective method to transition to ASC 606, the following adjustments were made to the consolidated balance sheet as of January 1, 2019:

	As Reported December 31, 2018	Total Adjustments	Adjusted January 1, 2019
Assets			
Current assets:			
Deferred compensation, current portion	\$ -	\$700,749	\$700,749
Other assets:			
Deferred compensation, net of current portion	-	1,800,681	1,800,681
Liabilities and Equity			
Current liabilities:			
Deferred revenue, current portion	677,067	9,218,041	9,895,108
Advertising obligation	1,940,935	(1,940,935)	-
Long-term liabilities:			
Deferred revenue, net of current portion	-	24,737,096	24,737,096
Equity:			
Member's capital	15,661,925	(29,512,772)	(13,850,847)

Franchise Fees

The cumulative adjustment for initial franchise fees, ADA fees, master franchise fees, and renewals and transfers of which the remainder will all be recognized over the franchise contract term after any performance obligations have been satisfied, consists of the following:

- An increase in deferred revenue, net of \$33,955,137 for the cumulative reversal and deferral of previously recognized fees related to franchise agreements in effect at January 1, 2019, with a corresponding decrease to members' equity.

Advertising Fund

The cumulative adjustment for advertising fund recognition under ASC 606 is as follows:

- A decrease to the advertising obligation of \$1,940,935 for the cumulative reversal of previously deferred funds collected in excess of expenses incurred at January 1, 2019, with a corresponding increase to members' equity.

Deferred compensation

The cumulative adjustment for deferred compensation recognized under ASC 606 is as follows:

- An increase to deferred compensation of \$2,501,430 for the cumulative reversal of previously recognized expenses related to commission payments in effect at January 1, 2019, with a corresponding increase to members' equity.

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The following tables reflect the impact of adoption of ASC 606 on the consolidated statements of income for the year ended December 31, 2019 and the Company's consolidated balance sheet as of December 31, 2019 and the amounts as if the Previous Standards were in effect ("Amounts Under Previous Standards"):

Summarized Consolidated Statement of Income (Operations):

	As reported for the year ended December 31, 2019	Total adjustments	Amounts under Previous Standards
Revenues:			
Monthly franchise royalties	\$23,236,350	\$ -	\$23,236,350
Franchise fees	10,098,278	2,336,756	12,435,034
Sales	8,080,220		8,080,220
Advertising fund revenue	15,222,202	(15,222,202)	-
Vendor rebates	41,529,570	-	41,529,570
Other revenues	3,369,303	(577,200)	2,792,103
Total revenues	101,535,923	(13,462,646)	88,073,277
Cost of goods sold	2,023,387	-	2,023,387
Gross profit	99,512,536	(13,462,646)	86,049,890
General and administrative expenses	41,692,842	(485,450)	41,207,392
Advertising fund expense	14,578,305	(14,578,305)	-
Income from operations	\$43,241,389	\$1,601,109	44,842,498

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Summarized Consolidated Balance Sheet:

	As reported for the year ended December 31, 2019	Total Adjustments	Amounts under Previous Standards
Assets			
Current assets:			
Deferred compensation, current portion	\$627,737	(\$627,737)	\$ -
Other assets:			
Deferred compensation, net of current portion	1,513,623	(1,513,623)	-
Liabilities and Equity			
Current liabilities:			
Deferred revenue, current portion	8,731,085	(8,279,814)	451,271
Advertising obligation	-	3,036,652	3,036,652
Long-term liabilities:			
Deferred revenue, net of current portion	28,012,079	(28,012,079)	-
Equity:			
Member's capital	16,482,159	31,113,881	47,596,040

SUBSEQUENT EVENTS

Management has evaluated the business conditions related to COVID-19 and determined that it is not possible to reasonably estimate the financial impact of COVID-19 on the Company's consolidated financial statements at December 31, 2019.

Management has evaluated subsequent events for recognition or disclosure through March 19, 2020, which is the financial statement issuance date.

RECLASSIFICATIONS

Certain amounts in the December 31, 2018 and 2017 consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported consolidated net income.

Note 2 FRANCHISE INFORMATION

As of December 31, 2019, the Company had sold 6,117 territories, of which 595 were sold in 2019. Of the territories sold, 4,719 total fitness centers were open with 551 opened in 2019.

As of December 31, 2018, the Company had sold 5,622 territories, of which 621 were sold in 2018. Of the territories sold, 4,284 total fitness centers were open with 485 opened in 2018.

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As of December 31, 2017, the Company had sold 5,060 territories, of which 623 were sold in 2017. Of the territories sold, 3,884 total fitness centers were open with 466 opened in 2017.

Note 3 CORPORATE OWNED FITNESS CENTERS

As of December 31, 2019, the Company was the owner/operator of 14 fitness centers. Revenue and expenses for the corporate owned fitness clubs were \$8,012,965 and \$7,282,254, respectively. The Company sold 14 clubs for a gain of \$1,396,838 in 2019.

As of December 31, 2018, the Company was the owner/operator of 28 fitness centers. Revenue and expenses for the corporate owned fitness clubs were \$13,275,530 and \$13,608,665, respectively. The Company sold four clubs for a gain of \$123,096 and closed one club in 2018.

As of December 31, 2017, the Company was the owner/operator of 33 fitness centers. Revenue and expenses for the corporate owned fitness clubs were \$14,417,714 and \$14,372,277, respectively. The Company opened one new club in 2017 resulting in a net loss as it ramped up membership. During 2017, the Company sold 1 corporate owned fitness club for a loss of \$129,468, which is included in the above expenses.

Note 4 RELATED PARTY TRANSACTIONS

DUE FROM RELATED PARTIES

At December 31, 2019, 2018 and 2017, the Company has receivables from entities related by common ownership in the amount of \$15,638,402, \$5,165,257, and \$774,486, respectively. The receivables are due on demand.

DUE TO RELATED PARTIES

At December 31, 2019, 2018 and 2017, the Company has payables to entities related by common ownership in the amount of \$401,321, \$142,421, and \$121,157, respectively. The payables are due on demand.

NOTE RECEIVABLE RELATED PARTY

During 2019, the Company entered into a lending agreement with a related party, in which the Company advanced \$21,000,000 to Self Esteem Brands, LLC. The note requires interest at 2.00% and is unsecured. The note is due on demand; however, the Company has classified the note as long-term due to the expected repayment to be more than one year from issuance.

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Note 5 GUARANTEES

The Company is a guarantor on a note payable for Self Esteem Brands, LLC. The Company is contingently liable for up to \$5,000,000. The note is also guaranteed by other direct and indirect subsidiaries of Anytime Worldwide, LLC. The note is secured by certain other assets.

The Company has provided recourse for certain franchisee's purchases of equipment and is also a guarantor on certain franchisee leases and reinvention loans. Should the franchisee be delinquent on its equipment or lease payments, the Company will be obligated to perform under the guarantee by making the required payments of rent and other amounts payable. The maximum potential amount of future payments that the Company is required to make under the guarantees is \$246,016 at December 31, 2019. The Company records a liability if the event of default becomes probable. As of December 31, 2019, no liability is recorded.

Note 6 NOTES RECEIVABLE

Notes receivable at December 31 consist of the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Notes receivable from franchisees, generally due 90 days after note is signed. Upon a default event, as defined, interest may accrue on the notes at a rate of up to 12%. The notes are secured by inventory, equipment accounts receivable and intangibles of the franchisee.	\$ -	\$ -	\$117,722
Notes receivable from franchisees, interest rate at 1% due in monthly installments of \$4,396 with final payment due from franchisee December 2023. The notes are secured by inventory, equipment, accounts receivable, and intangibles of the franchisee.	<u>214,266</u>	<u>322,868</u>	<u>472,988</u>
Notes receivable	214,266	322,868	590,710
Less: Current portion	<u>(58,437)</u>	<u>(116,042)</u>	<u>(265,815)</u>
Notes receivable, net of current portion	<u>\$155,829</u>	<u>\$206,826</u>	<u>\$324,895</u>

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Note 7 ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following types of receivables at December 31:

	2019	2018	2017
Franchise fees	\$17,000	\$ -	\$287,203
Monthly member fees	133,754	270,589	325,098
International franchise fees	2,442,783	2,029,568	1,387,091
Tenant improvement reimbursements	-	-	191,320
Other	34,155	189,667	100,604
Allowance for doubtful accounts	(148,294)	(10,000)	(30,654)
Total accounts receivable	<u>\$2,479,398</u>	<u>\$2,479,824</u>	<u>\$2,260,662</u>

Note 8 FIXED ASSETS

Fixed assets are composed of the following at December 31:

	2019	2018	2017
Depreciable assets:			
Leasehold improvements	\$3,514,023	\$6,766,370	\$7,286,438
Equipment	2,778,346	2,821,372	2,502,523
Fitness equipment	2,463,083	4,662,008	5,411,093
Autos and trucks	308,643	308,643	308,643
Furniture and equipment	302,588	410,128	470,627
Total assets	<u>9,366,683</u>	<u>14,968,521</u>	<u>15,979,324</u>
Less: Accumulated depreciation	<u>(7,125,071)</u>	<u>(10,139,361)</u>	<u>(9,752,957)</u>
Property and equipment, net	<u>\$2,241,612</u>	<u>\$4,829,160</u>	<u>\$6,226,367</u>

Depreciation expense for the years ended December 31, 2019, 2018 and 2017 amounted to \$1,127,288, \$1,694,025, and \$1,877,865, respectively.

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Note 9 TRADEMARKS, SOFTWARE DEVELOPMENT AND LICENSES

Trademarks, software development and licenses consist of the following at December 31:

	2019	2018	2017
Amortizable trademarks	\$465,949	\$447,384	\$441,830
Less: Accumulated amortization	(115,473)	(84,715)	(54,915)
Amortizable trademarks, net	350,476	362,669	386,915
Trademarks in progress	1,511	20,608	17,826
Trademarks, net	<u>\$351,987</u>	<u>\$383,277</u>	<u>\$404,741</u>
Amortizable software development and licenses	\$7,056,379	\$6,668,106	\$4,936,431
Less: Accumulated amortization	(5,503,420)	(4,350,377)	(3,560,484)
Amortizable software development and licenses, net	1,552,959	2,317,729	1,375,947
Software development in progress	1,762,645	305,995	300,458
Software development and license costs, net	<u>\$3,315,604</u>	<u>\$2,623,724</u>	<u>\$1,676,405</u>

Amortization expense for the years ended December 31, 2019, 2018 and 2017 amounted to \$1,184,333, \$819,693, and \$846,470, respectively.

Future amortization of in-service trademarks, software development and licenses is as follows:

Year Ending December 31,	Amount
2020	\$869,669
2021	691,835
2022	84,644
2023	31,063
2024	31,063
Thereafter	195,161
Total	<u>\$1,903,435</u>

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Note 10 DEFERRED REVENUE

The following table reflects the change in deferred revenue between the date of adoption of ASC 606 (January 1, 2019) and December 31, 2019.

	<u>Deferred Revenue</u>
Balance at January 1, 2019	\$34,632,204
Revenue recognized that was included in the contract liability at the beginning of the year	(9,895,108)
Increase, excluding amounts recognized as revenue during the period	<u>12,006,068</u>
Balance at December 31, 2019	<u>\$36,743,164</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2019. The Company has elected to exclude short-term contracts, franchise fee royalties and any other variable consideration recognized on an "as invoiced" basis.

Deferred revenue to be recognized in:	<u>Amount</u>
2020	\$8,731,085
2021	6,964,000
2022	5,864,371
2023	4,736,141
2024	3,484,866
Thereafter	<u>6,962,701</u>
Total	<u>\$36,743,164</u>

The summary set forth below represents the balances in deferred revenue as of December 31:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Franchise fees	\$36,291,893	\$ -	
Prepaid personal training	422,293	544,229	529,047
Prepaid membership fees	<u>28,978</u>	<u>132,838</u>	<u>-</u>
Total deferred revenue	36,743,164	677,067	529,047
Long-term portion of deferred revenue	<u>28,012,079</u>	<u>-</u>	
Current portion of deferred revenue	<u>\$8,731,085</u>	<u>\$677,067</u>	<u>\$529,047</u>

ANYTIME FITNESS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019, 2018, and 2017

Note 11 CAPITALIZED LEASE OBLIGATIONS

The Company leased certain fitness equipment under capital leases. The agreements required monthly payments totaling \$15,441, including interest at 5.12% to 5.67%.

The following equipment is held under capital leases at December 31:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fitness equipment	\$ -	\$512,927	\$912,952
Less: Accumulated depreciation	-	(228,445)	(305,163)
Net fitness equipment	<u>\$0</u>	<u>\$284,482</u>	<u>\$607,789</u>

Depreciation of equipment held under capital leases was \$58,971, \$101,346, and \$181,036 for the years ended December 31, 2019, 2018 and 2017, respectively.

Note 12 BUILDING AND EQUIPMENT OPERATING LEASES

The Company leases various facilities under operating leases with terms that expire at various dates through October 2025. Under certain facility leases, the Company is obligated to pay all repair and maintenance costs. Total rent expense was \$2,744,950, \$3,950,855, and \$4,058,903 for the years ended December 31, 2019, 2018 and 2017, respectively.

The future minimum rental payments due under non-cancelable operating leases at December 31, 2019 are as follows:

2020	\$927,711
2021	755,447
2022	637,556
2023	329,104
2024	162,803
Thereafter	<u>135,669</u>
Total lease commitments	<u>\$2,948,290</u>

Note 13 CONTINGENCIES

The Company is subject to various claims, legal proceedings and investigations covering a wide range of matters that may arise in the ordinary course of business. Management believes the resolutions of claims and pending litigation will not have a material effect, individually or in the aggregate, on the financial statements of the Company.

ANYTIME FITNESS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 14 DEFERRED COMPENSATION PLANS

LONG-TERM EMPLOYEE INCENTIVE PROGRAM

The Company adopted a long-term incentive plan for key employees during 2012 as amended from time to time. The Company, in its sole discretion, shall determine those key employees who are eligible to participate in the program and the number of participant units to be awarded to each such employee. Generally, units awarded to a participant shall vest in five equal installments of twenty percent per year. In the event of a change of control triggered by a change in ownership, those participant units may be liquidated at an estimated value per unit. As of December 31, 2019, it is not likely there will be a change of control, therefore, no liability is recorded.

EXHIBIT E

FRANCHISE AGREEMENT, GUARANTY, GENERAL RELEASE AND STATE SPECIFIC ADDENDA

FRANCHISE AGREEMENT

BASECAMP FITNESS, LLC

111 Weir Drive
Woodbury, Minnesota 55125
(866) 956-4612
www.basecampfitness.com

BASECAMP FITNESS FRANCHISE AGREEMENT

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BASECAMP FITNESS
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made as of the Effective Date set forth in the Rider attached to this Agreement (the "Rider") between BASECAMP FITNESS, LLC, a Delaware limited liability company ("we" or "us") and the person or persons named in the Rider as "Franchisee" ("you").

RECITALS:

A. We along with our predecessor have developed a system of operating boutique interval training fitness studios under the "Basecamp" and "Basecamp Fitness" service marks that offer short, high intensity guided workouts that combine strength, cardio and core training in a fast-paced, high-energy environment. We grant franchises to qualified candidates for the establishment and operation of these studios. We license our trademark rights in "Basecamp" and "Basecamp Fitness" and may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Basecamp Fitness studios (collectively, the "Marks"). These studios use our methods, procedures, standards, specifications and the Marks, all of which we may improve, further develop or otherwise modify from time to time (all of which are collectively referred to as the "System").

B. You acknowledge that the Basecamp Fitness concept is a relatively new concept. As such, the methods of operation for a Basecamp Fitness studio continue to evolve. These businesses and the System will evolve over time, and such evolution will likely result in numerous changes to the System, some of which may require additional investment by you.

C. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.

D. You desire to operate a Basecamp Fitness franchise that will conform to our uniform requirements and quality standards as established from time to time by us.

AGREEMENTS:

1. GRANT OF FRANCHISE; FRANCHISED LOCATION

A. Grant of Franchise. Subject to the provisions stated below, we license to you a personal franchise to operate a Basecamp Fitness studio (your "Basecamp Studio") in conformity with our System. You accept the license and undertake the obligation to operate your Basecamp Studio using the System and in compliance with our standards. If you would like to open a second or subsequent location, you must sign a new franchise agreement on our then-current form for each location, and pay the applicable franchise fees for each location.

B. DMA Search Area. You have the right to operate the Basecamp Studio at one (1) location only. We must approve this location. The location we approve will be denoted on the Rider to this Agreement (the "Franchised Location"). The Basecamp Studio must be located in the non-exclusive area described in the Rider to this Agreement (the "DMA"), but outside of the protected territory we have granted to another Basecamp Fitness franchisee or an Anytime Fitness franchisee (but in the case of an Anytime Fitness franchisee, only for a minimum period of 120 days beginning March 31, 2020,

unless we extend this period upon notice to you). You acknowledge that we may seek and acquire sites in the DMA for company or affiliate owned locations, grant others the right to seek or acquire sites within the DMA, and that we may actually provide others with sites in the DMA, and that you acquire no exclusive or priority rights in such area. We may modify the boundaries of your DMA if The Nielsen Company, LLC or its successor changes the applicable defined market area of your DMA. If we do so, we will provide you with notice of the change along with the updated Rider to this Agreement which you consent to us amending, without your signature, to change the DMA.

C. Site Assistance/Location. You acknowledge that we may locate, or provide assistance to you and other Basecamp Fitness franchisees in the location of, potential sites in the DMA for Basecamp Fitness studios. To the extent we locate sites or provide such assistance to you we have no obligation to provide you with any site we may identify but any site you identify must be provided to us. We can then acquire the site ourselves, or give other franchisees the right to acquire that site and you acknowledge and agree that by providing us with a potential site you obtain no priority with respect to that site. If you provide us a potential site we will inform you within thirty (30) days after receipt of the information and materials we request regarding the site whether we will acquire the site, or otherwise approve the site, and if so, whether we will allow you to attempt to acquire the site or if we are going to provide the site to other franchisees who may be looking for sites in the DMA. You may not enter into a lease or sublease for this site, or otherwise acquire this site, unless and until we have given you that permission in writing to do so.

If we provide you a potential site, you will have the right to accept it or reject it within the time period which we set. However, we may have also provided this same site to one or more other franchisees and in the event multiple franchisees accept a site, we select the franchisee to whom we award the site. Notwithstanding the foregoing, it shall be your responsibility to identify and ultimately acquire an appropriate site, acceptable to us, for the operation of the Basecamp Studio. In consideration for any assistance we provide with respect to the identification or approval of potential sites, you acknowledge and agree that we shall not be responsible for your results in operating at any particular site that may have been recommended, reviewed, or approved by us and that our approval does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of the Basecamp Studio at that location.

D. Site Acquisition. After we have informed you that you may acquire a site for your Basecamp Studio, you will have thirty (30) days after our notice to acquire the site by lease, sublease or purchase. Within such time period, you must furnish us with evidence reasonably acceptable to us of your acquisition of the site. If you fail to acquire the site within such time period or furnish us with the evidence of acquisition we request, the site will go back into the pool of potential available sites in the DMA and we can acquire the site ourselves or provide the site to another franchisee.

E. Rider Updates. Following our approval of the site and your acquisition of it, you authorize us to amend the Rider to this Agreement, without your signature, to identify: (i) the address of the Franchised Location; (ii) the "Protected Territory" via a map or description of an area surrounding the Franchised Location; and (iii) the "Projected Opening Date" for your Basecamp Studio.

F. Protected Territory. Except as specified in this Section, in Section 2.B, or in the Rider, during the term of this Agreement, we will not operate or license to anyone else the right to operate a Basecamp Fitness studio from any location physically located in the Protected Territory. You acknowledge and agree that: (i) we and our affiliates have the right to grant other franchises or licenses and to operate company or affiliate owned Basecamp Fitness studios at locations outside the Protected Territory even if they compete with your Basecamp Studio for customers who may live and/or work in or near the Protected Territory; and (ii) we and our affiliates have the right to operate, and to grant

franchises or licenses to others to operate, any fitness business and any other business from locations within the Protected Territory under trademarks other than “Basecamp Fitness”, without compensation to you. In addition, the boundaries of your Protected Territory may overlap with a territory we grant to another franchisee or to a Basecamp Fitness studio we or our affiliates operate, so long as no other Basecamp Fitness studio is located within your Protected Territory.

G. Additional Reservation of Rights. We and our affiliates reserve any and all rights not expressly granted to you under this Agreement, including, without limitation, the right to sell anywhere (including within the Protected Territory) products and services (including to your customers) under the “Basecamp Fitness” name, or under any other name, through any channel of distribution, including via the Internet.

H. Limitations. The rights and privileges granted to you under this Agreement are personal in nature and may not be used at any location other than the Franchised Location. You do not have the right to delegate, subfranchise, or sublicense any of your rights under this Agreement. Without our written consent, you may not use the Franchised Location for any purpose other than the operation of a Basecamp Fitness studio.

2. TERM; RENEWAL RIGHTS

A. Initial Term. The term of this Agreement is for six (6) years commencing on the Effective Date of this Agreement, unless terminated earlier as provided in this Agreement.

B. Renewal. You have the right to renew your Basecamp Fitness franchise for the Franchised Location for an additional five (5) year term, provided you meet all of the following conditions:

1. you have given us written notice at least two hundred ten (210) days prior to the end of the then current term of this Agreement of your desire to renew;

2. you and all entities you are a member, partner or shareholder of, are in compliance with all agreements between you and us and between you and our affiliates, and there has been no series of defaults by you thereunder (i.e., an abnormal frequency of defaults or a default that has occurred repeatedly, or a combination thereof), whether or not such defaults were cured;

3. you make, or provide for in a manner satisfactory to us, such renovation and re-equipping of your Basecamp Studio as we deem appropriate to reflect the then-current standards and image of the System, including, without limitation, renovation or replacement of signs, equipment, furnishings, fixtures and decor;

4. you pay us a renewal fee at least fifteen (15) days prior to the expiration of the initial term of this Agreement in an amount equal to Five Thousand Dollars (\$5,000) (the “Renewal Fee”);

5. you sign the standard Franchise Agreement then being used by us within thirty (30) days of receipt, provided that you pay the Renewal Fee in lieu of the Initial Franchise Fee set forth in the then-current Franchise Agreement. The terms of such Franchise Agreement may differ from this Agreement, including higher fees and a modification to the Protected Territory based upon our then-current methods of determining Protected Territory areas (and which may include a reduction in the Protected Territory);

6. you present satisfactory evidence that you have the right to remain in possession of the Franchised Location for the duration of the renewal term, unless we determine that the location of

your business is no longer viable for the operation of your Basecamp Studio, in which case we may condition your right to renew on your obtaining a new site for your Basecamp Studio that we approve;

7. your management staff successfully completes any refresher training prescribed by us at least thirty (30) days prior to the expiration of the term of this Agreement; and

8. at the time you sign the Franchise Agreement to renew your franchise, you sign and deliver to us a general release, in the form we prescribe, releasing, to the fullest extent permitted under the laws of the state where your Basecamp Studio is located, all claims that you may have against us and our affiliates and our respective current and former officers, directors, shareholders, employees, insurers, consultants, contractors and agents, in both their corporate and individual capacities.

If you fail to timely comply with any provision of this Section 2.B, time being of the essence, we will at all times thereafter be permitted to operate or license to someone else the right to operate a Basecamp Fitness studio from any location in the Protected Territory, and you specifically grant to us and to the owner of that studio the right to contact the customers of your Basecamp Studio, notify them that you have chosen not to renew your relationship with us, and solicit those customers to patronize a new Basecamp Fitness studio in the Protected Territory.

3. MARKS AND COPYRIGHTS

A. Identity of Your Studio. Your Basecamp Studio will be identified by the Marks we prescribe from time to time.

B. Ownership of Marks and System Improvements. You agree that we own the Marks and the System. You also agree that any and all improvements and derivations by you relating to the Marks and System are our sole property and you hereby assign to us the same, together with the goodwill associated with the same. We will have the exclusive right to register and protect all such improvements and derivations of the Marks and the System.

C. Use. Your right to use and identify with the Marks and System applies only to the Franchised Location, and exists concurrently with the term of this Agreement and only so long as you are in complete compliance with our quality standards. You will have the right to use the Marks and System only in the manner prescribed, directed and approved by us in writing. You will not have or acquire any rights in any of the Marks or System other than the right of use as governed by this Agreement. You may not authorize others to use or reproduce our Marks without our prior written consent. Your use of the Marks and any resulting goodwill will be to our exclusive benefit. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Marks or the System, you will immediately, upon written notice from us, modify your use of the Marks and the System in the manner prescribed by us in writing. You will not during or after the term of this Agreement do anything directly or indirectly which would disparage, infringe upon, harm, or contest our rights in, the Marks or System.

D. Promotion. You will operate your Basecamp Studio so that it is clearly identified and advertised as a Basecamp Fitness studio. The style, form and use of the words "Basecamp Fitness" in any advertising, written materials, products or supplies, including but not limited to any Technology Platform (defined below), must, however, have our prior written approval and comply with our specifications as we may prescribe in writing and as set forth in the Manual, or otherwise. You will use the Marks that now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, Technology Platforms, and other items in the identical combination and manner as we may prescribe in writing and you will supply to us samples or

photographs of the same upon our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs of the same upon our request. You will not use the words “Basecamp” or “Basecamp Fitness” in your corporate, partnership, limited liability company or other entity name.

E. Substitutions of, or Adverse Claims to, Marks. We have the right to protect and maintain all rights to the Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, or to discontinue using any Mark, or if there is an adjudication by a court of competent jurisdiction that any party’s rights to any of the Marks are superior to ours, then upon written notice from us, you will, at your sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by us in writing, and if the Mark that is changed is the name “Basecamp Fitness” then all references in this Agreement to the name “Basecamp Fitness” will be deemed references to such substitute Mark. If we modify or discontinue use of any Mark, you will immediately cease using the Marks specified by us, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by us in connection with all advertising, marketing and promotion of your Basecamp Studio. We will have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark. You will not make any changes or amendments in or to the use of the Marks or System unless directed by us in writing.

F. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you with respect to the Marks and will, at your reasonable expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation incurred by us, including attorneys’ fees, specifically relating to the Marks. We will have the right to control and conduct any litigation relating to the Marks and be entitled to all recovery related to claims with respect to the Marks. While we are not required to defend you against a claim based on your use of the Marks, we will reimburse you for your liability arising from your authorized use of the Marks. You will also be required to reimburse us for liability arising out of your unauthorized use of any of the Marks.

G. Copyrighted Materials. You acknowledge and agree that we may authorize you to use certain copyrighted or copyrightable works (the “Copyrighted Materials”), including the Manual (as defined below). The Copyrighted Materials are our valuable property. Your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the temporary, non-exclusive license to use the Copyrighted Materials granted in this Agreement. All rights that inure as a result of the use of the Copyrighted Materials belong solely to us.

H. Protection. You will sign any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Marks or to maintain their validity or enforceability, or to aid us, at our expense, in acquiring rights in or in registering any of the Marks or any trademarks, trade names, service marks, slogans, logos or emblems that we subsequently adopt.

4. INITIAL FRANCHISE FEE

A. Initial Franchise Fee. Upon execution of this Agreement you will pay us a nonrefundable initial franchise fee (the “Initial Franchise Fee”) as set forth in the Rider.

B. No Refunds. The Initial Franchise Fee has been fully earned upon our signing of this Agreement and is nonrefundable in consideration of the expenses incurred by us in granting this franchise and for the lost or deferred opportunity to franchise others.

5. MONTHLY FEES

A. Monthly Royalty Fee. On the 10th day of each month, you will pay to us a non-refundable monthly royalty payment (the “Royalty Fee”) equal to eight percent (8%) of the Gross Revenues generated in the preceding month by your Basecamp Studio.

1. Your obligation to pay us the Royalty Fee under the terms of this Agreement will begin on the date you open your Basecamp Studio. Your obligation to pay the Royalty Fee will remain in full force and effect throughout the term of this Agreement. We may increase the percentage amount of the Royalty Fee upon notice to you.

2. “Gross Revenues,” shall mean the total amount of revenues generated from all business activities taking place by, through or at the Basecamp Studio, in the form of cash or credit, plus the fair market value of products delivered and services rendered to you, or to your designee, in consideration for products and services provided in, from, or in conjunction with your Basecamp Studio. There will be excluded from “Gross Revenues” bona fide refunds, credits given or allowed to customers for the return of merchandise and amounts collected from customers and remitted by you to any governmental taxing authority in satisfaction of sales taxes, however, chargebacks are not deducted from the calculation of Gross Revenues.

B. Monthly Advertising and Marketing Fund Contribution. On the 10th day of each month, you will pay to us a non-refundable monthly “General Advertising and Marketing Fund Contribution” equal to two percent (2%) of the previous calendar month’s Gross Revenues (the “General Advertising and Marketing Fund Contributions”). We may periodically increase the General Advertising and Marketing Fund Contribution; provided that the General Advertising and Marketing Fund Contributions will not exceed three percent (3%) of your Gross Revenues. We will account for all General Advertising and Marketing Fund Contributions we receive as part of a “General Advertising and Marketing Fund.” We may increase the percentage amount of the General Advertising and Marketing Fund Contributions upon notice to you.

1. We may use General Advertising and Marketing Fund Contributions for any purpose that promotes the System, the Marks, including the Basecamp Fitness name, as we deem appropriate in our sole discretion, including the creation, production and placement of consumer advertising; agency costs and commissions; costs of preparing, producing and conducting local, regional or national media of our choice, including: television, radio, internet, magazine, direct mail and newspaper, billboard, social media and digital advertising, and direct mail campaigns, and other public relations activities; developing and/or hosting, maintaining and optimizing our website, other websites, and other applications or similar activities; implementing keyword or adword purchasing programs; administering regional and multi-regional advertising programs, and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms and other advertising, promotion or marketing agencies; developing marketing and advertising training programs and conducting market research (including sampling) and secret shopper programs; and other advertising, promotion and marketing activities, including participating at trade shows. For the avoidance of any doubt, we may also reimburse ourselves, our authorized representatives or our affiliates from the General Advertising and Marketing Fund for any expenses incurred by us or any of them related to the promotion of the Basecamp Fitness brand, the Marks or the System, including administrative costs, independent audits,

reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us, them and our authorized representatives and associated with the programs funded by the General Advertising and Marketing Fund.

2. Advertising may be placed in local, regional or national media of our choice. We do not guarantee that advertising expenditures from the General Advertising and Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. All interest, if any, earned by the General Advertising and Market Fund will be used for the payment of the foregoing expenses before application of any principal.

3. Methods, media employed, the contents of advertising and marketing, and terms and conditions of advertising, marketing and promotional programs, will be in our sole discretion.

6. ADVERTISING AND PROMOTION

A. Retail Product Package. Before you open your Basecamp Studio, you must purchase a package of retail products to offer for sale in your Basecamp Studio from us at our then-current prices. These amounts are nonrefundable and are due at the time we specify.

B. Grand Opening. You must spend at least Forty Thousand Dollars (\$40,000) on a "Grand Opening Program" we have approved for your Basecamp Studio beginning 12 to 16 weeks before your scheduled opening and ending 30 days following the opening of your Basecamp Studio. If you fail to spend the minimum required amount on the Grand Opening Program, you must pay us the difference and we can either spend it in your market area on your behalf or place the money in the General Advertising and Marketing Fund.

C. Local Advertising & Minimum Spend Requirement. In addition to the General Advertising and Marketing Fees, you agree to conduct your own local marketing of your Basecamp Studio. You must spend at least Two Thousand Five Hundred Dollars (\$2,500) per month on local advertising (the "Monthly Local Advertising Requirement"), after completion of the Grand Opening Program to promote your Basecamp Studio. These expenditures must be on advertising that we have approved. If you fail to meet the Monthly Local Advertising Requirement in any calendar month, you must pay us the difference and we can either spend the amount in your market or place the money in the General Advertising and Marketing Fund.

D. Compliance. We reserve the right to audit your records upon request to determine compliance with the requirements of Sections 6.B and 6.C. You must provide us with all information we reasonably request in connection with determining your compliance with such Sections, including invoices showing advertising expenditures. You acknowledge that it is your responsibility to market your Basecamp Studio, and that the General Advertising and Marketing Fees are merely used to supplement the local marketing conducted by each of our franchisees. We may, at our option, require you to submit to us for our prior approval any advertising you propose to use for the promotion of your Basecamp Studio.

E. Marketing Materials. You also must purchase a representative sample of all marketing materials we prepare for brand level promotions. We may prescribe minimum amounts of these materials that you must purchase. The amounts you pay for these items are nonrefundable and must be paid at the times we specify. These items will not constitute all of the items you will need to market your Basecamp Studio and you will need to purchase other items.

F. Advertising Cooperative. At such time as we in our sole discretion may determine, you shall join an advertising cooperative made up of other Basecamp Fitness franchisees (the "Local

Cooperative”), as we determine. In such event, you must participate in the Local Cooperative on the terms and conditions we require. We can create, modify or dissolve any Local Cooperative at any time we determine.

7. BASECAMP STUDIO PREMISES

A. Build-Out Package. You must purchase from us a “Build-Out Package”, which includes your signage, initial marketing materials, furniture, fixtures and a design kit. You will order these items as a package through our on-line portal. The amounts you pay for these items are nonrefundable and are due at the times we specify. These items will not constitute all of the items you will need to establish and operate your Basecamp Studio and you will need to purchase other items.

B. Opening. You may not initially open your Basecamp Studio for business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled and we have approved your opening date; (2) the Initial Training Program is completed to our satisfaction; (3) all amounts due to us and our affiliates have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by this Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions in this Agreement have been met; (6) you have received all required permits and licenses; and (7) you have ordered, received and installed all equipment, supplies, inventory and computer systems that we require.

Unless otherwise agreed in writing by us, you must open your Basecamp Studio on the Projected Opening Date, but in no event more than twelve (12) months from the Effective Date; provided, however, we will give you a one-time opportunity to extend this date by three (3) months subject to you paying us an extension fee of Five Hundred Dollars (\$500), and signing an extension agreement in the form we provide. Notwithstanding the foregoing, if you are entering into this Agreement pursuant to the terms of an Area Development Agreement executed between you and us, you will open your Basecamp Studio on or before the date set forth in the “Development Schedule” (as defined in the Area Development Agreement), unless we otherwise agree to an extension. Your failure to open your Basecamp Studio on or before the Projected Opening Date will constitute a default of this Agreement and allow us to terminate this Agreement.

C. Construction Problems. If your Basecamp Studio is not constructed strictly according to the plans we have approved and our Mandatory Specifications, we may not approve you to open for business. If we do not approve your opening, you will have thirty (30) days from the date we deny our approval for opening to correct all the construction problems so that your Basecamp Studio is strictly constructed according to our approved plans. If you fail to correct the problems within this 30-day period, we may immediately terminate this Agreement. If your Basecamp Studio opening is delayed for these or any other reasons, you will be responsible for any losses or costs relating to such delay. In any event, you may not open your Basecamp Studio until all of these problems have been resolved to our satisfaction and if the time period to correct the problems extends past the Projected Opening Date you will only have to the Projected Opening Date to correct the problems, unless we extend the Projected Opening Date.

D. Relocation. You may not move or relocate your Basecamp Studio without our prior written consent, which consent shall not be unreasonably withheld.

1. The request for relocation must be made in writing, stating the new location, received by us at least sixty (60) days prior to the date of intended relocation, and be accompanied by a relocation fee of One Thousand Five Hundred Dollars (\$1,500). You must also pay any expenses we

incur in reviewing the new location. The new location must be within the Protected Territory (as defined below), and it may not be located within any territory we grant to any other franchisee. We will refund the relocation fee to you if we do not approve your new location.

2. Upon receipt of our approval, you must upgrade the new space to comply with all of our current specifications, and construct the new premises in the manner required under Section 9.A.

3. Following your relocation, we or our designee will conduct a security inspection of the premises to assure all security equipment has been properly installed. You also consent to our amendment of the Rider to indicate the new location and any update to your Protected Territory.

8. COMPANY OBLIGATIONS/TRAINING

A. Location. We will provide you with consulting services to assist you in determining the evaluation criteria for selecting the site location for your Basecamp Studio as described above.

B. Prototype Floor Plan. Before you begin construction of your Basecamp Studio, we will provide you with a prototype floor plan, as well as a list of the equipment, displays, fixtures and furnishings for your studio. It will then be your obligation to conform the prototype plans to your space, and to construct your premises in accordance with the provisions of this Agreement in compliance with all local laws.

C. Compliance Drawing. Before you begin construction of your Basecamp Studio, we will create a specific studio layout/design for your Basecamp Studio (a "Compliance Drawing"). If, however, you want to make changes in the Compliance Drawing, you will have to pay the vendor directly for the cost of those changes.

D. Construction Documents. If we allow you to use a party other than our designated vendor to create a complete set of detailed construction documents and to complete construction of your facility in compliance with our mandatory specifications ("Construction Documents"), and to obtain any required permits, and conform the premises to local ordinances or building codes, we will charge you our then-current fee to review the Construction Documents.

E. Initial Training. We will, at our expense, provide an initial training program to the person you designate as the "Principal Operator" (whether you, if you are an individual, or one of your owners if you are an entity) of your Basecamp Studio, your studio manager and fitness manager. In addition, someone owning a ten percent (10%) or greater interest in your Basecamp Studio and guaranteeing this Agreement (a "Principal Owner"), if other than the Principal Operator, must also attend the training program. The training program will include instruction on basic operating skills and other topics we select. All of these people must attend and complete the initial training program to our satisfaction. If you have more than one Franchise Agreement with us, we may, at our option, provide this training program one (1) time for multiple agreements. All individuals who attend this training program other than a Principal Owner must sign a confidentiality agreement that meets our requirement before they attend and you must provide us a copy of that agreement. The length of the training program will be at our discretion, and will be scheduled by us in our discretion. You will be responsible for travel costs, room and board, salaries, fringe benefits, and other expenses incurred by you and your employees in attending the training program.

F. Train the Trainer Program. Before the opening of your Basecamp Studio, your Fitness Manager(s) must attend and complete to our satisfaction our Train the Trainer Program training course. This training must be completed to our satisfaction within the timeline we require. If you are an existing Basecamp Studio and your Fitness Manager has not attended this training or you retain new Fitness Managers, these individuals must attend and complete this training to our satisfaction within the timeline we require. We will charge our then-current fee for this training course, plus costs of travel, lodging and meals if held at a location other than our corporate offices, a corporate studio or another location we designate. Fees are payable before the training occurs. Portions of this training may be conducted via the Internet.

G. Instructor Training. Before any of your fitness instructors begin teaching classes at your Basecamp Studio, each instructor must complete to our satisfaction our “New Instructor Training Course”. Before opening your Basecamp Studio to the general public at least three (3) of your instructors must have completed this training. This course will be held at a location we specify. We will charge our then-current fee for this course, plus costs of travel lodging and meals if held at a location other than our corporate offices or another place we designate. Fees are payable before the training occurs.

H. Continuing Engagement Credits. Each calendar year that your Basecamp Studio is open, you must obtain at least one thousand two hundred (1,200) continuing engagement credits within the Basecamp Fitness system. These are credits we will establish from time to time for attending various training programs, and for other participations in the Basecamp Fitness system. If you fail to meet this requirement in any year, you must pay a fee of One Dollar (\$1.00) for each credit for which you are deficient multiplied by the number of Basecamp Studios you or your affiliates own, which we will deposit in the General Advertising and Marketing Fund. The fee is due immediately after notice from us. The number of required credits will be prorated for any partial year your Basecamp Studio is open.

I. Conference. A Principal Owner must register for, pay the registration fee, and attend our conferences, if and when we have them. Additional representatives of yours may also attend the conference, as long as you register them and pay the then-current registration fee for their attendance. This conference may be a live or virtual event. You must also pay for all travel and living expenses incurred by you and your representatives in attending the conference. If your Principal Owner fails to attend our annual conference, we will bill you for the then-current “early bird” (or similar) conference fee after the conference.

J. Additional Training Programs. Throughout the remaining term of this Agreement, we will make available additional training which we deem advisable to familiarize you and your management team on changes and updates in the System. You can ask us to provide you with additional training and we can require you to undergo additional training if you are not meeting our requirements, if we determine additional pre-opening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive, including on-site studio operations and customer experience training and training on any topics we consider vital to your operations. You must pay us our then-current fee for such additional training programs plus the cost of travel, lodging and meals. These trainings may be conducted live or via the Internet.

K. Manual. We will loan you one copy of the manual in which we describe the System operational policies, standards, requirements and practices (the “Manual”). The Manual may be loaned to you by providing you access to an electronic version of the Manual. The Manual contains mandatory and suggested specifications, standards and operating procedures that we have developed for Basecamp Fitness studios and information relating to other obligations of you. You will comply with and

operate your Basecamp Studio in conformance with all mandatory provisions of the Manual. We have the right to revise the Manual at any time or add additional manuals. You will incorporate all revisions into the Manual, and at all times any hard copies of the Manual (including any additional manuals) will remain on the premises of your Basecamp Studio. You will not make copies of any portion of the Manual without our prior written consent. You acknowledge that the required provisions of the Manual are designed to protect our standards and systems and our Marks and to create a uniform customer experience, and not to control the day-to-day operation of your Basecamp Studio.

L. Mystery Shopping. We will arrange a mystery shopping service to periodically assess your Basecamp Studio customer experience during the term of this Agreement. We will provide those results to you so that you can make any changes necessary to improve the service experience for your customers.

M. Other Ongoing Assistance. During the operation of your Basecamp Studio, we will make available to you from time to time all changes, improvements and additions to the System and all supplements and modifications to the Manual, and will make a representative available to speak with you on the telephone, or at our option, on our intra-net, during our regular business hours, to discuss your operational issues and support needs. If you require additional operations or customer experience training beyond what we provide, you can request that we send a representative to provide further assistance to you. If we agree to provide this additional assistance, we must agree in advance to the charges you will pay and the length of the visit. We may also require you to receive additional assistance if you are not meeting our requirements, if we determine, in our sole discretion, additional pre-opening or post-opening assistance is required, or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive or correct any deficiencies in your Basecamp Studio. Our current rate for this additional assistance is Five Hundred Dollars (\$500) per day, per representative, plus the cost of travel, lodging and meals, but we reserve the right to adjust this rate periodically, as described in the Manual.

N. Nature of Assistance and Training. You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this Agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your Basecamp Studio, you must notify us in writing within thirty (30) days following the opening of your Basecamp Studio or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment, and complied with all representations made to you.

O. No Show Fee. If we are scheduled to conduct an on-site visit at your Basecamp Studio, or if you register for a training program and you cancel, fail to attend, fail to have the appropriate parties attend, or fail to stay for the entire training program, and you did not provide us with at least two (2) weeks prior written notice that you or appropriate parties will not be attending, then you must pay us the greater of our then-current no show fee or the actual costs and expenses of rescheduling our travel arrangements.

P. Technology and Fitness Equipment Package. You will purchase from our affiliate a "Technology and Fitness Equipment Package" that includes fitness equipment and various technology systems, including computer hardware and software and other related components you need to operate your Basecamp Studio. You will pay our affiliate a one-time nonrefundable set-up fee and nonrefundable monthly fees for these technology solutions. Such amounts shall be due at the times we

specify. These systems will not include all of the technology systems you will need to operate your Basecamp Studio and you will need to purchase other systems.

9. APPEARANCE AND OPERATION OF YOUR BASECAMP STUDIO

The Marks and System licensed to you represent valuable goodwill distinctive of our business and reputation. We will promulgate, from time to time, standards of quality and service regarding the business operations of Basecamp Fitness studios so as to protect the distinction and goodwill represented and symbolized by the Marks and System. You must abide by those standards and the provisions set forth below unless otherwise authorized by us in writing.

A. Construction. Your Basecamp Studio must be developed in accordance with applicable laws, regulations, codes and other governing requirements, as well as our mandatory specifications (the “Mandatory Specifications”) that we provide to you, and with any Compliance Drawing. You may not begin construction of your Basecamp Studio until you have received our written consent to your actual design for your Basecamp Studio. You must supply us with accurate site information for your proposed location to allow us to create a Compliance Drawing for you. This information will include, but not be limited to, as-built drawings, surveys, technical data, construction documents and site plans. If you require additional Compliance Drawings, you must pay us Two Hundred Fifty Dollars (\$250) for each additional Compliance Drawing.

1. Promptly after you have obtained possession of the site for your Basecamp Studio, you will: (i) retain the services of a licensed and qualified architect and/or design professional(s) to create the Construction Documents, and to complete construction of your Basecamp Studio in accordance with such Construction Documents; (ii) retain the services of a general contractor; (iii) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our Mandatory Specifications; (iv) purchase or lease, and then, in the construction of your Basecamp Studio, use only the building materials, equipment, fixtures, furniture and signs we have approved; (v) complete the construction and/or remodeling, equipment, fixtures, furniture and signage lease in decorating your Basecamp Studio in full and strict compliance with the plans and specifications we approve, and with all applicable ordinances, building codes and permit requirements without any alterations; (vi) obtain all customary contractors’ sworn statements and partial and final waivers; and (vii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act.

2. If you do not use our designated architectural vendor to create your Construction Documents, you must pay our then-current fee to review and approve your Construction Documents. Notwithstanding the foregoing, if this is your first Basecamp Studio, we may require you to obtain your Construction Documents from our designated architectural vendor.

3. You will make no changes to any building plan, design, layout or decor, or any equipment or signage in your Basecamp Studio without our prior written consent, and such changes may not be contrary to the Mandatory Specifications.

B. Signs. You will prominently display, at your expense, both on the interior and exterior of your Basecamp Studio premises, signs in such form, color, number, location and size, and containing such Marks as we designate. We also may require you to use illuminated signs. You will obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with all laws and ordinances. You will not display in or upon your Basecamp Studio premises any sign or advertising of any kind to which we object.

C. Services. You will conform to all quality and customer service standards prescribed by us in writing.

D. Maintenance of Premises. You will paint and keep in an attractive, clean and sanitary condition the interior and exterior of your Basecamp Studio premises. All equipment will be kept in good working order and will meet our quality standards.

E. Approved Information System. We may designate the technology systems used in your Basecamp Studio, including the point of sale system, computer hardware and software, security systems, audio and video systems, related components, cloud based technology and other equipment and enhancements (the "Information System"). In connection with the Information System, you agree to the provisions set forth below.

1. You must acquire the right to use the Information System, obtain peripheral equipment and accessories and arrange for installation, required maintenance and support services, and interfacing of your Information System with our accounting system, all at your cost. You acknowledge and agree that you will be required to purchase portions of the Information System from us and our affiliates, or from other mandatory suppliers or vendors that we approve.

2. We will have the right at all times to access the Information System and to retrieve, analyze, download and use all software, data and files stored or used on the Information System. We may access the Information System in your Basecamp Studio or from other locations. You will store all data and information on the Information System.

3. As upgrades to the hardware and/or software are developed, we may require you to obtain and install any or all of these upgrades. We also may require you to replace any hardware or software used in the Information System. You are responsible for the cost of all replacements and upgrades, including any initial and/or ongoing license, support or service fees.

4. You must have e-mail and high speed Internet access capabilities at your Basecamp Studio. We may require you to use one or more designated vendors and/or software programs for mass marketing conducted via email, text messages, and/or other forms of communications.

5. You hereby release and agree to hold us and our affiliates, and our respective officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from, or in connection with, the installation, maintenance, or operation of the Information System and its billing and payment processing, except to the extent arising from such party's gross negligence or intentional acts.

6. You are solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us or our affiliates as the direct or indirect result of such disruptions, failures or attacks. If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Basecamp Studio, unless otherwise directed by us.

F. Technology Platforms. We reserve the sole right to advertise the System on the Internet and to sell any products or services via the Internet, including via live-stream, or any mobile or electronic application, whether web-based or otherwise (or any current or future form of electronic

platform or communication). You must participate in any Internet website, home page, web pages, electronic mail, social media sites, applications, web-based or otherwise, online platforms, and other current or future forms of electronic communications that we require (collectively the “Technology Platforms”), as described in the Manual or otherwise in writing. You must use the Technology Platforms to communicate with us, including email and messaging. To the extent that you may control or access any Technology Platform, the Technology Platforms must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You must maintain any Technology Platform you control or access in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. You must submit all content for any Technology Platform to us for our prior written approval before using such content. You must pay us or our designee (which may be our affiliate) the then-current fees for the access to, modification of and maintenance of the Technology Platforms. We may modify, suspend, replace, discontinue or add to any Technology Platforms at any time and you must comply with such changes at your expense. We retain sole ownership of the Technology Platforms, including any domains names, content, email addresses and information stored on the Technology Platforms. Your access to the Technology Platforms will automatically terminate upon expiration or termination of this Agreement. You hereby release and agree to hold us, our officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature, arising from, or in connection with, the creation, operation, or maintenance of the Technology Platform, unless such liability arises out of our gross negligence or intentional acts.

G. Payment of Amounts You Owe Us or Our Affiliates. You agree that your obligation to pay all amounts owing to us and to our affiliates is independent of any other obligation either of us have in this Agreement, and that all amounts owing to us and to our affiliates, as well as to your other suppliers, lessors and creditors, must be timely paid. You agree that you will not withhold payment of any Royalty Fees, General Advertising and Marketing Fund Contributions or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, General Advertising and Marketing Fund Contributions or any other amounts due. You agree to sign and deliver to us, our bank(s) and your bank, as necessary, all forms and documents that we may request to permit us to debit your account, either by check, via electronic funds transfer or other means or methods as we may designate (“Payment Methods”) for all fees and payments due to us and to our affiliates. You will notify us at least twenty (20) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, you will immediately provide all documents and information necessary to permit us to debit the amounts due from an alternative account. You acknowledge that these requirements are only a method to facilitate prompt and timely payment of amounts due and will not affect any obligation or liability for amounts owed.

1. If any check that you submit to us is returned for insufficient funds, or if we are unable to collect funds via the Payment Methods due to insufficient funds, you will pay us an Insufficient Funds Fee of One Hundred Dollars (\$100) for each returned check and each time we were unable to collect monies via the Payment Methods.

2. You grant us a first priority security interest in your receivables and equipment, whether now existing or hereinafter created, together with all proceeds of such assets. You authorize us to file one or more financing statements to evidence this security interest. However, we will subordinate our first priority interest to a lending institution that provides you financing for your Basecamp Studio.

3. If you have not timely reported the Gross Revenue for your Basecamp Studio to us for any reporting period, then we will be authorized, at our option, to debit your account for (a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Revenue was provided to us; or (b) the amount due based on information we have retrieved from your operating system.

H. Compliance with Our Standards. You will operate your Basecamp Studio through strict adherence to any mandatory standards, specifications and policies of the System as they exist from time to time, in order to ensure compliance with the quality standards of the System. You may offer and sell from your Basecamp Studio only those products and services that we approve. You may not offer or sell at your Basecamp Studio or otherwise any products or services we have not approved nor may you offer or sell any products or services via a means or medium we have not approved, including via the Internet, live-streaming, or via an application, whether web-based or otherwise. We have the right to change the products and services that we require you to offer from your Basecamp Studio at any time, without limitation. You will at all times be responsible for the conduct of the day-to-day operation of your Basecamp Studio and for the terms of employment for your employees.

1. You acknowledge that the mandatory standards, specifications and policies we establish are not aimed at the day-to-day operation of your Basecamp Studio, which will solely be within your control, but are merely intended to preserve the goodwill of the System and Marks.

2. Periodically, as we deem appropriate, a representative of ours may visit your Basecamp Studio to ensure compliance with our required standards, specifications and procedures. You will allow our representative to inspect the condition and operation of your Basecamp Studio and all areas of your Basecamp Studio at any time during your business hours. Such inspections may include, without limitation, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications or procedures.

- a. We will provide you a copy of the report at your request. If your Basecamp Studio does not receive a passing score from a visit, a new inspection will be conducted. This process will be repeated until you have received a passing score. At our option, and in addition to any other rights we may have, you must pay us a failed inspection fee we establish for each failed inspection to defer any costs we incur in re-inspecting your Basecamp Studio after the first inspection. This fee will be payable in the manner we specify.
- b. We may, from time to time, make suggestions and give mandatory instructions with respect to your operation of your Basecamp Studio, as we consider necessary or appropriate to ensure compliance with the then- current quality standards of the System and to protect the goodwill and image of the System.
- c. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with the terms of this Agreement or the Manual. Furthermore, these visits will not create any responsibility or liability on our part.
- d. If you request that we make additional visits to your Basecamp Studio, you will pay the fees we establish for those visits.

3. If you fail to maintain the premises of your Basecamp Studio in a condition that satisfies our reasonable requirements, or if you otherwise fail to comply with any provision of this Agreement, we may, upon not less than three (3) days' notice to you, order or accomplish the cleaning of the premises, and/or designate one of our representatives to assist you in fulfilling your obligations under this Agreement, and you will be responsible to pay us for all costs we incur in doing so and all fees we set for providing assistance to you. However, our action in exercising this option does not relieve you from your obligation to properly maintain the premises of your Basecamp Studio and to comply with the terms of this Agreement, each of which shall be your sole responsibility.

I. Compliance with Laws. You will, at your expense, comply with all applicable local, state, federal and municipal laws, ordinances, rules and regulations pertaining to the operation of your Basecamp Studio, including, without limitation, any and all licensing and bonding requirements, health and safety regulations, labor and employment laws, and the Americans with Disabilities Act. You will, at your expense, consult an attorney to obtain advice with regard to compliance with all laws relating to the operation of your Basecamp Studio. Further, you will, at your expense, be exclusively responsible for determining the licenses and permits required by law for your Basecamp Studio, for filing, obtaining and qualifying for all such licenses and permits, and for maintaining all necessary licenses and permits throughout the term of this Agreement. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Basecamp Studio. If you suspect or know of a security breach, you must immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Basecamp Studio, unless otherwise directed by us.

J. Payment of Liabilities. You will timely pay all of your obligations and liabilities, including, without limitation, those due and payable to us and our affiliates, and to your suppliers, lessors and creditors.

K. Taxes. You will promptly pay all federal, state and local taxes arising out of the operation of your Basecamp Studio. We will not be liable for these or any other taxes and you will indemnify us for any such taxes that may be assessed or levied against us which arise or result from your Basecamp Studio, including any taxes imposed by your state on any royalties or other amounts you are required to pay to us and our affiliates.

L. Personnel. You are responsible for recruiting, hiring and training sufficient personnel to operate your Basecamp Studio. You must, at your cost, conduct criminal background checks on each employee (unless prohibited by law) before they begin providing any services in your Basecamp Studio.

1. The people you retain to work in your Basecamp Studio will be your agents and employees. They are not our agents or employees and we are not a joint-employer of these persons. It will be up to you to determine who to retain, how many people to retain (subject to any minimum staffing requirements we may prescribe), how you compensate these people, terms of employment and working conditions for your employees, when and how to discipline the people you hire, and when and how to terminate the people you hire. However, you must at all times comply with all applicable employment laws. We will not have any duty or obligation to operate your Basecamp Studio, to direct your employees, to schedule your employees, or to oversee your employment policies or practices.

2. You will designate an individual to serve as the Principal Operator of your Basecamp Studio. The Principal Operator will devote his/her best efforts to the supervision and conduct of the development and operation of your Basecamp Studio. In addition to the other training requirements in this Agreement the Principal Operator must complete all additional training as we may reasonably designate. You and the Principal Operator must attend and participate in any on-site visits by our representatives at your Basecamp Studio. You must participate in any business review calls we schedule.

3. You will be solely responsible for all wages, travel, and living expenses, and all other costs incurred by you and your employees in connection with any training or instruction that we provide.

4. You will obtain from your Principal Operator and your studio and fitness manager (and all other persons performing similar functions, regardless their title), a Confidentiality Agreement, enforceable by us, and in such form as we approve, in which they agree, among others, to maintain in confidence all confidential information and trade secrets we provide to them, and not to use any of the Names and Marks except in the performance of their duties in the Basecamp business.

5. If you or any of your personnel teach a fitness class before successfully completing the New Instructor Training Course discussed above, you must pay us, on demand, a fee of Four Thousand Five Hundred Dollars (\$4,500), of which Four Thousand Dollars (\$4,000) will constitute the fee for us to perform an instructor certification course at your Basecamp Studio. This fee will be in addition to any of our other rights and remedies and may be charged and the class required each time this occurs.

M. Photographs. We will have the right to photograph and make video or digital recordings of your Basecamp Studio premises and your employees at all reasonable times. We will have the right to use all photographs and videos or digital recordings of your Basecamp Studio for such purposes as we deem appropriate, including, but not limited to, use in training, advertising, marketing and promotional materials, and as evidence in any court or arbitration proceeding, to the extent the consent of any of your employees or others is required for our use of these photographs and recordings for commercial purposes, you will use your best efforts to obtain these consents. Neither you nor your employees will be entitled to any right to be compensated by us, our advertising agencies, or other Basecamp Fitness franchisees for any use of such photographs or recordings.

N. Ownership of Information. All of the information we or our affiliates obtain from you or about your Basecamp Studio, and all information in your records or ours concerning the customers of your Basecamp Studio (the "Information") and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your Basecamp Studio (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Basecamp Studio, such as customer data. The Information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. Following termination or expiration of this Agreement, you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement. You must comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal information, data privacy, and data protection, including, but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies we periodically may establish. If you suspect or know of a security breach, you must immediately give notice of such

security breach and promptly identify and remediate the source of any compromise of security breach at your expense. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Basecamp Studio, unless otherwise directed by us.

O. Manual. You will operate your Basecamp Studio in accordance with all mandatory provisions of the Manual. You will treat the Manual as confidential, and will use all reasonable efforts to maintain the Manual as confidential. You will use the Manual only in the operation of your Basecamp Studio. The Manual will remain our sole property. We may from time to time revise the contents of the Manual. You agree to comply with each new or changed standard. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will control. Any required specifications, standards and operating procedures described in the Manual or otherwise exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you.

P. Notices of Default: Lawsuits or Other Claims. You will immediately notify us of, and deliver to us a copy of any notice regarding, a breach, default, claim, lawsuit, administrative or agency proceedings or investigations, or other actions or proceedings relating to your Basecamp Studio. Upon request from us, you will provide such additional information as may be required by us regarding the same.

Q. Your Dealings With Us and Our Affiliates. You acknowledge that when we are required to perform any services for you, we may use any third parties, including affiliates of ours, to perform those services. If you are required to pay us a fee for those services, we may have you pay that fee directly to the affiliate or third party that performs the service. However, if you are not required to pay us a fee for the service, you will not be obligated to pay any parties we contract with for services that we are required to provide to you without charge under this Agreement. We and our affiliates may also receive rebates or compensation from other parties in connection with the provision of such services.

R. Purchases. You will purchase only such types, models or brands of fixtures, furniture, equipment, inventory, supplies and other items that we approve for Basecamp Fitness studios as meeting our standards for quality, design, warranties, appearance, function and performance. Although we do not do so for every item, we have the right to approve the manufacturer of any item used in the operation of your Basecamp Studio. You will not install or maintain at your Basecamp Studio any newspaper racks, video games, jukeboxes, gaming machines, gum machines, vending machines, video or similar devices without our, and any necessary governmental, prior written approval. We may require you, in our sole discretion, to purchase certain fixtures, furniture, equipment, inventory, supplies, services, and other items used or offered at your Basecamp Studio from suppliers who have been approved by us, in which case we will provide you with a list of approved suppliers.

1. You acknowledge and agree that certain products, supplies or other services, including certain items comprising the Information System, you may be required to purchase for use in the operation of your Basecamp Studio may only be available exclusively from us or our affiliates, or from other mandatory suppliers or vendors that we approve, in our sole discretion.

2. We currently have a sole supplier of studio management, billing, payment and scheduling software which you must use to operate your Basecamp Studio.

3. You must participate in all consumer sales and satisfaction programs or surveys that we require, including loyalty programs, such as Apple Watch Earn Your Watch Program, and obtain and maintain all technology we require to deliver member exercise programming.

4. We or an affiliate are currently the sole supplier of the fitness equipment, items logo'd with our Marks, including branded mobile applications, all products for re-sale and workout formats and fitness programming, that you must use at your Basecamp Studio. We are the sole supplier for various technology systems, the signage, initial marketing materials, furniture, fixtures and a design kit. Our affiliate is currently the sole supplier of certain fitness equipment, certain technology systems, computer hardware and software, security and audio and video systems, and other related components as well as certain technology support, monitoring and installation services.

5. If we allow you to use a vendor other than our designated architectural vendor for the creation of your Construction Documents, you will pay us upon demand a nonrefundable fee of Two Thousand Seven Hundred Dollars (\$2,700) to review your Construction Documents. This vendor must also meet any other standards and specifications we require.

6. We may also require you to use us, an affiliate or an approved third party vendor for certain construction management services as we determine from time-to-time.

7. **THOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO FIXTURES, FURNITURE, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY AND ALL REQUIRED COMPUTER SYSTEMS), SUPPLIES, INVENTORY OR OTHER APPROVED ITEMS.**

S. Taxes on Fees. If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the

amount of this tax. (For purpose of clarification, this does not apply to any federal or Minnesota income taxes that we or our affiliates must pay.)

T. National and Regional Accounts. We, or others acting on our behalf, may from time to time solicit companies or organizations to offer fixed pricing packages to their employees. You will have the right to participate in, and receive the benefits of, all such programs we establish with companies or organizations that have employees in your market.

U. Participation in Programs; Reciprocity. You must, at your expense, honor and participate in all customer loyalty, gift card, service packages and other promotional programs we require. In addition, you agree to abide by any reciprocity policy we may establish as modified from time to time. Such policy will likely prohibit you from selling any service packages or other offers that do not provide full reciprocity benefits to your customers with other Basecamp Fitness studios, and require you to honor service packages and other approved offers sold by other Basecamp Fitness studios.

10. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. You acknowledge that all the information you have now or obtain in the future concerning the System and the concepts and methods of promotion franchised hereunder is derived from us pursuant to this Agreement, and that you will treat such information in confidence. You agree never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is

defined in the Minnesota Uniform Trade Secrets Act), or the disclosure, divulgence, or distribution of all or any part of the System and the concepts and methods of promoting franchises hereunder. You will disclose such confidential information only to such of your employees as must have access to it in order to operate your Basecamp Studio and use it only for the operation of your Basecamp Studio. At our request, you must deliver to us confidentiality agreements and non-compete agreements in a form satisfactory to us signed by your owners and the spouses of your owners. All of your managers must sign confidentiality agreements. The scope of the confidentiality agreements shall be consistent with the provisions of this Section 10.A, and the scope of the noncompete agreements shall be consistent with the provisions of Section 17 of this Agreement.

B. Notwithstanding any provision of Section 10.A, at your discretion, you may allow any financial institution that has loaned money to you or to your business to have access to your books and records to confirm your billings, collections, receivables, and any other financial information you have provided to the financial institution.

C. If you conceive or develop any improvements or additions to the System, new trade names, trade and service marks or other commercial symbols related to your Basecamp Studio, or any advertising and promotion ideas related to your Basecamp Studio ("Improvements"), you will fully disclose the Improvements to us without disclosure of the Improvements to others, and you will obtain our written approval before using such Improvements. Any such Improvement that we approve may be used by us and all our other franchisees without any obligation to pay you royalties or similar fees. You will assign Improvements to us, and hereby do assign, without charge, any rights, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvement. We, at our discretion, may make application for and own copyrights, trade names, trademarks and service marks relating to any such Improvement. We also may consider such Improvement as our property and trade secret. We will, however, authorize you to use any Improvement authorized generally for use by our other franchisees.

D. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets in limited circumstances, as specified in the Manual.

11. INSURANCE; INDEMNIFICATION

A. Insurance. You alone will be responsible for any claim, action, loss, damage, liability, injury or death arising out of, or relating to, the operation of your Basecamp Studio or arising out of, or relating to, your acts or omissions or the acts or omissions of any of your agents, employees or contractors in connection with the operation of your Basecamp Studio. You agree to indemnify and hold us and our affiliates and our respective officers and directors harmless against and from any and all such claims, actions, losses, liability, damages, injuries, or deaths, including costs and reasonable attorneys' fees. You will obtain and maintain in force and pay the premiums for general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage, and other insurance (including bonds) in such types as we may require (such as cyber insurance and employment practices insurance), or as required by law from time to time. All such policies will have minimum limits we may prescribe from time to time, and will be with carriers who have minimum ratings that we may prescribe from time to time. Such insurance policies will expressly protect both you, us and our affiliates and our respective officers, directors and employees, and will require the insurer to defend both you and us in any action you will submit to us, within thirty (30) days of our request, any and all loss ratios or other information we request in connection with such insurance policies. You will furnish to us copies of all insurance policies, certificates of insurance, endorsements, or other proof of insurance in the form we require, as set forth above, naming us as an additional insured, and providing that such policy will not be

canceled, amended or modified except upon thirty (30) days' prior written notice to us. At our request, you will deliver to us proof of insurance in the form we require and evidence of policy renewals at least thirty (30) business days before expiration. You will have all policies of insurance provide that the insurance company will have no right of subrogation against either party hereto or their respective agents or employees. Maintenance of the insurance requirement will not relieve you of the obligations of indemnification. If you fail to obtain or maintain in force any insurance as required by this Section or to furnish any proof of insurance required hereunder, we may (but have no obligation to), in addition to all other available remedies, obtain such insurance or certificates, and you will promptly reimburse us for all insurance premiums and other costs incurred in obtaining such insurance, including an administrative fee for our time in obtaining the coverage for you. You assume all risks in connection with the adequacy of any insurance or self-insurance program and waive any claim against us for any liability costs or expenses arising out of any uninsured claim, in full or in part, of any nature whatsoever. Your obligation to obtain and maintain these insurance policies in the minimum amounts we require is not limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 11.B. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide adequate coverage for you. The requirements of insurance specified in this Agreement are for our protection. You should consult with your insurance agents, brokers, attorney or other insurance advisors to determine the level of insurance protection you need in addition to the coverages and limits we require. If you do not obtain or maintain insurance coverage that meets our requirements and we obtain it for you, you must pay us our then current insurance handling fee plus the cost of the premiums we pay for the insurance.

B. Relationship; Your Indemnification. We and you are independent contractors. Neither we nor you will make any agreements, representations, or warranties in the name of or on behalf of the other or that our relationship is other than franchisor and franchisee. Neither we nor you will be obligated by or have any liability under any agreements, representations or warranties made by the other nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Basecamp Studio. You assume sole and complete responsibility for and will defend at your own cost and indemnify, reimburse and hold harmless us, our affiliates and our respective officers and directors from and against all loss, costs, expenses, obligations and damages and liabilities (including defense costs) arising directly or indirectly out of the development or operation of your Basecamp Studio, including, without limitation, claims relating to your employment practices, equipment selection, and floor plan, you or your employees' actions or inactions and any amounts we pay on your behalf. You will have the right to defend any such claim against you. We, using our own counsel, by notice to you, may control any matter in which we are named or directly affected, but this will not affect your liability to pay all attorneys' fees we incur in defending ourselves, which obligation is part of your indemnification obligation. The indemnities and assumptions of liabilities and obligations set forth in this Agreement will continue in full force and effect subsequent to the expiration or termination of this Agreement.

C. Our Indemnification. We will indemnify you against and reimburse you for any obligations or liability for damages payable to third parties and attributable to agreements, representations or warranties made by us, or caused by our negligence or willful action (so long as such obligations or liabilities are not asserted on the basis of theories such as agency, apparent agency or vicarious liability or claim of negligent failure to compel your compliance with the provisions of this Agreement, the Manual or any other agreement between you and us), and for costs reasonably incurred by you in the defense of any such claim brought against you or in any action in which you are named as a party, provided that we will have the right to participate in and, to the extent we deem necessary, to

control any litigation or proceeding which might result in liability of or expense to you subject to such indemnification.

12. FINANCIAL STATEMENTS AND AUDIT RIGHTS

A. Financial Information, Reports, Inspections and Audits. Following the opening of your Basecamp Studio, by the 10th of each month, you will provide us with monthly sales information from the Basecamp Studio. In addition, within thirty (30) days following your fiscal year end, you will provide us with copies of your financial statements (reviewed by your accountant), including an income statement for the fiscal year just ended and a balance sheet, cash flow statement, and any other document accompanying your financial statements, as of the end of such fiscal year, which financial statements will have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. We will also have the right to request other financial statements, reports and information from you during the year, and you will deliver those financial statements, reports and information to us when, and in the form and manner, we require. Also, on or before April 15 of each year, you must provide us with a copy of your federal tax return and the federal tax returns of your owners for the previous tax year.

1. If you fail to timely provide any information to us, you must pay us a late reporting fee of One Hundred Dollars (\$100) per violation. This payment does not, however, limit our rights or excuse your compliance with this obligation, and your failure to timely report the information will be a material default under this Agreement.

2. You will make all of your financial books and records available to us and our designated representatives at all reasonable times for review. Your financial books and records for each fiscal and calendar year will be kept in a secure place and will be available for review by us for at least five (5) years after the end thereof.

3. We will have the right to audit or cause to be audited any financial information you provide to us, and your books, records, and sales and income tax returns. If any audit discloses an understatement of the Gross Revenues of your Basecamp Studio for any period or periods, you will, within five (5) days of receiving the audit report, pay to all Royalty Fees and General Advertising and Marketing Fund Contributions due on the previously unreported Gross Revenues, plus late payment charges. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Revenues of your Basecamp Studio for the period, you must reimburse us for the cost of the audit, including, without limitation, the charges of the person auditing your records, and their travel and living expenses.

13. ASSIGNMENT OF FRANCHISE AGREEMENT

A. By Us. We may transfer or assign this Agreement or any or all of the rights, interests, benefits or obligations arising under it without restriction. Upon any transfer or assignment of this Agreement by us, we will be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment.

B. Conditions to Your Transfer or Assignment. This Agreement, and your rights and obligations under it, are and will remain personal to you. As used in this Agreement, the term "Transfer" will mean any sale, lease, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material

portion of your assets used to operate your Basecamp Studio, or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of fifty percent (50%) or more of any interest in your entity. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of your Basecamp Studio, the withdrawal of that person will be considered a "Transfer." A "Transfer" will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change in the ownership of your Basecamp Studio such that less than a majority of the original signators continue to have a majority interest in the equity of the business. You (and your shareholders, partners and members) will not directly or indirectly make a Transfer without our prior written consent and any transfer shall be subject to our right of first refusal, as set forth in Section 19 below. Unless otherwise provided in this Agreement, we will not unreasonably withhold, delay or condition our consent to a Transfer, subject to all of the following conditions being satisfied:

1. you are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current;
2. you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee;
3. we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new franchisees, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive;
4. you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you;
5. the proposed transferee enters into a new franchise agreement with us, on the terms we then generally offer to new franchisees (including fees payable and size of territory); provided, however, that no new initial franchise fee will be required to be paid, and further provided that the term of that franchise agreement, unless otherwise agreed, will be the remaining term of your franchise agreement;
6. the proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of your Basecamp Studio that we determine necessary to bring your Basecamp Studio in compliance with our then-current standards, including any updates to your technology and security equipment that we determine necessary;
7. prior to the date of the proposed Transfer, the proposed transferee's Principal Operator successfully completes such training and instruction as we deem necessary;
8. you and all holders of an interest in you sign a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities; and

9. prior to the Transfer, you pay us a transfer fee of Seven Thousand Five Hundred Dollars (\$7,500), but if Transfer occurs before the opening of your Basecamp Studio the transfer fee is Fifteen Thousand Dollars (\$15,000).

We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 13.B, and may do so in the Manual or otherwise in writing.

You consent to our releasing to any proposed transferee any information concerning your Basecamp Studio that you have reported to us, or that is in our files or otherwise available to us, including but not limited to financial information.

If a transfer or assignment is caused by your death or incapacity (including the death or incapacity of any person directly or indirectly owning fifty percent (50%) or more of an interest in the entity that is the franchisee under this Agreement), the provisions of this Subparagraph B must be met by the heir or personal representative succeeding to your interest; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the franchise and in the Basecamp Studio within one hundred twenty (120) days after your death or incapacity, the transferee, and not the heir or personal representative, must comply with the provisions of this Subparagraph B.

Nothing in this Section will be construed as prohibiting your interests from being pledged as security to an institutional lender who has provided financing to or for your Basecamp Studio, provided the institutional lender accepts such security interest subject to our conditions.

C. Acknowledgement of Restrictions. You acknowledge and agree that the restrictions imposed on transfers are reasonable and necessary to protect the goodwill associated with the System and the Marks, as well as our reputation and image, and are for the protection of us, you, and all other franchisees that own and operate Basecamp Fitness studios.

14. OUR TERMINATION RIGHTS

A. Without Notice. You will be in default and we may, at our option, terminate this Agreement, without affording you any opportunity to cure the default, effective upon delivery of notice of termination to you, following the occurrence of any of the following events:

1. you are liquidated or dissolved;
2. your Basecamp Studio is not constructed strictly according to the plans we have approved and you do not remedy the deficiencies within thirty (30) days after notice from us;
3. you fail to operate for seven (7) consecutive days (unless prevented from doing so by fire, flood, or acts of nature), or otherwise abandon your Basecamp Studio, or forfeit the right to do or transact business in the jurisdiction where your Basecamp Studio is located, or lose the right to possession of the premises in which your Basecamp Studio operates;
4. you or any of your owners make an unauthorized Transfer under this Agreement;
5. you or any of your owners are proven to have engaged in fraudulent conduct, or are convicted of, or plead guilty or no contest to a felony or 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 Marks or the goodwill associated therewith;

6. you are given three (3) or more notices of being in material violation of any of the terms or requirements of this Agreement within any twelve (12) month period, whether or not such defaults are timely cured after notice;

7. you misuse or make any unauthorized use of the Marks and do not cease such misuse or unauthorized use within twenty-four (24) hours' notice from us;

8. you maintain false books or records or submit any false or misleading application, statement or report to us, whether in applying for the franchise or during the term of this Agreement;

9. you fail to open the Basecamp Studio for business to the general public by the Projected Opening date in the Rider to this Agreement; or

10. you, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System.

B. With Notice and Failure to Cure. Except for those defaults provided for under Section 14.A above, you will be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or any other agreement you or any of your affiliates have with us or with any of our affiliates, or in any Manual, policy or procedure statement or other written document provided by us, or to carry out the terms of this Agreement in good faith. Before we terminate this Agreement as a result of such defaults, we will provide you with thirty (30) days written notice of your default. If the defaults specified in such notice are not cured within the thirty (30) day period (either by you or by any financial institution that has loaned money to you or to your business), we may terminate this Agreement upon the expiration of the thirty (30) day period without further notice. Such defaults will include, without limitation, the occurrence of any of the following events:

1. you fail to construct or remodel your Basecamp Studio within the time provided for in this Agreement;

2. you fail, refuse, or neglect to promptly pay when due any monies owing to us, to our affiliates, or to other creditors you have, or to submit the financial or other information required under this Agreement;

3. a threat or danger to public health or safety results from the construction, maintenance, or operation of the Basecamp Studio;

4. you offer or sell non-approved products or services or offer or sell products or services via a medium we do not approve; or

5. you, by act or omission in connection with the operation of your Basecamp Studio, permit a continuing violation of any applicable law, ordinance, rule, or regulation of a governmental body; provided, however, that if such act or omission damages the goodwill associated with the System or the Marks, we will have the right to terminate this Agreement if you do not cure such default within twenty-four (24) hours after notice from us.

C. Standard Default Fee. In addition to our right to terminate the Franchise Agreement, if you breach your obligations under this Agreement and fail to cure the default within the applicable cure

period provided above, you must pay us our then-current “Standard Default Fee” on a monthly basis until the default is cured in order to offset our costs incurred to address the default.

D. Applicable Law. If the provisions of this Section 14 are inconsistent with applicable law, the applicable law will apply.

E. Pre-termination Options. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement, or notify us that your Basecamp Studio is closing, then in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

1. remove the listing of your Basecamp Studio from all advertising published or approved by us;
2. cease listing your Basecamp Studio on any Technology Platforms;
3. prohibit you from attending any meetings or programs held or sponsored by us;
4. terminate your access to any computer system or software we own, maintain or license to you (whether licensed by us or by one of our affiliates);
5. suspend all services we or our affiliates provide to you under this Agreement or otherwise; and/or
6. contact your landlords, lenders, suppliers and customers regarding the status of your operations, and provide copies of any default or other notices to your landlords, lenders and suppliers.

Our actions, as outlined in this Section 14.E may continue until you have brought your accounts current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise. Further, you acknowledge that the taking of any or all such actions on our part will not deprive you of the most essential benefits of this Agreement, and will not constitute a constructive termination of this Agreement.

15. YOUR TERMINATION RIGHTS: NOTICE REQUIRED

You may terminate this Agreement upon ten (10) days’ notice to us if we violate any material obligation to you and fail to cure such violation within thirty (30) days after our receipt of written notice from you; provided, however, that you must be in compliance with the Agreement at the time of giving each notice and at the time of termination. Your written notice of our alleged violation must identify the violation, demand that it be cured, and indicate your intent to terminate this Agreement if it is not cured.

16. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, and you will have the obligations set forth below, which obligations survive the expiration or termination of this Agreement, along with any other provisions of this Agreement which by their nature may or are to be performed following expiration or termination of this Agreement:

A. You will immediately cease to operate the business franchised under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a Basecamp Fitness franchisee with respect to such business.

B. You will immediately and permanently cease to use, in any manner whatsoever, all confidential information, approved Information System and related software, methods, procedures and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the System, as well as any name, mark, symbol, logo or slogan similar to any of the Marks. You will also specifically authorize us to physically remove any signage bearing any of the Marks that you may fail to remove. Further, if we elect to remove such signage, you will, upon demand, reimburse us for any costs we incur in doing so.

C. You will immediately return to us the Manual, all copies or excerpts thereof, and any property held or used by you that is owned by us and will cease to use, and either destroy or convey to us, all signs, advertising materials, displays, stationery, forms and any other materials that bear or display the Marks.

D. Subject to Section 16.H below, you will take such actions as may be necessary to cancel any assumed name or similar registration that contains the Marks “Basecamp” or “Basecamp Fitness” or any other Mark, and will immediately and permanently refrain from and cease all use of the Marks on or in any Technology Platforms and cancel any Technology Platform you control as we direct. You agree and acknowledge that your continued use of the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an “exceptional case” under federal trademark law (15 U.S.C. § 1117) entitling us to recover treble damages, costs and attorneys’ fees.

E. You will, within ten (10) days after termination or expiration of this Agreement, make such modifications and alterations to your Basecamp Studio premises as may be necessary to distinguish the appearance of the premises from all attributes of the System and will make such specific additional changes thereto as we may request. You agree that, at a minimum, such modifications will include: (i) removal of all signage; (ii) alteration of the color scheme and decor; and (iii) discontinuation of the use of any item containing any of the Marks.

F. Within five (5) days after termination, you will pay to us all amounts owed to us under this Agreement, including the Royalty Fees that would be due through the date this Agreement was scheduled to expire. Further, if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within thirty (30) days following notice from you, such sums will include all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us as a result of the default and the termination. You agree that until such obligations are paid in full, you hereby grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and located on your Basecamp Studio premises on the date this Agreement terminates or expires and authorize us to file financing statements and other documents we deem appropriate to perfect such lien.

G. If requested by us, you will take all further action and execute all documents necessary to convey and assign to us all telephone and fax numbers that have been used in the operation of your Basecamp Studio, as well as any other registrations or listings for any Technology Platforms that we may have allowed you to use and that include the word “Basecamp” or if we do not so request, you will cease all use of such telephone numbers and Technology Platforms that include the word “Basecamp.”

H. You will comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete and the covenants not to disclose trade secrets or confidential information.

I. We may, if you fail or refuse to do so, execute in your name and on your behalf, any and all actions and/or documents that may be necessary to affect your obligations under Sections 16.D and 16.H, and you hereby irrevocably appoint us as your attorney in fact to do so, which appointment is coupled with an interest.

J. You will furnish us with written evidence satisfactory to us of compliance with all the obligations set forth in this Section 16 within thirty (30) days after termination or expiration of this Agreement.

K. Upon expiration or termination of this Agreement, we have the option, upon thirty (30) days' written notice from the date of expiration or termination, to purchase from you all or any portion of the tangible and intangible assets relating to the Basecamp Studio, including the Basecamp Studio premises if you own the Basecamp Studio premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to take an assignment of your lease for (1) the Basecamp Studio premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Basecamp Studio. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

The purchase price for the assets of the Basecamp Studio will be the "Book Value" (as defined below) of the Purchased Assets. "Book Value" means the net book value of the Purchased Assets, as disclosed in the last statement of the Basecamp Studio provided to us under Section 12 before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a "straight-line" basis without provision for salvage value; (2) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (3) we may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If we are not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, our regularly employed firm of certified public accountants will determine (by audit) the Book Value. We and you will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after we deliver notice of our election to purchase the assets of the Basecamp Studio, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the audit are made available. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Basecamp Studio without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Basecamp Studio, we may, pending the closing, appoint a manager to maintain Basecamp Studio operations.

If we assume any leases for the premises for the Basecamp Studio or if we assume the leases for other tangible leased assets used in the Basecamp Studio under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interests and will pay in full all amounts due the lessor under the leases existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume any leases.

17. YOUR COVENANTS NOT TO COMPETE

A. During Term. You will not, directly or indirectly, during the term of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in owning, operating, or managing any business that offers interval training classes or high-intensity guided workouts, wherever located, whether within the Protected Territory or elsewhere.

B. After Expiration, Termination, or Transfer. You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in offering interval training classes or high-intensity guided workouts, within the Protected Territory or within a ten (10) mile radius of any Basecamp Fitness studio, wherever located, whether within the Protected Territory or elsewhere.

C. Reasonableness. You agree that the scope of the prohibitions set forth in Sections 17.A and 17.B are reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in Section 17.A must be very broad in order to prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets. You agree that the time period and the scope of the prohibitions set forth in Section 17.B are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise have training or experience.

D. Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section 17 so long as you do not own, directly or indirectly, more than five percent (5%) of the securities of such corporation.

E. Relief. You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetitive covenants and that injunctive relief is essential for our protection. You therefore agree that in case of your alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. In addition, if you violate the restriction provided for in Section 17.B, the period of time during which the restriction will remain in effect and be extended until two (2) years after you cease violating the restriction.

18. ENFORCEMENT

A. Injunctive Relief/Attorneys' Fees. We and you will each be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to: (i) enforce your and our rights to terminate this Agreement for the causes set forth in Paragraphs 15 and 16 of this Agreement; and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with our or your business, including but not limited to, the enforcement of obligations upon termination or expiration of this Agreement and the enforcement of the non-compete provisions of this Agreement. You and we will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing these provisions. If we are successful in

obtaining an injunction, or any other judicial relief or order from an arbitrator against you, or in successfully defending any claim you have brought against us, you will pay us an amount equal to all of our costs of prosecuting and/or defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses and interest on such costs. Your and our respective rights to obtain injunctive or other equitable relief is in addition to any other right we or you may have under this Agreement. It will in no way limit or prohibit us from obtaining money damages from you if you breach this Agreement.

B. Mediation. Except where it is necessary for either you or us to obtain equitable relief to preserve the goodwill of our respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), you and we each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between us, for a minimum of four (4) hours, prior to initiating any legal action or arbitration against the other.

1. Upon written notice by either you or us, to the other, of your or our desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section 18.B did not exist, or, at its option, make the selection of the organization to provide mediation services. If you or we select an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to us and to you. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If you and we cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both of us, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. You and we will equally share the cost of the mediator. The mediator will select the location for the mediation, but unless you and we both agree otherwise, the mediation will be held in a metropolitan area with at least 250,000 persons that is not located within one hundred (100) miles of either your principal office or our principal office.

2. Except for the matters identified above where you or we are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 18.B), then upon petition of whichever of us has a lawsuit or arbitration proceeding brought against us, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to the attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section 18.C.

C. Arbitration. Except insofar as you or we elect to enforce this Agreement by judicial process and injunction as provided in Section 18.A hereof, all disputes and claims arising out of or relating to this Agreement, or to the breach thereof, or to any of our standards or operating procedures, or other obligation of either of yours or ours, or to the breach thereof (including any claim that this

Agreement, any provision of this Agreement, any specification, standard, operating procedure or any other obligation of yours or ours is illegal, unenforceable or voidable), or any aspect of the relationship between you and us (even if additional persons are named as parties to such action), must be resolved by arbitration in Minneapolis, Minnesota, or if our principal office is not located in Minnesota, then at the office of the American Arbitration Association located closest to our principal office. It is our intention that state laws attempting to void out of state forum selection clauses for arbitration be preempted by the Federal Arbitration Act and that arbitration be held in the place designated above.

1. The arbitration will be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise agreements, if any; otherwise, the general rules of commercial arbitration).

2. The arbitrator appointed must have at least ten (10) years' experience in franchising or franchise law, and the arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers and limitations of this Agreement. The arbitrator shall have no authority to add, delete or modify in any manner the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator will have the right to award or include in any award the specific performance of this Agreement, but will be required to file a reasoned brief with his or her award.

3. You and we each agree that any award from the arbitrator may be appealed under the Optional Appellate Arbitration Rules of the American Arbitration Association.

4. You and we acknowledge that judgment upon an arbitration order may be entered in any court of competent jurisdiction and will be binding, final, and nonappealable, except for mistakes of law, as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section 18.C.

5. Unless this Agreement is terminated in accordance with the provisions of Paragraphs 15 or 16, during the pendency of any arbitration proceeding, you and we will fully perform the requirements of this Agreement.

6. If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Subparagraph 18.A, the arbitrability of such claim will be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration will be made by the arbitrator appointed in accordance with this Agreement. All arbitration proceedings will be individual proceedings between you and us, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless you and we each agree.

If, after either you or we institute an arbitration proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision, is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction.

D. Waiver of Punitive Damages. We and you (and your owners and guarantors if applicable) agree to waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against the other and against any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages sustained by it.

E. Venue. We and you (and your owners and guarantors if applicable) each agree that if litigation is permitted under this Agreement, the sole forum for litigation arising under this Agreement, or any aspect of the relationship between us (even if additional parties are named as parties to that litigation) will be the state or federal courts of Minnesota. Those actions must be exclusively venued either in the District Courts of Minnesota, County of Ramsey, or the United State District Court for the District of Minnesota. You and we each waive any objection you or we may have to either the jurisdiction or the venue of such court (except to the extent jurisdiction is preempted by the arbitration provisions of this Agreement), and you and we each consent to personal jurisdiction and venue in such court. However, if we are permitted to seek injunctive relief under this Agreement, we may, at our option, bring that action in the county in which your Basecamp Studio is located.

F. Jury Waiver. YOU AND WE EACH WAIVE THE RIGHT TO A TRIAL BY JURY. This waiver applies to all causes of action that are or might be included in any such action, including claims related to the enforcement or interpretation of this Agreement, allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action and it applies even if persons that are not a party to this Agreement are named as additional parties in the proceeding.

G. Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore each agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between us. You and we therefore each waive the right to assert that principles of collateral estoppel prevent either you or us from raising any claim or defense in an action between us if either you or we lost a similar claim or defense in another action.

H. No Affiliate Liability. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of ours or of any of our affiliates will have any liability for (i) any obligations or liabilities we have relating to or arising under this Agreement, or (ii) any claim against us based on, in respect of, or by reason of, the transactions contemplated in this Agreement. This provision will not, however, affect any right, duty or obligation of ours or yours, or of any guarantor of your obligations.

19. RIGHT OF FIRST REFUSAL

If, at any time during the Term of this Agreement, you receive a bona fide offer to purchase or lease your Basecamp Studio (or if you are a company, partnership or other entity, the equity ownership of you), which offer you are willing to accept, you will communicate in writing to us the full terms of the offer and the name of the offeror. We may elect to purchase or lease the business on the terms set forth in the offer. If we elect to purchase or lease the business, we will give you written notice of the election within thirty (30) days after we receive your communication of the offer. If we fail to give written notice of election within thirty (30) days, you may sell or lease to the offeror on the terms offered, subject to the provisions relating to assignment. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which we may give written

notice of election to purchase or lease; otherwise, an additional notice must be given to us and an additional option period must expire prior to any such transfer. If we elect to purchase or lease the business, we will have the right to substitute equivalent cash for any non-cash consideration included in the bona fide offer to purchase or lease the business and we and you will use our best efforts to complete the purchase or lease within sixty (60) days from the date of our notice of election to purchase or lease.

20. MISCELLANEOUS

A. Unpaid Amounts. Any unpaid amounts owed by you to us or any of our affiliates including any Royalty Fees and General Advertising and Marketing Fund Contributions will bear interest at the rate of one and one half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. You must reimburse us and our affiliates for all costs incurred in the collection of unpaid amounts, including attorneys' fees.

B. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. You and we will substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of either of us, which is determined to be invalid or unenforceable and is not waived by the other party. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

C. Cumulative Rights. Except as otherwise set forth in this Agreement, our and your rights under this Agreement are cumulative and no exercise or enforcement of any right or remedy under this Agreement will preclude the exercise or enforcement of any other right or remedy under this Agreement or which we or you are entitled by law to enforce.

D. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) and the Federal Arbitration Act, this Agreement and the franchise relationship will be governed by the laws of the State of Minnesota. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state (including Minnesota) relating to franchises or business opportunities, other than those of the state in which the Franchised Location is located. This waiver of any rights under Minnesota law will not apply if the Franchised Location is located in Minnesota or you are a resident of (or if you are an entity, your principal(s) is a resident of) Minnesota.

E. Disavowal of Oral Representations. You and we acknowledge that we want all terms of our business relationship to be defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed, and will place, no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or the Basecamp Fitness franchise other than as contained in this Agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the "FDD"). You agree that no claims, representations or warranties of earnings, sales, profits, or success of your Basecamp Studio have been made to you other than as set forth in Item 19 of the FDD.

F. Approvals. Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval in our discretion, for any reason, or for no reason. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable. Our approvals and consents will not be effective unless given in writing.

G. Interpretation. It is the desire and intent of you and us that the provisions of this Agreement be enforced to the fullest extent possible under the applicable laws and public policies. Therefore, if any provision of this Agreement is determined by a court or arbitrator to be invalid or unenforceable, that determination will apply only to the operation of that provision in the particular proceeding in which the determination is made. We and you agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Agreement will be construed simply according to its fair meaning and not strictly against you or us.

H. Waiver. Except as otherwise provided in this Section 20.H, neither of us will be deemed to have waived any obligation of the other, or to have agreed to any modification of this Agreement, unless we have done so in writing, and the writing is signed by the person giving the waiver or agreeing to the modification. However, you agree that you will give us immediate written notice of any claimed breach or violation of this Agreement as soon as possible after you have knowledge, or determine, or are of the opinion, that there has been a breach or violation by us of this Agreement. If you fail to give written notice to us of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date you have knowledge, determine, are of the opinion, or become aware of facts and circumstances reasonably indicating, that you may have a claim against us or against any of our affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved and waived by you, and you will be barred from beginning any legal, arbitration, or other action against us or against our affiliates, or from instituting any counterclaim against us or our affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action we may maintain against you.

I. Time. Time is of the essence to this Agreement.

J. Counterparts. This Agreement may be signed in counterparts, each of which will be considered an original.

K. Entire Agreement. The preambles are a part of this Agreement. This Agreement, together with its exhibits, constitutes the entire agreement between you and us with respect to your Basecamp Studio and any other aspect of the relationship we have with you, and cannot be amended except by a written agreement signed by you and us. This Agreement also supersedes all prior agreements and negotiations we have had with you related to your acquisition of this franchise or your and our rights and obligations. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made to you in the FDD.

L. Headings and Terms. The headings of the Sections hereof are for convenience only and do not define, limit or construe the contents of such Sections. The term “you” as used herein is applicable to one or more persons, a corporation, a partnership or limited liability company, and each of their respective owners, as the case may be, and the singular usage includes the plural and the masculine

and neuter usages include the other and the feminine. If more than one person executes this Agreement for you, then your obligations are joint and several.

M. Patriot Act. You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers and managers), nor any of your affiliates, or any funding source for your Basecamp Studio, are identified on the list at the United States Treasury's Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither you nor any of your affiliates are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither you nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

N. Personal Guaranty. You, or if you are a corporation, partnership, limited liability company or partnership, or other entity, all of your owners, will sign the personal guaranty agreement in the form attached to this Agreement (the "Guaranty Agreement"). Any person or entity that at any time after the Effective Date of this Agreement becomes an owner of yours will, as a condition of becoming an owner, sign the Guaranty Agreement. In addition, a spouse of an owner and any other person we designate must also sign the Guaranty Agreement.

21. NOTICES

Any and all notices required or permitted under this Agreement will be in writing and will be deemed to have been duly given upon the earlier of (i) when received; (ii) one (1) business day after placement with a reputable national overnight carrier; or (iii) three (3) business days after deposit (not including the day of deposit), if placed in the mail for delivery by certified mail, postage pre-paid, and, in the cases of clauses (ii) or (iii), addressed to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to us: Basecamp Fitness, LLC
111 Weir Drive
Woodbury, Minnesota
55125
Attention: President

Notice to you: See Rider

22. ACKNOWLEDGEMENTS

A. Independent Investigation. You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability as an independent business person.

B. Franchise Agreement. You acknowledge that you have received, read, and understood this Agreement and that we have fully and adequately explained the provisions of it to your satisfaction and that we have accorded you time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

C. Other Franchises. You acknowledge that other Basecamp Fitness franchisees have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to other of our Basecamp Fitness studios (whether franchised, or studios that we or our affiliates operate), and you will not be entitled to require us to grant similar variations or privileges to you.

[THIS AGREEMENT CONTINUES WITH A RIDER AND INITIAL FRANCHISE FEE ATTACHMENT, WHICH ARE A PART OF THIS AGREEMENT]

FRANCHISEE: _____

FRANCHISE AGREEMENT RIDER

1. Effective Date: _____

2. Franchisee: _____

3. DMA: _____

4. Franchised Location: _____

You understand that we may, and we may sell franchises, and grant territories to others who will, operate Basecamp Fitness studios in the above identified DMA. You will have to obtain our review and approval for a Franchised Location. Likewise, if you choose to move your final address at any time, or if the location set forth above, or any other location we agree upon, becomes unavailable for any reason, it is your obligation to select a new location in the DMA, and to obtain our approval of that location before you acquire the site, or obtain any rights in the location.

5. Protected Territory: _____

6. Ownership: Franchisee represents and warrants that any entity to which this Agreement will be transferred will have the initial ownership set forth below, and that no changes will be made in such ownership without the prior written approval of Franchisor:

Name	Percentage Ownership
_____	_____
_____	_____
_____	_____

7. Principal Operator designated by Franchisee: _____

8. Projected Opening Date: _____

9. Initial Franchise Fee: See Initial Franchise Fee Attachment

10. Address for notice to you: _____

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

FRANCHISOR:
BASECAMP FITNESS, LLC

FRANCHISEE:
[INSERT NAME OF FRANCHISEE]

By: _____
Its: _____

By: _____
Its: _____

INITIAL FRANCHISE FEE ATTACHMENT TO RIDER

The initial franchise fee is the one that is initialed by you and by us.

____/____	New Franchisee: \$50,000
____/____	New Franchisee (Qualified Veterans Only): \$47,500
____/____	Existing Qualifying Franchisee (Outside of Preference Period): \$45,000
____/____	Existing Qualifying Franchisee (Qualified Veterans Only): \$42,500
____/____	Existing Qualifying Franchisee (Within Preference Period): \$39,000
____/____	Franchise Agreement signed pursuant to an obligation you have under an Area Development Agreement:
____/____	Transfer of an existing franchise or renewal of an existing franchise: No initial franchise fee.

PERSONAL GUARANTY AND AGREEMENT TO BE
BOUND PERSONALLY BY THE TERMS AND
CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between
BASECAMP FITNESS, LLC ("we" or "us") and
_____ (th
e

"Franchisee"), dated _____, and for other good and valuable consideration,
the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and
severally hereby become surety and guarantor for the payment of all amounts and the performance of the
covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee,
including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each
and every condition and term contained in the Agreement and agree that this Personal Guaranty will be
construed as though the undersigned and each of them executed a Franchise Agreement containing the
identical terms and conditions of the Agreement.

The undersigned waive (1) notice of demand for payment of any indebtedness or
nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party
respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right
he/she may have to require that an action be brought against the Franchisee or any other person as a
condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed
to by the Franchisee.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be
contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person;
(2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency,
bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the
Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned;
and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to
by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and
conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

FRANCHISEE: _____

PERSONAL GUARANTORS:

Individually	Individually
Print Name	Print Name
Address	Address

City	State	Zip Code	City	State	Zip Code
------	-------	----------	------	-------	----------

Telephone

Telephone

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GENERAL RELEASE

In consideration of the agreement of BASECAMP FITNESS, LLC ("Franchisor") to allow _____ ("Franchisee") to [RENEW OR TRANSFER] its Franchise Agreement dated _____ between Franchisee and Franchisor ("Agreement"), Franchisee hereby releases and forever discharges Franchisor, and its affiliates, as well as their current or former members, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties known and unknown, foreseen and unforeseen, from the beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement or under any other agreement between Franchisee and Franchisor or its affiliates. **[FOR TRANSFERS:** Further, Franchisee acknowledges that transfer of the Agreement shall terminate Franchisee's interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality, and the covenant not to compete contained in the Agreement.]

[IN CALIFORNIA: The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

You expressly waive the provisions of Section 1542 of the California Civil Code and expressly release each party to be released from all liability or claims arising out of any matters recited in the release.]

DATE: _____

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede and apply to all Basecamp Fitness franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business is located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Illinois:

1. Notwithstanding the fact that the Franchise Agreement requires that the Agreement be governed by the laws of the State of Minnesota, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

2. The Franchise Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

3. The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statutes 705/19 and 705/20.

4. Section 4 of the Illinois Franchise Disclosure Act states that “Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.”

5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

6. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

7. Section 14.B of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

“Notwithstanding the foregoing, to the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 14.B, which shall not be less than ten (10) days and in no event shall such notice be required to be more than thirty (30) days.”

8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Indiana:

This Indiana Addendum is only applicable if you are a resident of Indiana and your business will be located in Indiana.

1. Section 17.B of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

“B. After Expiration, Termination or Transfer. You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in offering interval training classes or high-intensity guided workouts, which is located within the Protected Territory.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede and apply to all Basecamp Fitness franchises sold to residents in the state of Maryland:

1. Section 13.B.8 of the Franchise Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 14.A of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

3. Section 18.E of the Franchise Agreement is revised to include the following language:

“Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

4. The representations made in the Franchise Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Each provision to this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

6. The Franchise Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland Law, and we will comply with that law in Maryland.

7. Notwithstanding anything to the contrary in the Franchise Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

3. Section 3 is revised to include the following:

"To the extent required by the Minnesota Franchise Act, Franchisor will protect your rights to use the trademarks, service marks, trade names, logos and other commercial symbols, or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the marks, provided you are using the Names and Marks in accordance with this Agreement."

4. Franchisor shall not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Section 8.K of the Franchise Agreement is revised to include the following:

“Revisions to the manual will not unduly affect your obligations, including economic requirements, under this Agreement.”

2. Section 13.A of the Franchise Agreement is revised to include the following:

“The Franchisor will not make an assignment except to an assignee who, in the Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

3. Section 15 of the Franchise Agreement is modified by the addition of the following at the end of such section:

“In addition, the Franchisee shall have the right to terminate the Franchise Agreement to the extent allowed under applicable law.”

4. Sections 18.E, 18.F, 18.G and 18.H of the Franchise Agreement are revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Sections 16.F and 18.A of the Franchise Agreement are amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

2. Section 16.F of the Franchise Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.

3. Section 17.B of the Franchise Agreement is amended by adding the following language at the end:

"Covenants not to compete, such as those mentioned in this Section 17.B are generally considered unenforceable in the state of North Dakota."

4. Section 18.F of the Franchise Agreement is deleted in its entirety.

5. Section 18.G of the Franchise Agreement is deleted in its entirety.

6. Section 20.D of the Franchise Agreement is amended to provide that the Franchise Agreement will be governed by the laws of the State of North Dakota.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede and apply to all Basecamp Fitness franchises sold to residents in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. Section 18 of the Franchise Agreement is supplemented by the addition of the following:

“§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Act.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

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EXHIBIT F

AREA DEVELOPMENT AGREEMENT, GUARANTY AND STATE SPECIFIC ADDENDA

AREA DEVELOPMENT AGREEMENT

BASECAMP FITNESS, LLC
111 Weir Drive
Woodbury, Minnesota 55125
(651) 438-5000
www.basecampfitness.com

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BASECAMP FITNESS
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made as of the Effective Date set forth in the Rider attached to this Agreement (the “Rider”) between BASECAMP FITNESS, LLC, a Delaware limited liability company (“we” or “us”), and the Developer named in the Rider (“you”).

RECITALS:

A. We and our predecessor have developed certain policies, procedures and techniques for the operation of boutique interval training fitness studios under the “Basecamp” and “Basecamp Fitness” service marks and related trademarks and service marks, that offer short, high intensity guided workouts combining strength, cardio and core training in a fast-paced, high-energy environment. In addition to the “Basecamp” and “Basecamp Fitness” marks, we may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of Basecamp Fitness studios (collectively, the “Marks”). We grant franchises to qualified candidates for the operation of Basecamp Fitness studios. These studios use our policies, methods, procedures, standards, specifications and the Marks, all of which we may improve, further develop or otherwise modify from time to time (all of which are collectively referred to as the “System”).

B. You acknowledge that the Basecamp Fitness concept is a relatively new concept that continues to evolve. As such, the methods of operation for a Basecamp Fitness studio continue to be created and refined. These businesses and the System will evolve over time, and such evolution will likely result in changes to the System, some of which may require additional investment by you.

C. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and the form of Franchise Agreement we currently use to grant rights to operate studios, have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates, and have sufficient knowledge and experience in the type of business offered hereunder and are capable of evaluating the merits and risks of the franchise investment.

D. You are entering into this Agreement because you want to develop and operate multiple Basecamp Fitness studios that use the Marks and the System. You recognize that while you will have certain limited rights to transfer your interest in this Agreement, and in the studios you develop, we are entering into this Agreement with you based on your representation that you intend to personally develop all of the studios described in this Agreement, and not with a view to reselling your right to open these studios.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

1. Grant of Development Rights. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate the number of fitness studios identified in the Rider (the “Basecamp Studios”), using the Marks, operating within the nonexclusive area described in the Rider (the “Development DMA”). You acknowledge that we may seek and acquire sites in the Development DMA for company or affiliate owned locations, grant others the right to seek or acquire sites within the Development DMA, and that we may actually provide others with sites in the Development DMA, and that you acquire no exclusive or

priority rights in such area. We may modify the boundaries of the Development DMA if The Nielsen Company, LLC or its successor changes the applicable defined market area of your Development DMA. If we do so, we will provide you with notice of the change along with the updated Rider to this Agreement which you consent to us amending to change the Development DMA.

B. You acknowledge that we may locate, or provide assistance to you and other Basecamp Fitness franchisees in the location of, potential sites in the Development DMA for Basecamp Fitness studios. To the extent we locate sites or provide such assistance to you we have no obligation to provide you with any site we may identify but any site you identify must be provided to us. We can then acquire the site ourselves, or give other franchisees the right to acquire that site and you acknowledge and agree that by providing us with a potential site you obtain no priority with respect to that site. If you provide us a potential site we will inform you within thirty (30) days after receipt of the information and materials we request regarding the site whether we will acquire the site, or otherwise approve the site, and if so, whether we will allow you to attempt to acquire the site or if we are going to provide the site to other franchisees who may be looking for sites in the DMA. You may not enter into a lease or sublease for a site, or otherwise acquire a site, unless and until we have given you that permission in writing to do so.

C. If we provide you a potential site, you will have the right to accept it or reject it within the time period which we set. However, we may have also provided this same site to one or more other franchisees. In the event multiple franchisees accept a site, we select the franchisee to whom we award the site. Notwithstanding the foregoing, it shall be your responsibility to identify and ultimately acquire appropriate sites, acceptable to us, for the operation of Basecamp studios. In consideration for any assistance we provide with respect to the identification or approval of potential sites, you acknowledge and agree that we shall not be responsible for your results in operating at any particular site that may have been recommended, reviewed, or approved by us and that our approval does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of any Basecamp studio at that location. After we have informed you that you may acquire a site for your Basecamp Studio, you will have thirty (30) days after our notice to acquire the site by lease, sublease or purchase. Within such time period, you must furnish us with evidence reasonably acceptable to us of your acquisition of the site. If you fail to acquire the site within such time period or furnish us with the evidence of acquisition we request, the site will go back into the pool of potential available sites in the Development DMA and we can acquire the site ourselves or provide the site to another franchisee.

D. You agree to be bound by the "Development Schedule" in the Rider. Time is of the essence for the development and operation of each Basecamp Studio in accordance with the Development Schedule. Each Basecamp Studio must be developed and operated by you pursuant to a separate Franchise Agreement that you enter into with us.

2. Development Fee. You must pay us a Development Fee in the amount set forth in the Rider. This fee is nonrefundable and is payable in full when you sign this Agreement and is fully earned by us at that time. However, you will not be required to pay an Initial Franchise Fee for any of the Basecamp Studios you develop under this Agreement.

A. You will sign the Franchise Agreement for your first Basecamp Studio concurrently with this Agreement. A separate Franchise Agreement must be signed, on our then-current form, for each such Basecamp Studio. Upon the execution of each Franchise Agreement, the terms and conditions of that Franchise Agreement control the establishment and operation of such Basecamp Studio.

B. The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement.

3. Development Schedule. The following provisions control with respect to your development rights and obligations:

A. You must comply with the Development Schedule requirements regarding: (i) the date of execution of the Franchise Agreements and site approval requests; (ii) the opening date for each Basecamp Studio; and (iii) the cumulative number of Basecamp Studios to be open and continuously operating for business in the Development DMA. You represent that you have conducted your own independent investigation and analysis of the prospects for the establishment of Basecamp Fitness studios within the Development DMA, approve of the Development Schedule as being reasonable, viable, and essential to the potential success of your business and recognize that failure to sign a Franchise Agreement, obtain a site approval, open a Basecamp Studio or have a cumulative number of Basecamp Fitness Studios open and operating, according to the applicable dates set forth in the Development Schedule, give us the right, in our sole discretion, to immediately terminate this Agreement pursuant to Section 5.

B. You may not open a Basecamp Studio unless you meet each of the following conditions (these conditions apply to each Basecamp Studio to be developed in the Development DMA):

1. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Basecamp Fitness studios.

2. Execution of Franchise Agreement. You and we have entered into our then-current form of Franchise Agreement and such other agreements that we require for the grant of Basecamp Fitness studio franchises for the proposed Basecamp Studio. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations; provided, however, that you will not be required to pay any initial franchise fee under any of those Franchise Agreements. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Basecamp Fitness studio must be in accordance with the terms of the applicable Franchise Agreement.

4. Term. Unless sooner terminated in accordance with Section 5 of this Agreement, the term of this Agreement and all rights granted to you will expire on the date that you sign the Franchise Agreement for the last Basecamp Studio that is scheduled to be opened under the Development Schedule.

5. Default and Termination. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you or any affiliate of yours breaches any of the terms of any Franchise Agreement or any other agreement that you or your affiliates have with us or our affiliates. For purposes of this Agreement, an “affiliate” of any person will be any person or entity that controls that person, is under the control of that person, or is under common control with that person.

All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency; (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority; (iii) you make a general assignment or other similar arrangement for the benefit of your creditors; (iv) a final judgment against you remains unsatisfied of record for thirty (30)

days or longer; (v) execution is levied against your business or property, or the business or property of any of your affiliates that have entered into Franchise Agreements with us; (vi) a suit to foreclose any lien or mortgage against premises or equipment is instituted against you and not dismissed within thirty (30) days, or is not in the process of being dismissed; (vii) you fail to timely meet any of your obligations set forth in the Development Schedule; (viii) you or any of your affiliates open any Basecamp Fitness Studio before that person or entity has signed a Franchise Agreement with us for that studio in the form we provide; (ix) you fail to comply with any other provision of this Agreement, or your or any of your affiliates fail to comply with any other agreement you or they have with us or our affiliates and do not correct the failure within thirty (30) days after written notice of that failure is delivered to the breaching party (except that if the failure to comply is the third failure to comply with any provision of any agreement that you or any of your affiliates have with us or an affiliate of ours within any twelve (12) consecutive month period, then we need not provide any opportunity to cure the default); or (x) we have delivered to you or any of your affiliates a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

6. Rights and Duties of Parties Upon Termination or Expiration. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will automatically terminate, and:

A. All remaining rights granted to you to develop Basecamp Fitness Studios under this Agreement will automatically be revoked and will be null and void and shall revert to us. You will not be entitled to any refund of any fees.

B. You and your affiliates must within five (5) business days of the termination or expiration pay all sums owing to us and our affiliates. In addition, you agree to pay as fair and reasonable liquidated damages (but not as a penalty) an amount equal to Ten Thousand Dollars (\$10,000) for each undeveloped Basecamp Studio. You agree that this amount is in addition to the Development Fee paid under this Agreement, and is for lost revenues from Royalty Fees (as defined in the Franchise Agreement) and other amounts payable to us, including the fact that you were holding the development rights for those Basecamp Studios and precluding the development of certain Basecamp Fitness studios in the Development DMA, and that it would be difficult to calculate with certainty the amount of damage we will incur. Notwithstanding your agreement, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.

7. Ownership/Transfer. The following provisions govern any Transfer:

A. You represent and warrant that the information contained in the Statement of Ownership and Management attached hereto is true and correct as of the Effective Date. You shall immediately notify us of any change in any of the information in the Statement of Ownership and Management last submitted to us. Further, upon our request you shall provide us with an updated Statement of Ownership and Management. Each of your owners as of the Effective Date and thereafter, must sign our then-current Guaranty at the time such individual becomes your owner.

B. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.

C. This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent as set forth below.

1. As used in this Agreement, the term “Transfer” means any sale, assignment, lease, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you or control of the business franchised hereunder. You acknowledge that these provisions prohibit you from subfranchising or sublicensing any right you have under any agreement with us, and that your intent in entering into this Agreement is that you (and not any licensee or transferee) will be opening and operating the Basecamp Studios to be developed under this Agreement. You shall not in any event have the right to pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without our express prior written consent, which consent may be withheld for any reason whatsoever in our sole and absolute judgment.

2. In the event of a proposed Transfer by you we will not unreasonably withhold our consent to the Transfer so long as the conditions set forth below, as well as any other conditions we may impose, are all satisfied:

- (a) The transferee meets our then current standards for the issuance of development rights, including satisfying any requirements imposed by applicable law, be of good moral character and reputation and shall have a good credit rating, financial capabilities and competent business qualifications reasonably acceptable to us. You shall provide us with the information we may reasonably require to make a determination concerning a proposed transferee;
- (b) The transferee, including all shareholders, members and partners of the transferee, shall jointly and severally execute a new area development agreement with us on terms that are reasonably acceptable to us;
- (c) If the transferee is a corporation, limited liability company or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further Transfer of any interest therein is subject to, all restrictions imposed upon Transfer by this Agreement;
- (d) If the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining our prior written consent;
- (e) You shall have fully paid and satisfied all of your obligations to us and our affiliates, including any under any Franchise Agreements for the operation of Basecamp Fitness studios; provided, however, you shall not be required to pay to us a transfer fee unless you are not transferring Franchise Agreements at that time because you have not opened any Basecamp Fitness studios, then you will pay a \$7,500 transfer fee at the time of your transfer approval request;
- (f) You shall have executed an agreement in form satisfactory to us in which you agree to: (i) release any claims you have against us and our affiliates; (ii) subordinate any claims you may have against the transferee to any

amounts owed by the transferee to us; (iii) comply with the post-term obligations referenced in this Agreement, including the non-competition and confidentiality provisions; and (iv) indemnify us against all claims brought against us by the transferee for a period of three (3) years following the transfer;

- (g) If the transferee is a corporation, limited liability company or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to us, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to us and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and
- (h) Contemporaneous with the Transfer hereunder you shall have transferred to the transferee all of the Franchise Agreements under which you or any affiliate are operating Basecamp Fitness studios, and you must comply with all of the conditions for transferring each of those agreements, including the requirement to pay a transfer fee in connection with the transfer of each of those agreements.

D. You consent to us releasing to any proposed transferee any information we may have concerning the development business or any Basecamp Fitness studio.

E. Notwithstanding anything set forth herein, you may not Transfer a portion of your rights or obligations hereunder, if such Transfer would result in the division of the development business operated hereunder.

8. Acknowledgments. To induce us to execute this Agreement, you represent and warrant to us as follows:

A. You recognize and acknowledge the importance of maintaining our standards for service, and further recognize and acknowledge the importance of following the System with respect to the development and operation of Basecamp Fitness studios.

B. You have the entire control and direction of the Basecamp Fitness studios to be opened and operated by you, subject only to the conditions and covenants established by the Franchise Agreements for those studios. You acknowledge that the businesses to be operated under those Franchise Agreements involve business risks, and that your success shall be largely determined by your own skill and efforts as an independent business person.

C. You acknowledge that the Basecamp Fitness concept is a relatively new concept that continues to evolve. As such, the methods of operation for a Basecamp Fitness studio continue to be created and refined. You acknowledge that such businesses as well as the System will evolve over time, and that such evolution will likely result in numerous changes to the System, some of which may require additional investment by you. You have been advised to consult with your own advisors with respect to the legal, financial and other aspects of this Agreement and the Franchise Agreement and you have had the opportunity to consult with such advisors and also have had the opportunity to independently investigate the opportunities offered under all such agreements.

D. You have entered into this Agreement after making an independent investigation of our operations and history and not upon any representation as to profits which you might be expected to realize and that no one has made any representation to induce you to accept the franchise granted hereunder and to execute this Agreement, except as may be set forth in the Franchise Disclosure Document you acknowledge receiving at least fourteen (14) days prior to the date you paid us or any affiliate any money or executed any agreement with us or any affiliate.

9. Miscellaneous. You acknowledge that other Basecamp Fitness franchisees/area developers have or will be granted franchises or area development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement. You shall not complain on account of any variation from standard specifications and practices granted to any other franchisee/area developer and shall not be entitled to require us to grant to you a like or similar variation thereof. The provisions set forth in the Franchise Agreement for your first Basecamp Studio containing any covenants not to compete, enforcement provisions, notice provisions, and sections referenced as “Miscellaneous” or “Acknowledgments” are hereby incorporated into this Agreement by reference and shall be applicable to this Agreement until such time as you sign a subsequent Franchise Agreement, at which time the provisions of the new agreement relating to covenants not to compete, enforcement, notice, and all sections referenced as “Miscellaneous” or “Acknowledgments” shall be incorporated into this Agreement by reference in place of the previous provisions. Likewise, if you or any affiliate later sign yet another Franchise Agreement, at all times, the provisions contained in the last Franchise Agreement you or such affiliate sign with us, which relate to covenants not to compete, enforcement, and notice, and all sections referenced as “Miscellaneous” or “Acknowledgments,” are hereby incorporated into this Agreement by reference in place of the previous provisions. Any provisions of this Agreement which, by their nature, may or are to be performed following expiration or termination of this Agreement, shall survive such termination or expiration. You must indemnify us in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) wherein our liability is alleged or in which we are named as a party as a result of activities by you which are not in accordance with this Agreement, with our policies, or with any law, rule, regulation, or custom governing your business that is conducted pursuant to this Agreement. If such an action or a claim is made against us, you shall indemnify and hold us harmless from all costs reasonably incurred by us in the defense of any such claim brought against us or in any action, suit, proceeding, demand, investigation, or inquiry (formal or informal) in which we are named as a party including, without limitation, reasonable attorneys’ fees, costs of investigation or proof of facts, court costs, other litigation expenses, and travel and living expenses, and from all amounts paid or incurred by us arising out of such claim or action (collectively, the “Costs”). We may defend any claim made against us. Such an undertaking by us shall, in no way, diminish your obligation to indemnify us and hold us harmless. We are not required or obligated to seek recovery from third parties or otherwise mitigate our losses in order to maintain a claim against you. The above Recitals are made a part of this Agreement.

[THIS AGREEMENT CONTINUES WITH A RIDER,
WHICH IS A PART OF THIS AGREEMENT]

AREA DEVELOPMENT AGREEMENT RIDER

1. Effective Date: _____, 20____
2. Developer:
3. Development DMA:
4. Total Number of new Basecamp Studios to be opened and operated in the Development DMA:
5. Development Fee: \$
6. Development Schedule: You acknowledge and agree that a material provision of this Area Development Agreement is that the following number of Basecamp Studios must be opened and continuously operated by you in the Development DMA in accordance with the following Development Schedule:

Basecamp Fitness Studio Number	Date by Which Franchise Agreement Must Be Signed and Site Approval Request Must be Submitted to us	Date by Which the Basecamp Fitness Studio Must Be Opened and Operated by You in the Territory	Cumulative Number of Basecamp Fitness Studios to be Opened and Operated by You in the Development DMA as of the Date in Preceding Column
	Date of this Agreement		

You acknowledge and agree that in no event will any new Basecamp Fitness studio developed outside of the Development DMA be added towards the calculation to determine whether you have satisfied any Cumulative Number as required above. You may not close any Basecamp Studio without our prior written consent, which we may withhold in our sole discretion.

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

BASECAMP FITNESS, LLC

DEVELOPER:
[INSERT LEGAL NAME OF DEVELOPER]

By: _____
Its: _____

By: _____
Its: _____

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE AREA DEVELOPMENT AGREEMENT

In consideration of the execution of the Area Development Agreement (the "Agreement") between BASECAMP FITNESS, LLC ("we" or "us" or "our") and **[INSERT LEGAL NAME OF DEVELOPER]** (the "Developer"), dated _____, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of the Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will be joint and several and will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

DEVELOPER: **[INSERT LEGAL NAME OF DEVELOPER]**

PERSONAL GUARANTORS:

- Individually

Print Name

Address

City State Zip Code

Telephone

STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned (“Developer”) represents and warrants to Basecamp Fitness, LLC (“Franchisor”) that as of the date set forth below all of the information below is true and complete:

Developer’s Director(s): _____

Ownership <i>(Each owner must sign a Guaranty)</i>		
NAME OF OWNER	NO. OF SHARES/UNITS OWNED	OWNERSHIP PERCENTAGE
		%
		%
		%
		%

Management <i>(List each individual holding a position as board-member or officer)</i>	
NAME OF INDIVIDUAL	ROLE/TITLE

Developer acknowledges that this Statement of Ownership and Management applies to the Basecamp Fitness Area Development Agreement. Developer shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Developer.

DEVELOPER:
[INSERT LEGAL NAME OF DEVELOPER]

Date: _____

By: _____
Name: _____
Title: _____

CALIFORNIA ADDENDUM TO AREA DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Area Development Agreement, the following provisions shall supersede and apply to all Basecamp Fitness franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination, transfer and non-renewal of the Area Development Agreement and certain provisions of the Area Development Agreement relating to termination, transfer and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Area Development Agreement and your relationship with Franchisor, including the areas of termination and renewal of Franchisee's franchise. If the Area Development Agreement is inconsistent with the law, the law will control.

2. The Area Development Agreement requires application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

3. The provision in the Area Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Illinois:

This Illinois Addendum is only applicable if you are a resident of Illinois and your business will be located in Illinois.

1. Notwithstanding the fact that the Area Development Agreement requires that the Agreement be governed by the laws of the State of Minnesota, to the extent required by Rule 200.608 of the Illinois Franchise Disclosure Laws, the Agreement shall be governed and construed in accordance with the laws of the State of Illinois.

2. The Area Development Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, and we will comply with that law in Illinois.

3. The other conditions under which your franchise can be terminated and your rights of nonrenewal may be affected by Illinois Law, 815 Illinois Compiled Statutes 705/19 and 705/20.

4. Section 4 of the Illinois Franchise Disclosure Act states that “Any provision of a franchise agreement which designates jurisdiction or venue in a forum outside of this state (Illinois) is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State.”

5. Any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive requirements with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

6. The provision in the Area Development Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

7. Section 5 of the Area Development Agreement shall be modified by the addition of the following sentence at the end of such section.

“To the extent required by Illinois law, the Franchisor shall provide reasonable notice to the Franchisee with the opportunity to cure any defaults under this Section 5, to the extent required by Illinois law, which in no event shall be less than ten (10) days, and in no event shall such notice be required to be greater than thirty (30) days.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Area Development Agreement, the following provisions shall supersede and apply to all Basecamp Fitness franchises sold to residents in the state of Maryland:

1. Section 5 of the Area Development Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.

2. Section 8 of the Area Development Agreement is revised to include the following language:

“Notwithstanding the standing provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”

3. The representations made in the Area Development Agreement are not intended to nor should they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Section 7 of the Area Development Agreement is revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision to this Addendum to the Development Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

6. The Development Agreement states that Minnesota law generally applies. However, the conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Maryland law, and we will comply with that law in Maryland.

7. Notwithstanding anything to the contrary in the Development Agreement, nothing will prevent the Franchisee from filing suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that the Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Area Development Agreement.

3. Franchisor shall not require Franchisee to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NEW YORK ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. Section 8 of the Area Development Agreement is revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

2. Section 7 of the Area Development Agreement is revised to include the following:

“Franchisor will not make an assignment except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

3. The Area Development Agreement is modified by the addition of the following Section 5:

“In addition, Franchisee shall have the right to terminate the Area Development Agreement to the extent allowed under applicable law.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

NORTH DAKOTA ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. Section 6.B of the Area Development Agreement is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.

2. Section 6.B of the Area Development Agreement is modified to delete any requirement that franchisee consent to termination penalties or liquidated damages.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO DEVELOPMENT AGREEMENT

Notwithstanding anything to the contrary set forth in the Basecamp Fitness, LLC Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting

or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Development Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
BASECAMP FITNESS, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

4810-6939-2312, v. 1

EXHIBIT G

STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Basecamp Fitness franchises offered and sold in the state of California:

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 of the Franchise Disclosure Document is supplemented by the additional paragraph.

“Neither Basecamp Fitness nor any person described in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.”

3. Item 17 of the FDD is amended by the insertion of the following:

“The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning termination and non-renewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with us, including the areas of termination and renewal of your franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).”

4. The Franchise Agreement and Area Development Agreement require application of the laws and forum of Minnesota. This provision may not be enforceable under California law.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE HAWAII FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Basecamp Fitness franchises offered and sold in the state of Hawaii:

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. Basecamp Fitness, LLC's Franchise Disclosure Document is not currently registered or exempt from registration in any state.
2. The states in which Basecamp Fitness, LLC's, Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
3. No state has refused, by order or otherwise, to register the Basecamp Fitness franchise.
4. No state has revoked or suspended the right to offer Basecamp Fitness franchises.
5. Basecamp Fitness, LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.

The page entitled ***Special Risks to Consider About this Franchise*** is amended as follows:

Special Risk(s) to Consider About This Franchise

Filing. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

Delivery. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

Summary. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The Franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Illinois:

This Illinois Addendum is only applicable if you are a resident of Illinois and your business will be located in Illinois.

1. The page entitled ***Special Risks to Consider About this Franchise*** is amended as follows:

Special Risk(s) to Consider About *This* Franchise

Governing Law; Venue THE GOVERNING LAW, VENUE AND JURISDICTIONAL REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND IN THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.”

2. Item 17 of the FDD is amended to include the following:

“Any provision in the Franchise Agreement or Area Development Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement or Area Development Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement and Area Development Agreement to the extent required by the Illinois Franchise Disclosure Laws.

In addition, you will be provided with a reasonable time period to cure any default with respect to goodwill, which in no event shall be less than ten (10) days.”

3. The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

4. Each provision of this addendum to the FDD shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MARYLAND FRANCHISE REGISTRATION
AND DISCLOSURE LAW

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Basecamp Fitness franchises sold to residents in the state of Maryland:

1. Item 17 of the Franchise Disclosure Document is amended as follows:

“Termination for bankruptcy filing may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).”
2. Items 17(c) and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Item 17(v) and (w) are modified by the insertion of the following:

“Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”
4. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
5. Each provision of this Addendum to the FDD shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the FDD can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, form or remedies provided for by the laws of the jurisdiction.

2. We will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

3. Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

4. Item 6 is revised to provide that checks returned for insufficient funds are governed by Minnesota Statutes, Section 604.113, which caps service charges at \$30.

5. Item 13 is revised to include the following language:

“To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement and Development Agreement.”

6. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

7. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

8. The page entitled “**Special Risk(s) to Consider About *This Franchise***” is amended by the addition of the following language:

Special Risk(s) to Consider About *This Franchise*

Short Operating History. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

9. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE NEW YORK GENERAL BUSINESS LAW

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of New York:

This New York Addendum is only applicable if you are a resident of New York or if your business will be located in New York.

1. The page entitled ***Special Risks to Consider About this Franchise*** is amended as follows:

Special Risk(s) to Consider About This Franchise

Information. 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 STREET, 21ST 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.

Minimum Payments. You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

2. The following is added at the end of Item 3:

Except as provided above, with regard 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE NORTH DAKOTA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of North Dakota:

This North Dakota Addendum is only applicable if you are a resident of North Dakota or if your business will be located in North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17c. and from any other place it appears in the Disclosure Document.
2. Item 17r. is revised to provide that covenants not to compete, such as those mentioned in Item 17r. of the Disclosure Document, are generally considered unenforceable in the state of North Dakota.
3. The North Dakota Securities Commissioner has determined that it is unfair and unequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Disclosure Document to Section 18.F of the Franchise Agreement are deleted and to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted from Item 17v.
4. Any references in the Disclosure Document to Section 18.E of the Franchise Agreement and to any requirement to consent to a waiver of exemplary and punitive damages are deleted.
5. Any references in the Disclosure Document to Section 18.G of the Franchise Agreement and to any requirement to consent to a waiver of trial by jury are deleted.
6. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.
7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorneys' fees.
8. Any references in the Disclosure Document requiring franchisee to consent to termination penalties or liquidated damages are deleted.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Rhode Island:

This Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE VIRGINIA RETAIL FRANCHISING ACT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Basecamp Fitness, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Item H of the chart in Item 17 is hereby amended by the addition of the following disclosure:

“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 does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.”

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Washington:

This Washington Addendum is only applicable if you are a resident of Washington or if your business will be located in Washington.

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

9. The page entitled “**Special Risk(s) to Consider About *This Franchise***” is amended by the addition of the following language:

Special Risk(s) to Consider About *This Franchise*

Use of Franchise Brokers. The franchisor uses the services of one or more franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary in the Basecamp Fitness, LLC Franchise Disclosure Document, Franchise Agreement or Area Development Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Basecamp Fitness franchises offered and sold in the state of Wisconsin:

“The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document, Franchise Agreement and Development Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement or Development Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.”

EXHIBIT H

PROVISION SERVICES AGREEMENT



SERVICES AGREEMENT

THIS SERVICES AGREEMENT (the "Agreement") is made and entered into as of the ____ day of _____, 20____ (the "Effective Date"), by and between ProVision Security Solutions, LLC, a Minnesota limited liability company ("ProVision") and _____, ("Customer") having a Basecamp Fitness Studio located at the following address: _____ (the "Studio").

1. Services:

a. *Website Hosting Services.* ProVision agrees to perform and provide to Customer, services consisting of non-exclusive electronic access to a digital information processing, transmission and storage system ("Server") to store Customer's website ("Site") and make the Site available on and via the global computer communications network ("Internet") as specified herein ("Hosting Services"). Customer agrees that the Hosting Services shall not include any web site development services, authorship or creation with respect to the Site.

b. *Software Installation and Support.* ProVision agrees to install the Basecamp Fitness-approved proprietary studio management software (the "Proprietary Software") on Customer's Equipment (defined in Section 3.d.), or assist Customer in its access to the Proprietary Software in the event the Proprietary Software is web-based and, through it or its designees, to provide remote support of the Proprietary Software ("Proprietary Installation and Support Services" or "Proprietary I&S Services"). The Proprietary I&S Services may include the periodic upgrading of the Proprietary Software with newer versions or releases. All installation, assistance and support for the Proprietary Software is provided remotely. Upgrades, updates or other changes to the Proprietary Software may be made remotely and at such times as ProVision deems necessary or appropriate, in its sole discretion, with or without notice. Upon availability of a new release or version of the Proprietary Software, ProVision may cease supporting prior versions or releases upon not less than thirty (30) days prior written notice. Any new or additional Equipment necessitated by a software upgrade will be the responsibility of Customer.

c. *Security Monitoring.* ProVision agrees to perform and provide to Customer security monitoring services ("Security Monitoring Services") if, and only if, Customer purchases all security equipment through ProVision pursuant to a separate purchase order and ProVision installs that equipment. Customer acknowledges that the Security Monitoring Services will include the monitoring of the physical alarm system but such Security Monitoring Services do not include the video recorders or the monitoring of closed circuit televisions (CCTVs). *ProVision will not provide Security Monitoring Services for a security system purchased from, or installed, by a third party.*

d. *Availability of Services.* The Hosting Services, Proprietary I&S Services and Monitoring Services (if applicable) are collectively referred to as the "Services." Subject to the terms and conditions of this Agreement, ProVision shall attempt to provide the Services for twenty-four (24) hours a day, seven (7) days a week throughout the term of this Agreement. Customer agrees that from time to time the Services may be inaccessible or inoperable for any reason, including, without limitation: (i) equipment malfunctions; (ii) periodic maintenance procedures or repairs which ProVision may undertake from time to time; or (iii) causes beyond the control of ProVision or which are not reasonably foreseeable by ProVision, including, without limitation, interruption or failure of telecommunication or digital transmission links, hostile network attacks network congestion or other failures. Customer agrees that ProVision has no control of availability of Services on a continuous or uninterrupted basis.

e. *ProVision Materials.* In connection with performance of the Services and at the sole discretion of ProVision with no obligation, ProVision may provide to Customer certain materials, including, without limitation, license to the Proprietary Software or other computer software (in object code or source code form), data, documentation or information developed or provided by ProVision or its suppliers under this Agreement, domain names, electronic mail

addresses and other network addresses assigned to Customer, and other know-how, methodologies, equipment, and processes used by ProVision to provide the Services to Customer ("ProVision Materials").

f. *Customer Content.* Customer shall be solely responsible for providing, updating, uploading and maintaining the Site and any and all files, pages, data, works, information and/or materials on, within, displayed, linked or transmitted to, from or through the Site, including, without limitation, trade or service marks, images, photographs, illustrations, graphics, audio clips, video clips, email or other messages, metatags, domain names, software and text ("Customer Content"). The Customer Content shall also include any registered domain names provided by Customer or registered on behalf of Customer in connection with the Services.

2. Licenses, Access and Proprietary Rights

a. *License of Customer Content.* Customer grants to ProVision, and ProVision accepts from Customer, a non-exclusive, worldwide and royalty free license to copy, display, use and transmit on and via the Internet the Customer Content in connection with ProVision's performance or enforcement of this Agreement.

b. *Access to Customer Equipment and Facilities.* Customer shall permit ProVision access to the facility at the above-referenced address to install and configure all Equipment and any ProVision Materials necessary for ProVision to perform the Services.

c. *License of ProVision Materials.* In consideration of Customer's payment of all compensation to ProVision pursuant to Section 4, ProVision grants to Customer, and Customer accepts from ProVision, a limited, non-transferable, non-exclusive license or sublicense, as applicable, for the term of this Agreement, to copy and use the ProVision Materials, solely in connection with the operation of the Studio identified at the above referenced address and in connection with the Site for Customer's internal business purposes.

d. *ProVision Proprietary Rights.* ProVision shall retain all right, title and interest (including copyright and other proprietary or intellectual property rights) in the ProVision Materials and all legally protectable elements, derivative works, modifications and enhancements thereto, whether or not developed in conjunction with Customer, and whether or not developed by ProVision, Customer or any contractor, subcontractor or agent for ProVision or Customer. To the extent that ownership of the ProVision Materials do not automatically vest in ProVision by virtue of this Agreement or otherwise, Customer agrees to and hereby does transfer and assign to ProVision all right, title and interest in the ProVision Materials and protectable elements or derivative works thereof. Upon any termination or expiration of this Agreement, Customer shall return all ProVision Materials to ProVision and erase and remove all copies of all ProVision Materials from any computer equipment and media in Customer's possession, custody or control.

3. Site and Services Terms and Limitations

a. *Site Storage and Security.* At all times, Customer shall bear full risk of loss and damage to the Site and all Customer Content. Customer shall be solely responsible for undertaking measures to: (i) prevent any loss or damage to Customer Content; (ii) maintain independent archival and backup copies of the Site and all Customer Content; (iii) ensure the security, confidentiality and integrity of all Customer Content transmitted through or stored on the Server; and (iv) ensure the confidentiality of Customer's password. The Server, ProVision and Services are not an archive and ProVision shall have no liability to Customer or any other person for loss, damage or destruction of any Customer Content. If Customer's password is lost, stolen or otherwise compromised, Customer shall promptly notify ProVision, whereupon ProVision shall suspend access to the Services by use of such password and issue a replacement password to Customer's authorized representative.

b. *Acceptable Use Policy.* Customer is solely responsible for all acts, omissions and use under and charges incurred with Customer's account or password or in connection with the Site or any Customer Content displayed, linked, transmitted through or stored on the Server. Customer agrees not to engage in unacceptable use of any Services, which includes, without limitation, use of the Services to: (i) disseminate or transmit unsolicited messages, chain letters or unsolicited commercial email; (ii) disseminate or transmit any material that, to a reasonable person may be abusive, obscene, pornographic, defamatory, harassing, grossly

offensive, vulgar, threatening or malicious; (iii) disseminate or transmit files, graphics, software or other material, data or work that actually or potentially infringes the copyright, trademark, patent, trade secret or other intellectual property right of any person; (iv) create a false identity or to otherwise attempt to mislead any person as to the identity, source or origin of any communication; (v) export, re-export or permit downloading of any message or content in violation of any export or import law, regulation or restriction of the United States and its agencies or authorities, or without all required approvals, licenses and/or exemptions; (vi) interfere, disrupt or attempt to gain unauthorized access to any computer system, server, network or account for which Customer does not have authorization to access or at a level exceeding Customer's authorization; (vii) disseminate or transmit any virus, trojan horse or other malicious, harmful or disabling data, work, code or program; or (viii) engage in any other activity deemed by ProVision to be in conflict with the spirit or intent of this Agreement or any ProVision policy.

c. *Rights of ProVision.* Customer agrees that ProVision may, in its sole discretion, remove or disable access to all or any portion of the Site or Customer Content stored on the Server at any time and for any reason. ProVision has no obligation to monitor the Site or any Customer Content, but reserves the right in its sole discretion to do so.

d. *Equipment.* Customer shall be solely responsible for providing, maintaining and ensuring compatibility with all hardware, software, electrical and other physical requirements necessary for ProVision to perform the Services and for Customer to access the Site, including, without limitation, telecommunications and digital transmission connections and links, routers, local area network servers, virus software, firewalls, or other equipment (collectively "Equipment").

e. *Alarm Permit.* Customer acknowledges that an alarm permit may be required. Obtaining the alarm from the local authority (Police or Fire Departments) is the responsibility of Customer.

f. *Monthly Alarm Testing.* Customer agrees that a monthly test of the security system is required.

4. Payment Terms

a. *Payments.* Customer shall pay ProVision for the Services and license hereunder at Section 2(c) the amounts set forth below. ProVision expressly reserves the right to change its rates charged hereunder for the Services at any time, upon thirty (30) days' notice to Customer.

Technology Fee for ProVision Materials and Proprietary I&S, Web Hosting, and Monitoring Services Fee = \$799.00

ProVision will not provide Security Monitoring Services for any security system purchased from or installed by a third party.

b. *Invoices.* Customer will be invoiced on a monthly basis in advance for Services to be provided for such month. Customer agrees to sign and deliver to ProVision and to ProVision's bank(s) and Customer's bank, as necessary, all forms and documents that ProVision may request to permit ProVision to debit Customer's account, either by check, via electronic funds transfer or other means or methods as ProVision may designate (the "Payment Methods") for the Technology Fee and for any other fees and payments that may be owing to ProVision under this Agreement. Customer will notify ProVision at least twenty (20) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, Customer will immediately provide all documents and information necessary to permit ProVision to debit the amounts due from an alternative account.

i. If any check that Customer submits to ProVision is returned for insufficient funds, or if ProVision is unable to collect funds via the Payment Methods due to insufficient funds, Customer will pay ProVision an Insufficient Funds Fee of \$100 for each returned check, and each time ProVision is unable to collect monies via the Payment Methods.

ii. ProVision reserves the right to invoice on a pro rata basis for any part of a calendar month to allow for subsequent invoices to be calculated and paid on a calendar monthly basis.

iii. If Customer is delinquent in its payments, in addition to any other rights ProVision has under this Agreement, ProVision may suspend Services upon written notice to Customer until all payments are current and ProVision may modify the payment terms to require other assurances to secure Customer's payment obligations hereunder.

iv. All fees charged by ProVision for Services are exclusive of taxes and similar fees now in force or enacted in the future imposed on the transaction, all of which the Customer will be responsible for, except for taxes based on ProVision's net income.

v. Customer agrees that amounts of any unpaid invoice shall accrue interest at one and one half percent (1.5%) per month or the maximum amount permitted by law, whichever is less.

vi. Customer shall pay all costs of collection, including reasonable attorney's fees and costs, in the event any invoice requires collection efforts.

c. *Taxes.* Customer shall promptly pay all federal, state and local taxes arising out of this Agreement and the Services and equipment described herein, including any sales to similar tax on any payments payable to ProVision under this Agreement. ProVision will not be liable for these or any other taxes, and Customer will indemnify ProVision for any such taxes that may be assessed or levied against ProVision which arise or result from the Services or equipment described in this Agreement.

5. Warranties and Disclaimer

a. *ProVision Warranties.* ProVision warrants to Customer that: (i) ProVision has the right and authority to enter into and perform its obligations under this Agreement; and (ii) ProVision shall perform the Services in a commercially reasonable manner. Customer's sole remedy in the event of breach of this warranty will be to terminate the Agreement pursuant to Section 8.

b. *Customer Warranties.* Customer represents and warrants to ProVision that: (i) Customer has the power and authority to enter into and perform its obligations under this Agreement; (ii) Customer Content does not and shall not contain any content, materials, data, work, trade or service mark, trade name, link, advertising or services that actually or potentially violates any applicable law or regulation or infringe or misappropriate any proprietary, intellectual property, contract or tort right of any person; and (iii) Customer has express written authorization from the owner to copy, use and display the Customer Content on and within the Site.

c. *Disclaimer of Warranty.* EXCEPT AS EXPRESSLY STATED AT SECTION 5(a), PROVISION MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE, CONCERNING ANY SUBJECT MATTER OF THIS AGREEMENT. PROVISION EXPRESSLY DISCLAIMS ANY WARRANTY THAT THE SERVICES OR PROVISION MATERIALS WILL MEET CUSTOMER'S REQUIREMENTS OR WILL BE UNINTERRUPTED, ERROR FREE OR FREE FROM DATA LOSS.

6. Limitation of Liability

EXCLUSIVE OF LIABILITY UNDER SECTION 7 (INDEMNIFICATION), IN NO EVENT SHALL PROVISION BE LIABLE TO CUSTOMER OR ANY OTHER PERSON FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF DATA, LOSS OF PROFIT OR GOODWILL, FOR ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ITS SUBJECT MATTER, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT OR OTHERWISE, EVEN IF PROVISION HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. PROVISION'S TOTAL LIABILITY FOR DAMAGES SHALL BE LIMITED TO THE TOTAL FEES PAID BY CUSTOMER TO PROVISION HEREUNDER FOR THE ONE (1) YEAR PERIOD PRIOR TO ANY ACT OR OMISSION GIVING RISE TO ANY POTENTIAL LIABILITY.

7. Indemnification

a. *By Customer.* Customer agrees to indemnify, hold harmless and defend ProVision and its directors, officers, employees and agents from and against any third party action, claim, demand, dispute, or liability, including reasonable attorney's fees and costs, arising from or relating to: (i) Customer's breach of this Agreement; (ii) any negligence or willful misconduct

of Customer; (iii) any allegation that the Site or Customer Content infringes a third person's copyright, trademark or proprietary or intellectual property right, or misappropriates a third person's trade secrets; or (iv) any action or conduct of ProVision undertaken pursuant to this Agreement. Customer agrees that ProVision shall have the right to participate in the defense of any such claim through counsel of its own choosing.

b. *By ProVision.* ProVision agrees to indemnify, hold harmless and defend Customer and its directors, officers, employees and agents from and against any third party action, claim, demand or liability, including reasonable attorney's fees and costs, arising from or relating to any allegation that the ProVision Materials infringe a third person's copyright, trademark or proprietary or intellectual property right, or misappropriates a third person's trade secrets.

8. Insurance

a. At all times during the term of this Agreement, Customer must maintain in force, at its sole expense, the types and amounts of insurance that ProVision may require from time to time. The insurance coverage must be maintained under one or more policies of insurance issued by insurance companies rated A+ or better by Alfred M. Best & Company, Inc. All policies must name ProVision and Basecamp Fitness Worldwide, LLC as additional insureds and must provide that ProVision receives ten (10) days' prior written notice of termination, expiration, reduction or cancellation of any such policy. Upon the execution of this Agreement you must provide us with a copy of the certificate or other evidence as ProVision may require of the required insurance. Customer must submit to us annually, a copy of the certificate or other evidence of the renewal or extension of any such insurance.

9. Term and Termination

a. *Term.* The term of this Agreement shall in conjunction with Customer's Franchise Agreement executed between itself and Basecamp Fitness, LLC to operate a Basecamp Fitness Studio at the Facility ("Franchise Agreement").

b. *Termination.* This Agreement may be terminated by a written agreement executed by the parties. In addition, the Agreement will terminate automatically without further notice in the event that the Franchise Agreement between Customer and Basecamp Fitness Worldwide, LLC is terminated or expires. Notwithstanding the foregoing, ProVision reserves the right, in its sole discretion and without prior notice, at any time, to suspend Customer's access to or use of the Server, Services or any portion thereof, in the event ProVision believes or has reason to believe that Customer is in violation or may be violating any term or condition of this Agreement. In the event of suspension of Services, ProVision shall thereafter provide prompt written notice to Customer of the suspension of Services and the reasons therefore. In addition, in the event that ProVision's license to or right to distribute the Proprietary Software is terminated for any reason, any license granted to Customer for use of the Proprietary Software shall automatically terminate. ProVision shall provide Customer with written notice of such termination. ProVision will use good-faith efforts to procure a substitute license for similar software including, without limitation, web-based software, within a period of thirty (30) days after termination. However, ProVision makes no representation or warranty as to the continued availability of the Proprietary Software and will have no liability whatsoever to Customer in such a termination event.

c. *Rights Upon Termination.* In the event this Agreement is terminated for any reason, Customer shall pay ProVision, on a pro rata basis, for all Services provided to Customer up to the date of termination.

10. General

a. *Independent Contractors.* The parties and their respective personnel, are and shall be independent contractors and neither party by virtue of this Agreement shall have any right, power or authority to act or create any obligation, express or implied, on behalf of the other party.

b. *Assignment.* Customer may not assign any of its rights, duties or obligations under this Agreement to any person or entity, in whole or in part, and any attempt to do so shall be deemed void and/or a material breach of this Agreement.

c. *Waiver.* No waiver of any Provision hereof or of any right or remedy hereunder shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. No delay in exercising, no course of dealing with respect to, or no partial exercise of any right or remedy hereunder shall constitute a waiver of any other right or remedy, or future exercise thereof.

d. *Severability.* If any Provision of this Agreement is determined to be invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted, and the balance of the Agreement shall remain enforceable.

e. *Notice.* All notices shall be in writing and shall be deemed to be delivered when received by certified mail, postage prepaid, return receipt requested. All notices shall be directed to the parties at the respective addresses given above or to such other address as either party may, from time to time, designate by notice to the other party.

f. *Amendment.* No amendment, change, waiver, or discharge hereof shall be valid unless in writing and signed by both parties.

g. *Governing Law, Jurisdiction and Venue.* This Agreement shall be governed in all respects by the laws of the State of Minnesota without regard to its conflict of laws provisions. The parties hereto expressly agree that venue shall be exclusively in the state or federal courts located in Ramsey County, Minnesota. The parties hereto hereby consent to the exclusive jurisdiction of the federal and state courts in Ramsey County, Minnesota and expressly waive any objection to personal jurisdiction, improper venue and/or convenience of such forums.

h. *Survival.* The definitions of this Agreement and the respective rights and obligations of the parties under Sections 1(f), 2(a), 2(d), 3, 4, 5(b), 5(c), 6, 7, 8(c) and 9 shall survive any termination or expiration of this Agreement.

i. *Force Majeure.* If the performance of any part of this Agreement by either party is prevented, hindered, delayed or otherwise made impracticable by reason of any flood, riot, fire, judicial or governmental action, labor disputes, act of God or any other causes beyond the control of either party, that party shall be excused from such to the extent that it is prevented, hindered or delayed by such causes.

j. *Entire Agreement.* This Agreement constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to the subject matter hereof, superseding all prior or contemporaneous proposals, communications and understandings, oral or written.

IN WITNESS WHEREOF, the parties, by their duly authorized representatives, have executed this Agreement.

CUSTOMER

ProVision Security Solutions, LLC

Signed: _____

Signed: _____

Printed: _____

Printed: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT I

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: _____

Location: _____

Date: _____

Attention: Accounting

The undersigned hereby has entered into a Franchise Agreement with Basecamp Fitness, LLC (the “Franchise Agreement”), and authorizes Basecamp Fitness, LLC or any of its affiliated entities, including without limitation, ProVision Security Solutions, LLC (collectively, “Basecamp Entities”), to initiate one-time, weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing weekly royalty fees, weekly general advertising contributions, monthly technology fees, and other amounts that become due and payable by the undersigned to Basecamp Entities pursuant to the Franchise Agreement or any other agreement between the undersigned and a Basecamp Entity. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by the Basecamp Entities.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned’s account to cover such ACH debit and credit entries.

Sincerely yours,

Account Name

Bank Name

Customer Street Address

Branch

City State Zip Code

Bank Street Address

Customer Telephone Number

City State Zip Code

Customer’s Account Number

Bank Telephone Number

Bank’s Account Number

Bank Routing/ABA Number

EXHIBIT J

GUARANTY OF PERFORMANCE

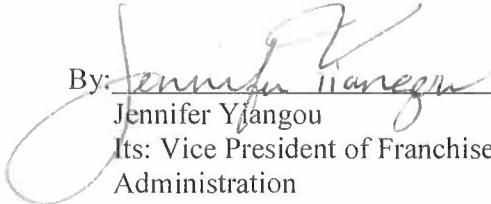
GUARANTEE OF PERFORMANCE

For value received, **Anytime Fitness LLC**, a Minnesota limited liability company (the "Guarantor"), located at 111 Weir Drive, Woodbury, Minnesota 55125, absolutely and unconditionally guarantees to assume the duties and obligations of **Basecamp Fitness, LLC**, located at 111 Weir Drive, Woodbury, Minnesota 55125 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2020 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Cottage Grove, Minnesota, on the 20th day of March, 2020.

GUARANTOR:

ANYTIME FITNESS, LLC

By: 

Jennifer Yiangou

Its: Vice President of Franchise
Administration

EXHIBIT K

FRANCHISEE QUESTIONNAIRE

FRANCHISEE QUESTIONNAIRE – PROSPECTIVE FRANCHISEES

As you know, Basecamp Fitness, LLC (the “Franchisor”) and you are preparing to enter into aa Area Development Agreement and/or Franchise Agreement for the operation of a franchised Basecamp Fitness business (the “Franchise”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchise Disclosure Document provided to you?		
2. Did you sign a receipt (Item 23) for the Franchise Disclosure Document indicating the date you received it?		
3. Is there any part of the Franchise Disclosure Document that you feel you don't understand?		
4. Have you received and personally reviewed the Area Development Agreement and/or Franchise Agreement and each exhibit or schedule attached to it?		
5. Do you understand the terms of and your obligations under the Area Development Agreement and/or Franchise Agreement?		
6. Are you legally eligible to work or own a business in the United States including the state in which the Franchise will be located?		
7. Has any employee or other person speaking on behalf of the Franchisor made any statement or representation regarding the actual, average or projected memberships, revenues, or profits that you, Franchisor, or any of our franchisees have achieved in operating the Franchise, other than what is contained in the Franchise Disclosure Document?		
8. Has any employee or other person speaking on behalf of the Franchisor made any promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance or any other material subject relating to the Franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document?		
9. Has any employee or other person speaking on behalf of the Franchisor made any other oral, written, visual or other promises, agreements, commitments, understandings, rights-of-first refusal or otherwise to you with respect to any matter, except as expressly set forth in the Area Development Agreement and/or Franchise Agreement or in an attached written amendment to either of the foregoing signed by you and us?		
10. Are you legally eligible to travel to and attend Initial Training at one of our designated training centers in the United States? If you answer “no”, please provide an explanation here: _____ _____ _____		

QUESTION	YES	NO
11. Are you currently involved in any other businesses/franchises that may interfere with the non-compete obligations outlined in the Basecamp Fitness Franchise Agreement, or any other agreements you may have with other businesses/franchises? If yes, please describe the businesses/franchises here: _____ _____ _____		
12. Are there any contingencies, prerequisites, or other reservations existing (excluding obtaining financing for equipment or build-out of your Basecamp Fitness Studio) that will affect your ability to sign or perform your obligations under the Franchise Agreement?		
13. Have there been any changes in any of the information you have provided to us or our affiliates in connection with any application for the Franchise, or in any application, statement or report you have provided to us? If yes, please describe the changes here: _____ _____ _____		
14. Have you been proven to have engaged in fraudulent conduct, or been convicted of, or plead guilty or no contest to, a felony or misdemeanor involving dishonesty or fraudulent conduct, or do you have any such charges pending? If yes, please describe all relevant facts below. _____ _____ _____		
15. Have you, in the past 10 years, declared bankruptcy, or taken any action, or had any action taken against you, under any insolvency, bankruptcy, or reorganization act? If yes, please describe all relevant facts below. _____ _____ _____		
16. Have you brought, been named in, or been directly involved in any past or pending litigation or formal dispute resolution process? If yes, please describe all relevant facts below. _____ _____ _____		
17. Is there any information that might appear on a credit or criminal history report that you wish to disclose and/or address, knowing that failure to disclose such information may be considered grounds for denial of a franchise? If yes, please describe all relevant facts below. _____ _____ _____		

Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed: _____

If applicable, please insert the date on which you received a copy of the Area Development Agreement with all material blanks fully completed: _____

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully, completing and correctly to the above questions. No representations contained herein are intended to or will act as a release, estoppels or waiver of any liability incurred under any applicable franchise law.

All prospective franchisees applying please sign here:

FRANCHISE APPLICANT

FRANCHISE APPLICANT

FRANCHISE APPLICANT

FRANCHISE APPLICANT

DATE: _____

PRINT NAME: _____

5 Key Questions – New Franchisees

1. Why are you a good fit for Basecamp Fitness? Why will you be an exceptional franchisee?

2. Aside from operating your own studio, how will you make the Basecamp Fitness brand and franchise system as a whole stronger?

3. Franchisees purposely give up some entrepreneurial freedom in exchange for joining an established system which provides ongoing education and support. You'll be tapping into a network of vendors, corporate staff and fellow franchisees, all of whom will allow you to flatten your learning curve and reduce your chances for error. Are you willing to trade some of your entrepreneurial freedom to work within this system?

4. What are you willing to sacrifice to run a successful business? What are you unwilling to sacrifice?

5. In your opinion, what are the differences of a successful franchisee vs. a non-successful franchisee? What characteristics does the successful owner have?

All prospective franchisees applying please sign here:

FRANCHISE APPLICANT

FRANCHISE APPLICANT

FRANCHISE APPLICANT

FRANCHISE APPLICANT

DATE: _____

EXHIBIT L

EQUIPMENT LOAN DOCUMENTS

MASTER EQUIPMENT LEASE AGREEMENT

Agreement # _____

Federal Tax # _____

CUSTOMER INFORMATION

FULL LEGAL NAME OF CUSTOMER

STREET ADDRESS

CITY

STATE

ZIP

PHONE

EQUIPMENT LOCATION:

SUPPLIER INFORMATION

NAME OF SUPPLIER

STREET ADDRESS

CITY

STATE

ZIP

PHONE

EQUIPMENT DESCRIPTIONEquipment Cost **\$17,995.00**

QUANTITY

ITEM DESCRIPTION

SERIAL #

RENTAL TERMS**RENTAL PAYMENT AMOUNT****SECURITY DEPOSIT**

Term in months _____

_____ Payments of \$ _____ (w/o tax) Plus applicable taxes \$ _____

Rent Commencement Date:

Rental Payment Period is monthly unless otherwise indicated

END OF LEASE TERMS: Provided the Master Equipment Lease Agreement (the "Agreement") has not terminated early and no event of default under the Agreement has occurred, Customer shall have the following options at the end of the original term. 1. Purchase the equipment for Fair Market Value (___ % of the Owner's original Equipment Cost) (plus applicable taxes) due in a single sum immediately upon expiration of the Lease. 2. Renew the Agreement per paragraph 1 of the Agreement. 3. Return the Equipment to a location designated by Owner per paragraph 5 of the Master Equipment Lease Agreement.

THIS IS A NONCANCELABLE/IRREVOCABLE AGREEMENT. THIS AGREEMENT CANNOT BE CANCELED OR TERMINATED BY CUSTOMER.

MASTER TERMS AND CONDITIONS (This Agreement contains provisions set forth on page 2 and any supplements and/or addendums, all of which are made part of this Agreement).

1. AGREEMENT: Customer agrees to rent from Owner the personal property described under "EQUIPMENT DESCRIPTION" and as modified by supplements and/or addendums to this Agreement from time to time signed by Customer and Owner (along with any upgrades, replacements, repairs and additions, "Equipment"). This Agreement may be modified only by written agreement, signed by Customer and Owner, and not by course of performance or dealing. The term of this Agreement will begin on the Rent Commencement Date as established by the above RENTAL TERMS and will continue for the number of consecutive months provided herein. **THE TERM WILL BE EXTENDED, IN ACCORDANCE WITH THE END OF LEASE TERMS, ON A MONTH TO MONTH RENTAL BASIS UNLESS CUSTOMER SENDS OWNER WRITTEN NOTICE OF CUSTOMER'S INTENTIONS AT LEAST THIRTY (30) DAYS BEFORE THE END OF THE ORIGINAL TERM, PROVIDED THAT THE MONTHLY PAYMENT SHALL BECOME DUE IF CUSTOMER FAILS TO REMIT THE PURCHASE OPTION AMOUNT TO OWNER OR RETURN THE EQUIPMENT AS PROVIDED HEREIN.** Customer authorizes Owner to insert in this Agreement the Rent Commencement Date, any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. This Agreement is the final agreement between the parties; any verbal or written communications prior to this Agreement are hereby superseded by this Agreement. If any provision of this Agreement is declared unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in that jurisdiction and all others. **(CONTINUE ON PAGE 2)**

OWNER ACCEPTANCE**CUSTOMER ACCEPTANCE**

If transmitted electronically, via facsimile, email or similar means you agree that we may treat electronic record or a paper copy of the output received from electronic transmission as an original of this written Agreement.

DATED
(MM/DD/YYYY): _____
OWNER: GENEVA CAPITAL, LLC
1311 Broadway St,
Alexandria, MN 56308



DATED
(MM/DD/YYYY): _____
CUSTOMER: _____

AUTHORIZED
SIGNATURE: _____



AUTHORIZED
SIGNATURE: _____

TITLE: _____



TITLE: _____

PERSONAL GUARANTY: As additional consideration for Owner to enter into this Master Equipment Lease Agreement (“Agreement”), the undersigned (“You”) and for more than one guarantor, jointly, severally, absolutely, unconditionally, and continually personally guarantee that the Customer will make all payments and meet all obligations required under this Agreement and any supplements thereto fully and promptly. You agree that Owner may make other arrangements with the Customer and You waive all notice of those changes and will remain responsible for any and all payment and obligations under the Agreement. Owner does not have to notify You if the Customer is in default. If the Customer defaults, You will immediately pay in accordance with the default provisions of the Agreement all sums due under the terms of the Agreement and will perform all the obligations of the Agreement. If it is necessary for Owner to proceed legally to enforce this Guaranty, this Agreement will be deemed fully executed and performed in, and will be governed by and construed in accordance with the state law in accordance with Owner’s or Its Assignee’s principal place of business. You expressly consent to jurisdiction of any state or federal court in Owner’s state or Its Assignee’s principal place of business or any other court so chosen by Owner. **YOU EXPRESSLY CONSENT TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVE THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES YOU MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.** You agree to pay all costs, including attorneys’ fees and costs incurred in enforcement of this Guaranty. You agree to be bound by paragraph 14 of this Agreement. It is not necessary for Owner to proceed first against the Customer or the equipment before enforcing this Guaranty against You.



Personal Guarantor
(Printed Name)

Personal Guarantor Signature

DATE ONLY
(DO NOT SIGN TITLE)

2. NON-CANCELABLE LEASE: CUSTOMER'S OBLIGATION TO MAKE PAYMENTS, TO PAY OTHER SUMS WHEN DUE AND TO OTHERWISE PERFORM AS REQUIRED UNDER THE AGREEMENT IS ABSOLUTE AND UNCONDITIONAL AND SHALL NOT BE SUBJECT TO ANY ABATEMENT, REDUCTION, SETOFF, DEFENSE, OR COUNTERCLAIM WHICH CUSTOMER MAY HAVE AGAINST ANY PERSON FOR ANY REASON WHATSOEVER OR ANY MALFUNCTION, DEFECT OR INABILITY TO USE ANY ITEM OF EQUIPMENT.

3. RENT: The Agreement shall commence upon the Rent Commencement Date and shall end upon full performance by Customer in observance of all terms, conditions, and covenants set forth in the Agreement and any extension thereof. Rent shall be paid in advance and in the amount and frequency as provided herein plus any applicable taxes and fees including but not limited to sales tax, use tax, property tax, equipment protection fees, and late charges. The first such rental payment shall be due on the Rent Commencement Date and each subsequent payment will be due on the same day of each subsequent month or other frequency as explicitly provided for. Customer agrees that Customer owes Owner additional pro rata rent calculated as one-thirtieth (1/30th) of the monthly rental amount per day from the earlier of the date of Equipment delivery or the date of advanced funding to Supplier until the Rent Commencement Date and the Agreement begins. Provided no events of default have occurred, Owner will allow Customer to pay off the Agreement early for an amount equal to the sum of all remaining unpaid rental payments, discounted to a net present value at a rate up to five percent (5%), plus the purchase option price.

4. OWNERSHIP OF EQUIPMENT: Owner has purchased the Equipment at the direction of Customer. Owner shall at all times have sole ownership and title to the Equipment. Customer warrants that the Equipment shall at all times remain personal property; the Equipment is removable from and is not essential to any premise upon which it is located regardless of attachment to realty, and Customer agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Equipment. This Agreement is a "true lease" and not a loan or installment sale. If this Agreement is held by a court not to be a "true lease" Customer hereby grants Owner a security interest in the Equipment and all proceeds arising therefrom. If any portion of the rent or other payments hereunder shall be deemed interest and such interest exceeds the highest rate permitted by applicable law, such excess interest shall be applied to your obligations to us or refunded if no obligations remain. Customer hereby authorizes Owner to file UCC financing statements as We deem necessary to protect Our interest, and Owner may charge a fee to cover related costs or at Owner's discretion a non-filing protection fee. The parties further agree that this Agreement is a "finance lease" under Article 2A of the Uniform Commercial Code ("UCC") and notwithstanding any determination to the contrary, Owner will have the rights and remedies of a lessor as if the Agreement were a "finance lease" under Article 2A of the UCC. To the extent permitted by applicable law, Customer hereby waives any and all rights conferred upon a lessee under UCC Article 2A-508 through 2A-522 as enacted by Minnesota Statute Sections 336.2A-508 through 336.2A-522 whether or not said statute is applicable, or other applicable law. Customer shall not alter the Equipment without prior consent from Owner. Any alterations or improvements to any item of Equipment shall be deemed accessions and shall be returned to Owner with the Equipment to Owner upon the Agreement expiration or earlier repossession. Customer shall maintain the Equipment in good repair, condition and working order. Customer shall furnish all parts, mechanisms, devices and labor required to keep the Equipment in such condition and pay all costs incident to the Equipment's operation.

5. LOCATION OF EQUIPMENT: Customer will keep and use the Equipment at Customer's Equipment Location on page 1 and Customer agrees not to move it unless Owner agrees to it in advance. At the end of the Agreement's term or upon termination for any other cause, unless Equipment is purchased or the Agreement is renewed, Customer will return the Equipment to a location Owner specifies at Customer's expense. The Equipment must have been inspected and tested by a source authorized by Owner and paid at Customer's expense documenting that the Equipment is in full working order, in complete repair and is in good retail condition acceptable to the Owner. Customer agrees to remove any and all sensitive data stored on Equipment or software at Customer's expense. Upon request, Customer shall advise Owner as to the exact location of the Equipment. Owner reserves the right to inspect the Equipment (by a source authorized by the Owner) at any time during normal business hours throughout the Agreement term and Customer shall permit Owner access to the Equipment for such purposes.

6. WARRANTIES: OWNER MAKES NO WARRANTY, REPRESENTATION, OR COVENANT, EXPRESS OR IMPLIED, THAT THE EQUIPMENT IS FIT FOR A PARTICULAR PURPOSE OR THE EQUIPMENT IS MERCHANTABILITY. CUSTOMER SELECTED THE SUPPLIER AND EACH ITEM OF EQUIPMENT INCLUDED IN THIS AGREEMENT BASED UPON CUSTOMER'S OWN JUDGMENT AND DISCLAIM ANY RELIANCE UPON ANY STATEMENTS OR REPRESENTATIONS MADE BY OWNER. OWNER SHALL HAVE NO LIABILITY FOR THE INSTALLATION OR PERFORMANCE OF THE EQUIPMENT, FOR ANY DELAY

OR FAILURE BY SUPPLIER(S) TO DELIVER AND INSTALL THE EQUIPMENT OR TO PERFORM ANY SERVICES, OR WITH RESPECT TO THE SELECTION, INSTALLATION, TESTING, PERFORMANCE, QUALITY, MAINTENANCE, OR SUPPORT OF THE EQUIPMENT. THE SUPPLIER IS NOT AN AGENT OF OWNER'S AND NO REPRESENTATION BY SUPPLIER SHALL IN ANY WAY AFFECT CUSTOMER'S DUTY TO PAY THE RENTAL PAYMENTS AND PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT.

7. **LOSS OR DAMAGE:** Customer is responsible for the risk of loss, destruction of, or damage to the Equipment. No such loss or damage relieves Customer from the payment obligations under this Agreement. Customer agrees to promptly notify Owner in writing of any loss or damage and at Owner's discretion either pay to Owner the Accelerated Amount or repair or replace the Equipment so that the Equipment is returned to the condition required herein.

8. **COLLATERAL PROTECTION & INSURANCE:** Customer agrees to keep the Equipment fully insured against property damage and/or loss with Geneva Capital, LLC and its Assigns as Loss Payee in an amount not less than the original Equipment Cost until this Agreement is terminated. Customer also agrees to obtain a \$500,000 comprehensive general liability insurance policy and to include Geneva Capital, LLC as an Additional Insured on the policy. Customer agrees to provide Owner with a complete certificate of insurance acceptable to Owner, before this Agreement begins. In the event the acceptable certificate is not received or later lapses, Customer further authorizes Owner as Customer's attorney-in-fact to enroll Customer in an equipment protection program through a third-party insurance provider and Customer agrees to pay a monthly administrative surcharge to Owner. Owner shall be under no obligation or duty to enroll Customer in such program and such coverage may not protect Customer's interests and may be at a higher cost than what Customer could arrange on its own. Any insurance proceeds will be paid to Owner and Customer grants Owner a power of attorney to effectuate such payments of insurance proceeds or negotiate checks. Insurance proceeds shall be applied to any loss or damage, but Customer shall remain liable for any balance due under this Agreement if insurance proceeds are insufficient to pay off the Lease. **NOTHING IN THIS PARAGRAPH WILL RELIEVE CUSTOMER OF CUSTOMER'S RESPONSIBILITY FOR PROPERTY AND LIABILITY INSURANCE COVERAGE ON THIS EQUIPMENT.**

9. **INDEMNITY:** Customer shall and does hereby agree to indemnify, defend and hold harmless Owner and any Assignee, and each of their directors, officers, employees, agents or affiliates from any and all claims, demands, actions, suits, proceedings, costs, expenses, damages, and liabilities (including attorneys' fees) arising out of, connected with or resulting from the delivery, possession, use, operation, maintenance, repair or return of Equipment by Customer or its employees, agents, customers or vendors. Customer's obligations under the preceding sentence shall survive expiration of any rental term or the termination of the Agreement.

10. **TAXES AND FEES:** Customer agrees to pay when due all taxes (including but not limited to sales tax, personal property tax, fines and penalties) relating to this Agreement or the Equipment on a monthly basis. If the Equipment is subject to personal property tax, Customer agrees to pay a monthly amount to Owner, beginning in the first year in which the taxes are assessed, calculated as 1/12th of the estimated personal property tax for the year as well as any administrative fees charged by the Owner for processing the tax filings. Such amount will be adjusted each year to reflect changes in the valuation of the Equipment. If the Equipment or use of the Equipment requires licensing or registration with any governmental authority, Customer shall, at Customer's expense, obtain and maintain such license or registration continuously during the term of this Agreement and pay all license and/or registration fees. Customer agrees Owner may make a profit on any administrative surcharge, or processing of any taxes and/or fees.

11. **ASSIGNMENT: CUSTOMER HAS NO RIGHT TO SELL, TRANSFER, ASSIGN OR SUBLEASE THE EQUIPMENT OR THIS AGREEMENT.** Owner may sell, assign, or transfer this Agreement. Customer agrees that if Owner sells, assigns, or transfers this Agreement, the new owner will have the same rights and benefits that Owner has now and will not have to perform any of Owner's obligations. Customer agrees that the rights of the new owner will not be subject to any claims, defenses, or set offs that Customer may have against Owner.

12. **DEFAULT AND REMEDIES:** If Customer does not pay any rental payment or other sum due to Owner when due, or if Customer breaches any of Customer's obligations in the Agreement or any other agreement with Owner, or if Customer or any Guarantor of Customer's obligations dies, becomes insolvent, files for or is the subject of a proceeding in bankruptcy, Customer will be in default. Customer agrees that a default under this Agreement or any other agreement between Customer and Owner shall constitute a default under all agreements at Owner's discretion. If any part of a payment is not received by Owner within 4 days of its due date, Customer agrees to pay a late charge of 15% of the payment which is late or \$25.00, whichever is greater, or if less, the maximum charge allowed by law. If Customer is ever in default, Owner may do any of the following, each of which shall be cumulative: retain Customer's security deposit; elect not to renew any or all time-out

controls programmed within the Equipment; proceed by appropriate court action(s) to enforce any right or remedy under this Agreement, at law or in equity, including any right under the UCC; recover interest on any unpaid payment from the date it was due until fully paid at the rate of 18% per annum or if less the highest rate permitted by law; without notice, cancel this Agreement whereupon all of Customer's rights to the use of the Equipment shall terminate, and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall deliver possession of the Equipment to Lessor in accordance with this Agreement and Customer shall remain liable for all amounts due herein; take possession of any or all of the Equipment and sell, dispose of, hold, use or lease the Equipment; declare immediately due and payable, as liquidated damages for loss of bargain and not as a penalty (i) all accrued and unpaid rent and other accrued obligations hereunder, plus (ii) the sum of all unpaid rent for the remaining Agreement term plus the end of term purchase option price, both discounted to present value at a discount rate of 3% (the "Accelerated Amount") (the Accelerated Amount shall bear interest at a rate equal to 18% per annum or if less the highest rate permitted law). If any information supplied by Customer on the credit application or during the credit process is later found to have been falsified or misrepresented, Customer shall be considered in default and in addition to the preceding remedies, Owner may file criminal charges against Customer and prosecute to the fullest extent of the law. If Owner refers this Agreement to an attorney or collection agency for collection, Customer agrees to pay Owner reasonable attorney and collection fees and actual court costs. Customer further agrees that in the event of default, Owner shall be allowed to take possession of the Equipment and in the event of repossession transfers all ownership interest in said equipment to Owner. If Owner takes possession of the Equipment, Customer agrees to pay the cost of repossession including any damage to the Equipment or real property as a result of the repossession. Customer agrees that Owner will not be responsible to pay Customer any consequential or incidental damages for any default by Owner under this Agreement. Customer agrees that any delay or failure to enforce Owner's rights under this Agreement does not prevent Owner from enforcing any rights at a later time. Customer further authorizes Owner to obtain and use consumer credit reports as may be needed and Customer waives any right or claim Customer may otherwise have under the Fair Credit Reporting Act in absence of this continuing consent.

13. MISCELLANEOUS: The Security Deposit is to secure Customer's performance under this Agreement. Customer will pay the security deposit on the date Customer signs this Agreement. In the event this Agreement is not fully completed or consummated, the security deposit will be retained by Owner to compensate Owner for Owner's documentation, processing, collection efforts and other expenses. If all conditions herein are fully complied with and provided there are no events of default to this Agreement per paragraph 12, the security deposit will be refunded to Customer after the return of the Equipment in accordance with paragraph 5 or the Agreement is paid in full. This Agreement may be signed in counterparts that together will constitute one document. This Agreement may be executed by way of facsimile or electronic transmission, and if so, shall be treated as an original having the same binding legal effect. Only the counterpart of this Agreement that bears Owner's manually applied signature shall constitute the original chattel paper for purposes of possession. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement. Captions or paragraph headings are intended for convenience or reference only and shall not be construed to define, limit or describe the scope or intent of any provision hereof. Customer will promptly execute or otherwise authenticate and deliver to the Owner such further documents or take such further action as Owner may reasonably request in order to carry out the intent and purpose of this Agreement. Unless Customer provides Owner with written notice of non-acceptance of the Equipment within ten (10) days of Supplier's delivery of Equipment to Customer, the Equipment shall be deemed to be fully accepted and Agreement shall be fully valid and in force whether or not Customer has executed a Delivery & Acceptance Certificate. Upon Owner's request, Customer agrees to provide updated financial information (including but not limited to financial statements and tax returns).

14. LAW. THIS AGREEMENT WILL BE DEEMED FULLY EXECUTED AND PERFORMED IN OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE STATE LAW IN ACCORDANCE WITH OWNER'S OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. CUSTOMER EXPRESSLY CONSENTS TO JURISDICTION OF ANY STATE OR FEDERAL COURT IN OWNER'S STATE OR ITS ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS OR ANY OTHER COURT SO CHOSEN BY OWNER. CUSTOMER EXPRESSLY CONSENTS TO GOVERNING LAW, VENUE PROVIDED HEREIN AND EXPRESSLY HEREBY WAIVES THE RIGHT TO TRIAL BY JURY FOR ANY CLAIMS, COUNTERCLAIMS, AND DEFENSES CUSTOMER MAY HAVE RELATED TO OR RELATING TO THIS AGREEMENT.



AUTHORIZED SIGNATURE
4831-4101-7271, v. 1

DATE

Credit Release Language

Geneva Capital, LLC
1311 Broadway Street
Alexandria, MN 56308
(320) 762-8400

Credit Release & Information Verification:

By signing this application the Applicant(s) certifies that all information contained in this application, and all attachments hereto, are true and accurate to the best of the Applicant(s) knowledge and are made for the purpose of obtaining credit for business purposes, and not for personal or family use. The Applicant(s) hereby authorize Geneva Capital, LLC and its assigns to obtain and use consumer credit reports on the undersigned, now and from time to time, as may be needed in the credit evaluation and review process and waives any right or claim the Applicant(s) would otherwise have under the Fair Credit Reporting Act in absence of this continuing consent. The Applicant(s) further authorize any government agency, bank or financial institution to release credit information on the Applicant(s) accounts to Geneva Capital, LLC and its assigns. If credit is extended, Applicant agrees that submitting an electronic, photocopy or facsimile copy of a signed authorization shall be deemed to be binding, valid, genuine and authentic as an original-signature document for all purposes. The Applicant(s) further authorize Geneva Capital, LLC to mail, fax, text or e-mail solicitations of future lease financing services to Applicant(s).

X

State Effective Dates

The following states have franchise laws that require that the Franchise 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	April 10, 2020 [Amendment Pending]
Hawaii	April 7, 2020 [Amendment Pending]
Illinois	April 16, 2020 [Amendment Pending]
Indiana	March 30, 2020 [Amendment Pending]
Maryland	[Pending]
Michigan	March 27, 2020 [Amendment Pending]
Minnesota	June 5, 2020 [Amendment Pending]
New York	June 9, 2020 [Amendment Pending]
North Dakota	April 13, 2020 [Amendment Pending]
Rhode Island	March 31, 2020 [Amendment Pending]
South Dakota	March 31, 2020 [Amendment Pending]
Virginia	May 15, 2020 [Amendment Pending]
Washington	[Pending]
Wisconsin	March 28, 2020 [Amendment Pending]

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.

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 Basecamp Fitness, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give 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 we 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, whichever occurs first.

If Basecamp Fitness, LLC 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, DC 20580, and the appropriate state agency identified on Exhibit A.

The franchisor is Basecamp Fitness, LLC, 111 Weir Drive, Woodbury, MN 55125. Its telephone number is 866-956-4612.

The name, principal business address and telephone number of each franchise seller offering the franchise

ISSUANCE DATE: March 27, 2020, as amended October 9, 2020.

Basecamp Fitness, LLC authorizes the respective parties identified on Exhibit A to receive service of process for us in the particular state, except in the State of Minnesota, where any of our officers are authorized to receive service of process on our behalf.

I have received a Disclosure Document with an Issuance Date of March 27, 2020, as amended October 9, 2020, that included the following Exhibits:

EXHIBIT A: LIST OF STATE AGENCIES AND AGENTS FOR
SERVICE OF PROCESS
EXHIBIT B: TABLE OF CONTENTS OF OPERATIONS MANUAL
EXHIBIT C: LIST OF OUTLETS
EXHIBIT D: FINANCIAL STATEMENTS
EXHIBIT E: FRANCHISE AGREEMENT, GUARANTY,
GENERAL RELEASE AND STATE SPECIFIC ADDENDA
EXHIBIT F: AREA DEVELOPMENT AGREEMENT, GUARANTY
AND STATE SPECIFIC ADDENDA

EXHIBIT G: STATE SPECIFIC ADDENDA TO FRANCHISE
DISCLOSURE DOCUMENT
EXHIBIT H: PROVISION SERVICES AGREEMENT
EXHIBIT I: ELECTRONIC TRANSFER OF FUNDS
AUTHORIZATION
EXHIBIT J: AFFILIATE GUARANTY
EXHIBIT K: FRANCHISEE QUESTIONNAIRE
EXHIBIT L: EQUIPMENT LOAN DOCUMENTS

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Basecamp Fitness, LLC, at 111 Weir Drive, Woodbury, Minnesota 55125. The second copy of the Receipt is for your records.

Date Disclosure Document Received:

Date Receipt Signed:

Prospective Franchisee's Signature

Print Name

Address:

RECEIPT

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Date Receipt Signed:

Prospective Franchisee's Signature

Print Name

Address:
