FRANCHISE DISCLOSURE DOCUMENT

Join the Pack, Inc.
3148 University Avenue
San Diego, CA 92104
(619) 795-9712
frank@lastrealgym.com
www.LastRealGym.com
www.lastrealgymfranchise.com

Join the Pack, Inc., offers franchises for the operation of gyms under the name "Last Real Gym" offering a gym, personal training, team training classes and any related future services and products.

We offer two programs:

A single Last Real Gym franchise. The total investment necessary to begin operation of your Last Real Gym ranges from ~~$487,600~~$412,600 to ~~$965,400~~$797,400. This includes the initial franchise fee of $40,000 that must be paid to us or an affiliate. This estimated figure also includes the current cost of the Front Desk Package ranging from $5,000 to $10,000, Metal Signage Package ranging from $5,000 to ~~$7,000~~$7,500, Lease Review Fee of $1,200, and the Initial Marketing expenditure ranging from $10,000 to $15,000.

Multiple Last Real Gym franchises. The total investment necessary to begin operations under a Multi-Unit Agreement of Last Real Gym ranges from ~~$547,600~~$472,600 (to develop three franchises) to ~~$1,085,400~~$917,400 (to develop five franchises). The initial development fee ranges from $100,000 (to develop three franchises) to $160,000 (to develop five franchises), that must be paid to us or an affiliate.

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 or grant. **Note, however, that no government 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 Francis X. Kole, frank@lastrealgym.com, 3148 University Avenue, San Diego, CA 92104, (619) 795-9712.

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.

Date of Issuance: ~~February 9, 2017~~March 25, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit H for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION OR ARBITRATION IN THE STATE OF CALIFORNIA. OUT-OF-STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE OR ARBITRATE IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FORM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.
4. THE FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
5. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states 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.

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATES	EFFECTIVE DATE
California	02/20/2018 as amended
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

This Disclosure Document is exempt from the following states having business opportunities laws, with the following effective dates

STATES	EFFECTIVE DATE
Florida	
Kentucky (one-time filing)	
Nebraska (one-time filing)	
Texas (one-time filing)	05/29/2018
Utah	

In all other states, the effect date of this Disclosure Document is the issuance date of ~~February 9, 2018~~March 25, 2019.

TABLE OF CONTENTS

ITEM		PAGE
1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
2	BUSINESS EXPERIENCE	2
3	LITIGATION	3
4	BANKRUPTCY	3
5	INITIAL FEES	3
6	OTHER FEES	5
7	ESTIMATED INITIAL INVESTMENT	11
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	18
9	FRANCHISEE'S OBLIGATIONS	22~~21~~
10	FINANCING	23
11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	25~~23~~
12	TERRITORY	35~~33~~
13	TRADEMARKS	37~~35~~
14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	38~~36~~
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF FRANCHISE BUSINESS	39~~37~~
16	RESTRICTIONS ON WHAT FRANCHISEE MAY SELL	40~~38~~
17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	40~~38~~
18	PUBLIC FIGURES	45~~43~~
19	FINANCIAL PERFORMANCE REPRESENTATIONS	45~~43~~
20	OUTLETS AND FRANCHISEE INFORMATION	47~~45~~
21	FINANCIAL STATEMENTS	50~~48~~
22	CONTRACTS	51~~49~~
23	RECEIPTS	51~~49~~

EXHIBITS:

A. FRANCHISE AGREEMENT
B. MULTI-UNIT AGREEMENT
C. STATE SPECIFIC APPENDIX
D. GENERAL RELEASE (SAMPLE FORM)
E. CONVERSION AGREEMENT
F. FINANCIAL STATEMENTS
G. OPERATIONS MANUAL TABLE OF CONTENTS
H. STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
I. LIST OF CURRENT FRANCHISEES AND LIST OF FORMER FRANCHISEES
J. RECEIPTS

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

The Franchisor and its Affiliate

To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), "we," "us," "Franchisor," "Last Real Gym," or "our" means Join the Pack, Inc. "You," "your," or "Franchisee," means the person or legal entity (including an individual, corporation, partnership, limited liability company or other legal entity, and its owners, officers, and directors) buying the franchise. If you are a legal entity, your direct or indirect owners will have to guarantee your obligations and be bound by the provisions of the franchise agreement and other agreements as described in this Disclosure Document.

We were incorporated in the State of California on March 6, 2017 under the name Join the Pack, Inc. We do business under our trade name and service mark LAST REAL GYM®. Our principal business address is 3148 University Avenue, San Diego, CA 92104. We do not have any parents or predecessors. We began to sell franchises on ~~the date of this document~~April 10, 2018. We have not offered franchises in the line of business disclosed in this Disclosure Document. We do not offer franchises in any other line of business or conduct any other business.

Our affiliate UrbanBody, Inc. is a California corporation formed on June 4, 2002. Our affiliate has owned and operated the Last Real Gym at 3148 University Avenue, San Diego, CA 92104 since its inception. UrbanBody, Inc. also owns the trademarks to the LAST REAL GYM® System and has licensed to us under a license agreement, the right to use and sublicense the LAST REAL GYM® trademark.

Our agents for service of process are listed on Exhibit H to this Disclosure Document.

Description of the Franchised Business

We offer for sale franchises to establish and operate Last Real Gym gyms (the "Gym") which are identified by the "Last Real Gym" trade name, trademarks and service marks (collectively, the "Marks"). The Franchise Agreement grants you the right to establish and operate one (1) Last Real Gym at a location approved by us. You will operate your Gym according to our standards, specifications, methods, techniques, and operating and other procedures ("System Standards"), which constitute our unique Last Real Gym franchise system (the "Franchise System"). The System Standards are described in our confidential operations manual (the "Operations Manual"). The System and the Operations Manual may be changed, improved and further developed by us.

The distinguishing characteristics of the Franchise System include the Marks, the interior layout and design, color scheme, signage and equipment, copyrights, titles, symbols, emblems, slogans, insignia, designs, diagrams, artwork, worksheets, originals, manuals, techniques, rules, ideas, philosophies, illustrations, course materials, the Operations Manual, any other manuals or materials made available to you regarding the operations of your Gym, the System Standards, advertising, and promotional materials, other audio video and written materials, and other aspects of the Franchise System we develop and designate for use within the Franchise System in the future, all of which we may enhance and further develop (the "Proprietary Assets").

As a franchisee, you will be in the business of operating a membership-based gym in accordance with our System and our Operations Manual. Your Last Real Gym will offer cardio equipment, strength-training equipment, functional training equipment, personal training, team training classes and fitness programs as prescribed under the System. You Last Real Gym will feature our unique front desk and reception area and a retail center offering cooler drinks, pre-packaged healthy ~~snacks~~food, fitness-related products and Last Real Gym branded gear. You must offer for sale all memberships, services, products

and merchandise we designate, as well as any related services and products that we may offer in the future. You may not offer other services or products without our written approval.

Market and Competition

The Gym will compete with other health clubs, Gyms and businesses that offer similar products and services, including internet-based businesses. The fitness market is developing and competitive. Your Last Real Gym will face national, regional and local competition. Your competition includes large no-frills fitness chains, mid-range franchises, independent fitness centers, high-end corporate health clubs, employer fitness facilities, university sports complexes and large not-for-profit facilities. You will also face competition from boutique fitness businesses including personal training studios, yoga studios, boxing and kickboxing studios, barre fitness, Pilates, boot camps and cycle gyms, and others that may arise as fitness trends change.

You will offer your products and services throughout the year to the general public, over 18 years of age. The fitness industry can be seasonal and your business might be impacted by factors including time of year, holiday schedules, local economic conditions, your location and your demographics.

Licenses, Permits and Industry Regulations

It is your sole and absolute obligation to research all applicable federal, state and local laws and regulations governing the operation of your Gym. You must comply with such laws and with all other laws that apply generally to all businesses. The state or other locality in which you operate your Gym may have codes, ordinances, statutes, or laws which licenses or regulate personal trainers, gyms, health clubs or businesses such as the one being offered in this Disclosure Document, and such regulations could affect the operations of your Gym. These state and local laws may include such things as posting required statements concerning steroid and other drug use, requiring certain medical equipment in the Gym (such as automated external defibrillators (AEDs)), limiting the supplements that health and fitness clubs can sell, requiring bonds if a health or fitness club sells memberships valid for more than a specified period of time, requiring club owners to deposit into escrow certain amounts collected from members before the club opens~~ (so-called "presale" memberships)~~, and imposing other restrictions on memberships that health or fitness clubs sell. Other regulations may apply to site location and building construction. You must know the laws and regulations applicable to your Gym and ensure that you and your employees comply with all such laws and regulations. You are also responsible for obtaining and keeping in force any licenses or permits required for operating your Gym. You should consult with your own professional advisors, such as an attorney and accountant, regarding applicable laws and regulations.

ITEM 2 BUSINESS EXPERIENCE

Francis X. Kole, President and Chief Executive Officer, Director

Mr. Kole has been our President, Chief Executive Officer and Director since our inception on March 6, 2017 and holds the same positions at our affiliate, UrbanBody, Inc. in San Diego, CA since 2002. Mr. Kole is the founder of the Last Real Gym.

Robin M. Kole, Chief Financial Officer, Secretary and Director

Ms. Kole has been our Chief Financial Officer, Secretary and Director since our formation on March 6, 2017 and holds the same positions at our affiliate, UrbanBody, Inc. in San Diego, CA since 2002.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

Your Initial Franchise Fee is $40,000. You must pay the Initial Franchise Fee in full, lump-sum payment on the date that you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon payment and there are no refunds under any circumstance. All fees are uniformly imposed on all Franchisees.

Development Fee

You may also purchase the rights to open multiple Last Real Gym franchises, in which case you will sign the Multi-Unit Agreement which is attached to this Disclosure Document as Exhibit B. If you sign a Multi-Unit Agreement, you must pay to us a non-refundable development fee (the "Development Fee") equal to $40,000 for the first Gym, plus $30,000 for each additional Gym you agree to develop under the Multi-Unit Agreement which is due when you sign the Multi-Unit Agreement. When you sign the Franchise Agreement, you will receive a credit of $40,000 toward the Initial Franchise Fee for the first Gym you agree to develop under the Multi-Unit Agreement and a $30,000 credit for each additional Gym you agree to develop under the Multi-Unit Agreement. The calculation and the structure of the Development Fee is uniform for developers. All Multi-Unit fees are fully earned upon payment, and there are no refunds under any circumstances.

Three (3) Unit Multi-Unit. In addition to the $40,000 Initial Franchise Fee you will pay a $30,000 Development Fee for each additional unit you agree to develop for a total of $100,000. You shall open the first unit within nine (9) months from the execution of the Franchise Agreement, the second unit within twelve (12) months of the first location opening and the third within twelve (12) months from the opening of the second location.

Five (5) Unit Multi-Unit: In addition to the $40,000 Initial Franchise Fee you will pay a $30,000 Development Fee for each additional unit you agree to develop for a total of $160,000. You shall open the first unit within nine (9) months from the execution of the Franchise Agreement, the second unit within twelve (12) months from the opening of the first location and the third unit within twelve (12) months from the opening of the second location, the fourth unit within twelve (12) months from the opening of the third location the fifth unit within twelve (12) months from the opening of the fourth location. The opening of all five units cannot exceed fifty-seven (57) months.

Other Initial Payments – Before you open your Gym, you are required to pay us the fees stated below:

Front Desk Package. You are required to purchase a Front Desk Package from us for your Last Real Gym signature Front Desk with our metal dog logo on the front. Our signature Front Desk is unique to the Last Real Gym and essential to setting the strong and confident vibe for the authentic Last Real Gym experience. Your Front Desk will be custom-built for your space and will serve the functions of check-in, register, scheduler and office. Your Front Desk will be delivered to you empty and you are responsible

for installing your Front Desk. You are responsible for purchasing, installing and maintaining all of the equipment at the Front Desk as detailed in the Operations Manual. Your Front Desk Package cost will be determined at the time of design, after you have signed your lease. We estimate the current cost to range from $5,000 for a basic desk to a high of $10,000 for a larger desk or a more complex space. These estimates include delivery and 8% sales tax. Sales tax may vary depending on your Last Real Gym location.You are responsible for the installation of your Front Desk. The payment to us for the Front Desk Package is due in full at the time your order is placed. The payment to us for the Front Desk Package is fully earned upon payment and there are no refunds under any circumstance.

Metal Signage Package. You are required to purchase a Metal Signage Package from us for your Last Real Gym signature metal interior and exterior signs. We will design your Metal Signage Package based on your actual space and local zoning and property use requirements and restrictions. Your Metal Signage Package will typically include one external sign with the words LAST REAL GYM and one metal dog logo, and a minimum of four internal metal dog logo signs. Depending on your site, you may need more than one external sign. Your Metal Signage Package cost will be determined at the time of design, after you have signed your lease. The cost will vary depending on the type, size and location of each sign. We estimate the Metal Signage Package cost to range from $5,000 to $7,500. The low estimate assumes a basic package and the high estimate assumes larger signs, more complex signs or additional signs. The estimates include delivery~~, installation~~ and 8% sales tax. Sales tax may vary depending on your Last Real Gym location. You are responsible for the installation of all signs. The payment to us for the Metal Signage Package is due in full at the time your order is placed. The payment to us for the Metal Signage Package is fully earned upon payment and there are no refunds under any circumstance.

Lease Review Fee. When you enter into a letter of intent for the lease of your Franchise premises, you will be required to pay us $1,200 Lease Review Fee. We must review and approve any lease for your Gym premises. Our review of your lease is for our benefit and the benefit of the Franchise System. The Lease Review Fee is fully earned upon payment and there are no refunds under any circumstances.

Initial Marketing Spend Requirement. During the period beginning at least 60 days before you open your Gym and continuing through the first 60 days of your Gym operations, you must spend at least $10,000 and up to $15,000 to advertise, market and promote your Gym and pre-opening membership sales. However, if you purchase an existing gym, the $10,000 to $15,000 Initial Marketing Spend Requirement applies during the first 180 days after you take possession of the Gym. We reserve the right to require you to pay us the Initial Marketing Spend Requirement. If we require you to pay us the Initial Marketing Spend Requirement, we will advertise, market and promote your Gym on your behalf.

All initial fees are payable in lump sum upon execution of the Franchise Agreement and are non-refundable. Unless otherwise noted all fees are uniformly imposed on all franchisee.

[The remainder of this page is intentionally left blank]

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee[1]	5% of Gross Sales	Weekly	See Note 1
Brand Fund Contribution[2]	Currently 1% of Gross Sales; May increase to a maximum of 2% of Gross Sales	Same as Royalty Fee	See Note 2
Initial Marketing Spend Requirement and Ongoing Local Marketing Spending Requirement[3]	2% of Gross Sales	As established	See Note 3
Marketing Cooperative[4]	As established by Marketing Cooperative	As established	See Note 4
Technology Fee[5]	Currently $100.00 per week	Same as Royalty Fee	See Note 5
Default Fee[6]	$250	Upon receipt of statement	See Note 6
Insufficient Funds Fee[7]	$150	Upon receipt of statement	See Note 7
Defense or Enforcement Costs[8]	All costs including attorneys' fees	Upon settlement or conclusion of a claim or legal action	See Note 8
Indemnification[9]	All costs including attorneys' fees	Upon settlement or conclusion of a claim or legal action	See Note 9
Collection Costs[10]	All costs including attorneys' fees	Upon settlement or conclusion	See Note 10
Default Operation Costs (in event of your default)[11]	$5,000 per month	1st day of each month upon occurrence	See Note 11
Royalty Underpayments[12]	Difference between the amounts reported and correct amount, plus 12% interest. If understated amount is more than 2%, plus our costs including attorneys', fees, accountants' fees, and our travel expenses	Time of Audit	See Note 12 The highest rate allowable under California law is 10% annum.

Supplier and Product Evaluation Fee[13]	$100 per hour	Upon request	See Note 13
Renewal Fee[14]	$5,000	At the time you sign the new Franchise Agreement	See Note 14
Additional Training[15]	The current fee is $300 per person per day for any additional training conducted at our facility and you must pay all costs for travel, meals, lodging and other expenses	If a fee is payable, before attendance at training program, costs and expenses as incurred	See Note 15
Insurance[16]	If you fail to obtain insurance, we may obtain it for you and your will be required to reimburse us for any premiums and other costs we incur plus a 20% administrative fee	Varies by coverage and provider	See Note 16
Transfer Fee[17]	$10,000	Upon transfer	See Note 17
Arbitration and Proceeding Costs[18]	Our arbitration or other proceeding fees and costs plus attorneys' fees and costs if we prevail in the arbitration or proceeding	Upon conclusion of arbitration or proceeding	See Note 18
Monthly Management Fee[19]	$5,000	Upon request	See Note 19

NOTES

Except as otherwise noted, all fees are uniformly imposed on all franchisees and collected by, and payable to, us or our affiliates. Any fees paid to us are non-refundable unless otherwise noted. Fees paid to vendors or other suppliers may be refundable, depending on the vendors and suppliers policies. Your costs for certain items listed above may differ depending on the suppliers used, local costs, and other factors. We will auto-debit your designated bank account via electronic funds transfer ("EFT") for all fees you are required to pay to us under the Franchise Agreement. We will EFT your bank account for the amounts due based on your gross weekly receipts from the previous week, as obtained by us from our approved computer system used by you to record receipts. Your EFT will remain in effect throughout the term of the Franchise Agreement. You must ensure that funds are available in your bank account to cover our withdrawals. Some banks charge fees for us to debit your account, you must pay those fees. We can require an alternative method of payment or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement.

NOTES

1. **Royalty Fee.** You must pay us a weekly Royalty Fee starting with the first full calendar week after opening your Gym. Your first Royalty Fee must also include Gross Sales derived from pre-sale of memberships prior to opening. We reserve the right to collect royalties on a monthly, rather than weekly, basis upon notification to you.

   If we are unable to obtain your gross receipts directly from our approved computer system used by you to record receipts, we may debit your account for an estimated royalty equal to 110% of the average of your last 3 months of gross receipts for your Gym ("Estimated Royalty"). If the Estimated Royalty we debit from your account is less than the amount you actually owe us (once we have determined your Gym's true and correct gross receipts), we will debit your account for the balance on the day we specify. If the Estimated Royalty we debit from your account is greater than the amount you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following period.

   Despite any designation you make, we may apply any of your payments to any past due amounts you owe us.

   Gross Sales includes all of your revenue and receipts, including those taken by cash, credit card, debit card, check, trade, barter or exchange, electronic funds transfer, or any other means of credit, which are derived from the operations of your Gym, including the sale of pre-opening memberships, the sale of memberships, fitness services, gift cards which are not sold under our national gift card programs, merchandise, products or any other products or services sold by you, whether sold at your Gym location or from an off-site location. Gross Sales also include the gross amount of redemptions for gift cards sold under our national gift card program. Gross Sales exclude sales, use or privilege taxes paid to the appropriate taxing authority, refunds made to clients, and gross redemption amount of gift cards sold under any of our national gift card programs. In addition, should your business be interrupted for any reason and you are receiving business interruption insurance payments, the gross amount of these payments will be considered to be gross receipts and will be subject to the Royalty Fee.

2. **Brand Fund.** You must make weekly contributions to a Branding Fund (the "Brand Fund") of at least 1% of the Gross Sales of your Gym, which we will spend promoting and building the Last Real Gym brand, preparing advertising and promotional materials and advertising, marketing and promotional programs for your Gym. You must pay your Brand Fund Contribution at the time you pay your Royalty Fee. We reserve the right to increase the Brand Fund contribution to 2% of your Gross Sales, upon 30 days' notice to you. You must also satisfy the Initial Marketing Spend Requirements and Ongoing Marketing Spend Requirement described below. The Brand Fund is described in Item 11.

3. **Initial Marketing Spend Requirement and Ongoing Local Marketing Spending Requirement.** During the period beginning at least 60 days before you open your Gym and continuing through the first 60 days of your Gym operations, you must spend at least $10,000 and up to $15,000 to advertise, market, and promote your Gym and pre-opening membership sales (the "Initial Marketing Spending Requirement"), provided however, if you purchase an existing Gym, the $10,000 to $15,000 Initial Marketing Spend Requirement applies during the first 180 days after you take possession of the Gym. You must spend at least this amount on local advertising, marketing and promotional programs for your Gym in your local area where your Gym is located. Your Ongoing Local Marketing Spend Requirement is 2% of Gross Sales and

commences 60 days after you have opened for business. Your Ongoing Local Marketing Spend Requirement excludes any contributions you make to the Brand Fund, but does include any contributions you make to a Marketing Cooperative. Your required Marketing Cooperative contributions could, be themselves, exceed the minimum Ongoing Local Marketing Spend Requirement. If you fail to meet your requirements, we have the right to collect your minimum Ongoing Local Marketing Spend Requirement and use those funds for local, regional or national advertising or promotional programs.

4. **Marketing Cooperative.** We may establish a marketing cooperative in a geographic area in which two or more Gyms are located ("Marketing Cooperative"). The Marketing Cooperative's members will include all Gyms operating in the geographic area, including us and our affiliates, if applicable. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Gym. All material decisions of the Marketing Cooperative, including contribution levels, will require the affirmative vote of at least 51% of all Gyms operating within the Marketing Cooperative's area (including those that we and our affiliates operate, if any), with each Gym receiving one vote. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We may form, modify, change, dissolve, or merge Marketing Cooperatives. As of the date of this Disclosure Document, there are no Marketing Cooperatives in existence.

5. **Technology Fee.** This fee covers certain technologies that are used in the operation of your Last Real Gym such as business management software, point-of-sale software, general website maintenance and promotion, design and maintenance of your Gym's website page on our website, use of the Last Real Gym intranet, email accounts, file sharing and storage, and our services in maintaining and administering these technologies. A portion of this fee may be paid to third-party hosting providers at our choice. We reserve the right to upgrade, modify and add new software. You will be responsible for any increase in fees that results from any upgrades, modifications or additional software.

6. **Default Fee.** If you are in default of the Franchise Agreement and we send you a default notice, you must pay us a Default Fee.

7. **Insufficient Funds Fee.** If you write us a check that is returned, cancelled or dishonored, or if we debit your bank account in accordance with the terms of the Franchise Agreement and your account has insufficient funds or is inaccessible, you must pay us an Insufficient Funds Fee. You must also reimburse us for any bank fees we incur as a result of your failed payment.

8. **Defense or Enforcement Costs.** If we are successful in any action based on your breach of the Franchise Agreement, we will be entitled to have you pay our reasonable attorneys' fees, court costs, expenses of litigation and all other costs associated with any other appropriate remedies.

9. **Indemnification.** You must indemnify, defend and hold us, our affiliates, and our and their respective stockholders, members, owners, principals, directors, officers, employees, representatives and agents, harmless from any and all losses, expenses, judgments, claims, reasonable attorneys' fees and damages related to the Gym or from your breach of the Franchise Agreement. You must notify us in writing within five calendar days of any lawsuit, complaint or proceeding filed by or against you regarding the operation of the Gym and, upon request, must furnish us with copies of all documents related to the lawsuit, complaint or proceeding.

10. **Collection Costs**. If you withhold monies owed to us in the absence of a court order permitting you to do so, you must pay us all reasonable costs, including court costs, attorneys' fees, reasonable value for our employees' time, witness fees and travel expenses incurred in pursuing the collection of the withheld monies.

11. **Default Operation Costs (in the event of your default).** If you are in default of the Franchise Agreement and have not cured the default within the applicable cure period, we have the right to enter your Gym, to make modifications necessary to protect the Proprietary Assets, to cure any default under the Franchise Agreement or under the lease for the premises, and assume all of your rights under the lease including making lease payments, including the right to assign or sub-lease. We shall also have the right to remove your equipment and signage. If we choose to enter and manage your business in the case of your breach of the Franchise Agreement, you must pay us a monthly fee. We have these rights whether or not your Franchise Agreement is terminated.

12. **Royalty Underpayments.** If an inspection or audit of your books and records reveals that any payments due or made to us were based upon understated amounts, then, upon our demand, you must immediately pay us an amount equal to the payment that would have been due or paid in the absence of understated amounts, minus the payment actually due or made, plus 12% interest, calculated on an annual basis, from the date the disputed amount was originally due until the correct amount is paid. If the understatement is 2% or more, then you will also reimburse us for any costs and expenses, including accounting, attorneys' fees, and travel related expenses in connection with the inspection or audit.

13. **Supplier and Product Evaluation Fee.** Payable if we inspect a new product, service, or proposed supplier at your request. Our fee for evaluating the requested supplies or supplier is $100.00 per hour, which you must pay to us when billed. We will typically provide a response to the written request within 30 days from our receipt of the request. Item 8 contains additional information regarding our use of approved products, services, and suppliers.

14. **Renewal Fee.** If you are approved to renew your Franchise Agreement, you will sign our then-current forms of renewal addendum and franchise agreement (which may contain terms and conditions materially different from those in the form of Renewal Addendum and Franchise Agreement attached to this Disclosure Document) and pay us a renewal fee of $5,000. The renewal fee is due upon renewal of the Franchise Agreement and is payable by cashier's check or wire transfer.

15. **Additional Training.** The cost of our Training Program for up to five persons is included in your Initial Franchise Fee. The Training Program consists of two phases. Phase 1 consists of five days at our Last Real Gym in San Diego, CA. Phase 2 consists of five days on-site at your facility. After the first five persons, you will incur additional training costs. The current fee is $300 per person per day for training at our facility and $500 per support person per day for additional training that we provide at your facility. In all cases, you are solely responsible for all salaries, compensation, benefits, travel and related expenses for you and your employees.

    We may charge you for training additional persons, training newly-hired personnel, refresher training courses, advanced training courses and training materials that we provide over time. You must require any of your employees to successfully complete any training program which we designate as mandatory.

    We may require attendance at a refresher training course for a number of reasons, such as if we introduce a new service, if our System Standards change, if an existing franchisee needs to be

educated in new systems, or if a franchise has committed an operational default and needs additional training.

We may also charge you for additional assistance or training that you need or request. In this case, you and we will agree on the nature and scope of such additional assistance, including fees and costs. If we travel to your Last Real Gym to provide on-site training, you will reimburse us for reasonable out-of-pocket expenses for travel and living expenses for our personnel.

16. **Insurance.** You must obtain and retain, the required insurance coverage specified by us. If you fail to obtain or retain such insurance, we may, but are not obligated to, obtain such insurance for you and charge you the costs of the premiums, plus 20% of the premiums as an administrative cost of obtaining the insurance. Item 8 contains additional information about our insurance requirements.

17. **Transfer Fee.** You must pay us a transfer fee if you sell or transfer ownership of your Gym, or if you assign or sell your controlling interest in the Gym to another party. You must pay us this transfer fee in a lump sum by cashier's check or wire transfer at the time of the transfer. If the transferee is referred to you by a broker, you must also pay the broker's fees. You do not have to pay a transfer fee if you transfer your individual interest in the Franchise Agreement to a corporation, limited liability company, partnership or similar entity in which you own a controlling interest. If we terminate our conditional consent to the transfer or the transferee's franchise agreement for certain reasons (for instance, if the transfer does not occur or the transferring parties fail to meet the conditions to our consent), and the transferring parties sign a general release, then we will refund the transfer fee. However, if the transferee has already attended any portion of our Training Program, we will only refund 50% of the transfer fee.

18. **Arbitration and Proceeding Costs.** The prevailing party of any arbitration or other proceeding will be entitled to its reasonable attorneys' fees and costs.

19. **Monthly Management Fee.** From the date of your death or disability (or of your last surviving principal, partner or shareholder if you are an entity) until a fully-trained and qualified Manager assumes control, we may operate the Gym, but will have no obligation to do so. If we do, then we will deduct our expenses for travel, lodging, meals, and all other expenses and fees from the Gym Gross Sales and pay ourselves a management fee. This fee will be $5,000 per month. The Management Fee will be in addition to the Royalty Fees (as described above in this Item 6) that you must pay to us. We will remit any remaining funds to your estate. Your estate must pay us any deficiency in sums due to us under the Franchise Agreement within 10 days of our notifying your estate of deficiency.

[The reminder of this page is intentionally left blank]

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Low	High			
Initial Franchise Fee[1]	$40,000	$40,000	Lump Sum, Cashier's Check or Electronic Transfer	When you sign the Franchise Agreement	Us
Training Expenses[2]	$2,000	$10,000	As Incurred	During Training	Vendors, Airlines, Hotels, Car Rental Companies
Lease Review Fee[3]	$1,200	$1,200	As Agreed	Prior to Signing of Lease	Us
Real Property[4] (3 months' rent)	$18,000	~~$45,000~~$36,000	As Agreed	After Signing of Lease, Prior to Opening	Landlord
Lease Security Deposit[5] (3 months' rent)	$6,000	~~$45,000~~$36,000	As Agreed in Lease	At Signing of Lease	Landlord
Leasehold Improvements, Construction, Remodeling, Decorating, Furniture and Fixtures[6]	$50,000	~~$275,000~~$200,000	As Agreed	Before Opening	Landlord, Lender or Contractors and Vendors
Utility Deposits[7]	$0	$4,500	As Agreed	Before Opening	Landlord and/or Utility Companies
Insurance[8] (annual premium)	$4,000	$10,000	As Agreed	Before or At Opening	Insurance Company
Business Licenses and Permits; Incorporation Costs[9]	$2,500	$10,000	As Agreed	Before Opening	State, County, City
Fitness Equipment[10]	~~$225,000~~$175,000	~~$300,000~~$250,000	As Agreed	At the time the order is placed	Us, Vendor or Leasing Companies

Security and Web Camera System[11]	$4,000	$10,000	As Agreed	At Time the Order is Placed	Us, Vendor or Leasing Companies
AED and First Aid Equipment[12]	$1,200	$3,000	As Agreed	At Time the Order is Placed	Vendors or Leasing Companies
Initial Inventory	$2,000	$4,000	As Incurred	Prior to Opening	Approved Third Party Suppliers
Office Supplies, Cleaning Supplies[13]	$2,000	$4,000	As Incurred	As Arranged	Approved Third Party Suppliers
Computer Hardware and Software[14]	$4,000	$8,000	As Arranged	At Time the Order is Placed	Approved Third Party Suppliers
Technology Fee[15]	$1,200	$1,200	As Arranged	Prior to Opening	Us
Front Desk Package[17]	$5,000	$10,000	As Arranged	Prior to Opening	Us
Metal Signage Package[18]	$5,000	$7,500	As Arranged	Prior to Opening	Us
Initial Marketing Spending Requirement[19]	$10,000	$15,000	As Incurred	Before and during your first 90 days of business	Approved third party suppliers of advertising materials
Uniforms[20]	$500	$2,000	As Incurred	As Incurred	Approved third party suppliers
Professional and Legal Fees[21]	$4,000	$10,000	As Incurred	As Incurred	Your Lawyer and other professionals
Additional Funds - First Three Months[22]	~~$100,000~~$75,000	~~$150,000~~$125,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, Etc.
TOTAL[23]	~~$487,600~~$412,600	~~$965,400~~$797,400			

NOTES

1. **Initial Franchise Fee.** The Initial Franchise Fee is due upon signing and is nonrefundable. We do not offer direct or indirect financing of the Initial Franchise Fee or any other startup costs. The availability and terms of possible financing from third party sources will depend on factors such as availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The numbers included in this estimate do not include any finance charges, interest or debt service obligations or your living expenses. Payments to us are not refundable. Payments to third-party vendors may be refundable subject to each vendor's policies.

2. **Training Expenses.** You must pay your own transportation, meals, lodging and any other living expenses for you and any other persons attending the Training Program outlined in Item 11 of this Disclosure Document, which consists of two phases. Phase 1 of the Training Program is a hands-on orientation for operating your Gym, consisting of 5 days on-site at a location we designate, currently the Last Real Gym in San Diego, California. Phase 2 of the Training Program consists of 5 days on-site at your facility to support you through the opening and initial operations of your Gym.

   You and any other individuals who will have responsibility for the day-to-day operation of your Gym must complete Phase 1 of the Training Program to our satisfaction within 60 days after the effective date of the Franchise Agreement. The cost of Phase 1 of the Training Program for up to 5 individuals is included in your Franchise Fee. For each additional person above 5 designated by you to attend Phase 1 of the Training Program, you must pay us a fee of $300 per day (which is not refundable under any circumstances) and pay for the additional person's transportation, meals, lodging and other living expenses.

   You must pay for all travel, accommodations, meals and other expenses incurred by all individuals who you designate to attend Phase 1 of the Training Program. The amount you spend per individual will depend on the distance traveled and the type of accommodations you choose. In the chart, the low estimate contemplates attendance by just you traveling to our Last Real Gym in San Diego, California for 5 days. The high estimate contemplates attendance by you and 4 other people traveling to our Last Real Gym in San Diego, California for 5 days. The estimates do not include wages or salary you may choose to pay yourself or others while attending the Training Program.

   You and any other individuals who will have responsibility for the day-to-day operation of your Gym must complete Phase 2 of the Training Program to our satisfaction at least 30 days before your Gym opens and not more than 30 days after your Gym opens. The cost of Phase 2 of the Training Program is included in your Franchise Fee. If, upon the arrival of our support team at your Gym, we determine that you are not ready to open your Gym, or if we determine that you require or would benefit from more than 5 days of on-site opening support, you will pay us a fee of $500 per support person per day and you will responsible for the reasonable travel and living expenses incurred by our support team in providing the postponed or additional assistance. The estimate assumes no additional training is required.

3. **Lease Review Fee.** When you enter into a letter of intent for the lease of your Last Real Gym premises, you must pay us a $1,200 Lease Review Fee. We must review and approve any lease or purchase documents. Our review of your lease is for our benefit and the benefit of the Franchise System.

4. **Real Property.** You must obtain and maintain a commercial business space that meets our requirements. A Last Real Gym will typically be ~~8,000~~6,000 to ~~10,000~~8,000 square feet in size, with a space that is enclosed and separate from other businesses. The typical location is on a high-traffic street in an urban or suburban neighborhood. ~~You~~ Your actual rent payments and deposits will depend on your market and your market's retail lease rates, the size of your facility, the specific location and condition of the premises, the demand for the premises among prospective lessees, the site's previous use, and the nature and extent of improvements required.

   In the chart above, the estimates cover the rent from the time you take possession of your premises to your opening, which we estimate to be three months. The low estimate assumes $6,000 per month rent for ~~an~~ a ~~8,000~~6,000 square foot facility and the high estimate assumes ~~$15,000~~$12,000 per month rent for a ~~10,000~~8,000 square foot facility. The range of estimates does not include any landlord allowances or rent deductions which may or may not be granted by your landlord. We cannot accurately project the cost of leasing or purchasing space and our estimates may be low or high.

   In the chart above, we assume you will lease your space. If you already lease or own your premises, you should use your own estimates when evaluating the cost of real estate. If not, lease situations will vary in rental amounts, lease terms, amount of space required, tenant improvements required, security deposit and advance rental required. If you purchase the real estate instead of leasing, your monthly mortgage payment will depend on the purchase price, down payment, interest rate and terms of the loan and your initial investment will be significantly higher.

5. **Lease Security Deposit.** Your landlord will typically require a rental security deposit equal to one to three months' rent. In the chart above, the low estimate for a security deposit assumes, a one-month deposit and $6,000 per month rent. The high estimate assumes a three-month deposit and ~~$15,000~~$12,000 per month rent.

6. **Leasehold Improvements, Construction, Remodeling, Decorating, Furniture and Fixtures.** The range of estimate reflects the total build-out and construction expenses of your facility, including the cost of design and architectural services, construction services, decorative finishes, furniture and fixtures. Your Last Real Gym must meet specific minimum construction requirements as detailed in our Operations Manual. This includes a front desk/reception/retail area, a cardio area, a gym floor area, a multipurpose area, two restrooms, two locker rooms and a utility closet. Showers are highly recommended but are not required. Pools and spas are not permitted. You will need certain furniture, fixtures and equipment prior to opening your gym. The estimates include a couch, chairs and tables for your reception area, shelving and a closed display cabinet for your retail area, multiple TV's, entertainment system, day lockers, lighting, fans, sanitary stations, mirrors and other items as detailed in our Operations Manual.

   The low estimate assumes an ~~8,000~~6,000 square foot facility and the high estimate assumes a ~~10,000~~8,000 square foot facility. The low estimate assumes that the facility is in suitable operating condition immediately on your taking possession of the premises. The high estimate includes remodeling walls, ceiling, floors and other construction, including showers, HVAC, electrical, plumbing and carpentry work.

Your actual cost will depend on your local market for construction services, the size of your facility, the specific location and condition of the premises, the site's previous use, and the nature and extent of improvements required. The range of estimates does not include any landlord allowances or tenant improvements which may or may not be granted by your landlord. We cannot accurately project the cost of build-out and construction and our estimates may be low or high.

7. **Utility Deposits.** Some utility companies may require a security deposit before commencing services. The estimate of the total amount of utility security deposits ranges from $0 if your utility does not require a deposit to $4,500 assuming a three-month deposit requirement and a monthly utility cost of $1,500.

8. **Insurance**. You must obtain insurance coverage with the limits required by us as described in Item 8 of this Disclosure Document. Your landlord may require additional insurance. The estimate shown in the table assumes you are paying the entire annual premium up front, which is typically paid before your Gym opens. The range of estimates is based on current market conditions for insurance.

9. **Business License and Permits.** The estimate includes the licenses and permits required to operate a Gym in your location. The license and permit requirements are specific to the state and city/town in which your Gym is located. Certain states may require that you file and post a bond for pre-opening membership sales, the costs of which is not included in the estimate.

10. **Fitness Equipment.** You must purchase specific fitness equipment from our Approved Suppliers for the operation of your Last Real Gym as detailed in our Operations Manual. Your Last Real Gym must have certain cardio equipment, strength-training equipment, free-weights, functional training equipment, and specialty rubber flooring in the fitness areas. You will need to order your equipment approximately three months prior to opening to allow time for delivery and installation. The range of estimated costs represents the minimum equipment requirement to the maximum equipment recommended. The actual cost will depend on the size of your facility and the equipment selected. The estimates include delivery and 8% sales tax. Sales tax may vary depending on your Last Real Gym location.The estimates assume that you pay in full upfront for your fitness equipment. You may choose to lease the equipment from an Approved Supplier. Your lease eligibility and your lease terms will vary depending on your creditworthiness and the lender's underwriting standards and leasing policies.

11. **Security and Web Camera System.** You are required to purchase and install an internet-based multi-camera security system. This will also require a TV or monitor to display the cameras at your Front Desk. The range of estimates represents the high and low costs of our minimum requirement as detailed in the Operations Manual, based on current market conditions.

12. **AED and First Aid Equipment.** You are required to have at least one automated external defibrillator (AED) and one first-aid kit on-site. The range of estimates reflect current market prices for these items.

13. **Initial Inventory.** You will need to stock your retail area prior to opening. In the chart above, the estimate for Initial Inventory includes our recommended initial stock of retail items for sale including pre-packaged healthy ~~snacks~~ food and cooler drinks as detailed in our Operations Manual. This will also include Last Real Gym branded apparel and gear which you will buy from our Approved Supplier. The range of estimates represents the high and low costs of our

minimum requirements as detailed in the Operations Manual, based on current market conditions.

14. **Office Supplies and Cleaning Supplies.** In the chart above, the estimate includes our recommended stock of cleaning products, cleaning towels, general office supplies, stationery, business cards, member ID cards and other items that are necessary to open, as described in our Operations Manual. The range of estimates represents the high and low costs of our minimum requirements as detailed in the Operations Manual, based on current market conditions.

15. **Computer Hardware and Software**. You will need to purchase specified computer hardware and software which meets certain minimum requirements as described in the Operations Manual and Item 8 and Item 11 of this Disclosure Document. This typically includes one phone, ~~four~~ three desktop computers with monitor, keyboard and mouse, two optical scanners, a receipt printer, a credit-card reader, ~~multiple TV's,~~ and a printer/scanner/copier machine. The range of estimates represents the high and low costs of our minimum requirements as detailed in the Operations Manual, based on current market conditions.

16. **Technology Fee.** In order to begin pre-opening membership sales, you will need to set up your club management and point-of-sale software which is provided by our Approved Supplier. The initial setup and the ongoing cost of this software is included in your Technology Fee. In the chart, the estimates represent payment of the Technology Fee for three months, assuming you begin selling memberships three months prior to opening.

17. **Front Desk Package.** You are required to purchase a Front Desk Package from us for your Last Real Gym signature Front Desk with our metal dog logo on the front. Your Front Desk will be custom-built for your space and will serve the functions of check-in, register, scheduler and office. Your Front Desk will be delivered to you empty and you are responsible for installing your Front Desk. You are responsible for purchasing, installing and maintaining all of the equipment at the Front Desk as detailed in the Operations Manual. Your Front Desk Package cost will be determined at the time of design, after you have signed your lease. The low estimate in the chart assumes a basic desk and the high estimate assumes a larger desk or a more complex space. The estimates include delivery and 8% sales tax. Sales tax may vary depending on your Last Real Gym location.

18. **Metal Signage Package**. You are required to purchase a Metal Signage Package from us for your Last Real Gym signature interior and exterior metal signs. We will design your Metal Signage Package based on your actual space and local zoning and property use requirements and restrictions. Your Metal Signage Package will typically include one external sign with the words LAST REAL GYM and one metal dog logo, and a minimum of 4 internal metal dog logo signs. Depending on your site, you may need more than one external sign. Your Metal Signage Package cost will be determined at the time of design, after you have signed your lease. The cost will vary depending on the type, size and location of each sign. The low estimate in the chart assumes a basic package and the high estimate assumes larger signs, more complex signs or additional signs. You are responsible for the installation of all signs. The estimates include delivery and 8% sales tax. Sales tax may vary depending on your Last Real Gym location.

19. **Initial Marketing Spend Requirement**. During the period beginning at least 60 days before you open your Gym and continuing through the first 60 days of your Gym operations, you

must spend at least $10,000 and up to $15,000, to advertise, market and promote your Gym and pre-opening membership sales. However, if you purchase an existing Gym, the $10,000 to $15,000 Initial Marketing Spend Requirement applies during the first 180 days after you take possession of the Gym. The Initial Marketing Spend Requirement is in addition to your Ongoing Marketing Spend Requirement. The Initial Marketing Spend Requirement will be used to advertise, market and promote your Gym in accordance with an advertising and marketing plan we approve before the opening of your Gym. We have the right to obtain from you information with respect to the results achieved from meeting your Initial Marketing Spend Requirement and implementing your approved advertising and marketing plan. We also reserve the right to require you to pay us the Initial Marketing Spend Requirement. If we require you to pay us the Initial Marketing Spend Requirement, we will advertise, market, and promote your Gym on your behalf.

20. **Uniforms.** You will be required to purchase uniforms for your staff prior to opening. The current uniform is Last Real Gym branded shirts which you will buy from an Approved Supplier. The range of estimates represents the high and low costs of our minimum requirements as detailed in the Operations Manual, based on current market conditions.

21. **Professional and Legal Fees.** We strongly recommend that you hire a lawyer, accountant and other professionals to advise you on this Franchise offering. A lawyer should review your franchise agreement and any related documents, review your lease documents and review any loan or equipment lease documents. Rates for professionals can vary significantly based on area and experience. The range of estimates in the chart above reflects the variability of professional fees.

22. **Additional Funds.** You will need additional funds on hand to cover operating expenses above and beyond your net income for a minimum of your first three months of operation. The range of estimated costs represents your estimated initial start-up expenses (other than the amounts separately identified in the Table), which include payroll costs (excluding a draw or salary for you or your manager if you are not the manager), lease payments, advertising and marketing expenses, uniform expenses, the costs of supplies, and other operating expenses. The 3-month period is not intended, and should not be interpreted, to identify a point at which your Gym will break even. This estimated amount may vary based on a number of factors, including the extent to which you follow our methods and procedures, local economic conditions, the local market for your services, competitions, sales levels, local wage rates, owner's salary, the extent of your actual participation in the Gym, your business acumen, your partners or shareholders (if applicable), and any other persons involved in the Gym. We have not previously offered franchises for the Last Real Gym franchise program. Accordingly, we have relied on our and our affiliates' many years of business experience in supporting Join the Pack, Inc. franchises to compile these estimates.

23. **Total Estimated Initial Investment.** You should review these figures carefully with your professional advisors, including financial and legal advisors, before making any decision to purchase a Gym. The amounts may vary based on your geographic location. You should consider the costs of each of the items described in this Disclosure Document in your geographic location. If you are converting an existing gym, your actual investment may vary depending on the size of your Gym premises, the scope of the leasehold improvements required by us, and whether we approve your existing equipment and supplies for use in your Gym. Fees paid to us are not refundable under any circumstances, unless otherwise stated in the Franchise Agreement. Fees or costs due to any other entity are subject to the terms

set under their agreements. Inflation, discretionary expenditures, fluctuating interest rates and other factors may affect your actual costs to open your Gym. You are responsible for all costs and variances from the estimated costs in this Item 7, or variances from any other estimates we may provide during any phase of the development of your Gym. The availability and terms of financing depend on the availability of financing generally, your creditworthiness, your available collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt obligation. We do not currently finance any portion of the initial investment.

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
(Multi-Unit Agreement)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is to Be Made
	Low	High			
Estimated Initial Investment for First Gym	~~$487,600~~$412,600	~~$965,400~~$797,400	As ~~outlines~~outlined in Table above	As ~~outlines~~ outlined in Table above	As ~~outlines~~outlined in Table above
Multi-Unit Fee	$60,000	$120,000	Certified Funds	At time of signing of Multi-Unit Agreement	Us
Total	~~$547,600~~$472,600	~~$1,085,400~~$917,400			

1. The amount reflects the total estimated initial investment needed to open your first Last Real Gym as outline above in this Item 7, including the $40,000 Initial Franchise Fee. If you sign a Multi-Unit Fee as described below.

2. The amount of Multi-Unit Fee will depend on whether you agree to open three or five Last Real Gym. You will pay the total Multi-Unit Fee upon the signing of the Multi-Unit Agreement. The table above illustrates the low estimate reflects payment of a total of two additional Last Real Gyms and four additional Last Real Gyms.

3. You should be aware that your initial investment for your subsequent Last Real Gyms likely will be higher than the above estimates for your first Last Real Gym due to inflation and other economic factors that may vary over time.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

To maintain the quality, consistency, and goodwill of the Franchise System, you must comply with and maintain our System Standards. We can modify, amend and change our System Standards, the Operations Manual or any other standards and specifications at any time, and will notify you of any such modifications. Notifications may be made by various means, including written or electronic

correspondence, verbal or telephone communication, amendments or updates to the Operations Manual, bulletins and similar means of communications.

We may designate specific products or services that you must purchase. You may be permitted to purchase a product or service from a vendor of your choice and, in those cases, we may, but are not obligated to, provide you with a list of preferred vendors. However, we may require that you purchase the products or services only from certain manufacturers, vendors, distributors, suppliers and producers we approve, which may be us or our affiliates (collectively, "Approved Suppliers") and you will be required to purchase those products or services only from the Approved Suppliers and no other supplier or vendor.

We reserve the right to require you to purchase consumer merchandise (such as apparel, beverages, nutritional supplements, and workout gear), which may or may not be branded with the Marks ("Fitness Products"). You must prominently display the Fitness Products for sale at your Gym and in the manner that we designate. You must purchase the Fitness Products only from Approved Suppliers. You must reorder and stock Fitness Products as reasonably necessary to meet expected consumer demand at your Gym.

To the extent we have designated Approved Suppliers for products or services, you must purchase those products and services only from the Approved Suppliers (which may be one supplier for any given product or service) under terms, in the manner, and from the source designated by us. We currently have designated Approved Supplier for Fitness Products, advertising and promotional materials and other stationery supplies, lease review, fitness equipment, music services, software, uniforms, and signs. We may require you to purchase other items or services only from Approved Suppliers (which might include affiliates).

Other than the Front Desk Package and the Metal Signage Package, we nor our affiliates are currently an Approved Suppliers of any other goods and services, though we may become an Approved Supplier for additional goods and services in the future. We are currently the only Approved Supplier of the Front Desk Package and the Metal Signage Package.

Approval of Alternative Suppliers. With respect to products or services for which we have designated one or more Approved Suppliers, you may request that we permit you to purchase from an alternative supplier other than an Approved Supplier by submitting a written request for our approval. Our fee for evaluating the requested supplies or supplier is $100.00 per hour, which you must pay to us when billed. We will typically provide a response to the written request within 30 days from our receipt of the request. We may require that samples of the product produced by the proposed alternative supplier be delivered to us for review and testing. We do not make available to our franchisees our criteria for approving suppliers. We may withhold approval unless a supplier has agreed that we have a right to inspect the supplier's premises and products. If any inspection discloses a supplier's failure to maintain our specified criteria for products or services, we may revoke our approval by providing you written notice of the revocation. If an exclusive supplier already has been designated for the equipment, products, services, supplies, or materials proposed to be offered by a new vendor, your request for a new vendor likely will be rejected without further review or investigation.

Advertising

All advertising and promotional materials, signs, and other items we designate for marketing, must bear the marks in the form, color, location and manner specified in the Operations Manual. Your advertising, promotion, and marketing must be clear, factual and not misleading, conform to the highest standards of ethics and comply with all advertising and marketing policies specified in the Operations Manual. You cannot use any advertising or marketing materials unless we have prepared the materials on your behalf,

or unless and until you receive our written approval of the materials. We will respond to you within 30 days of receiving any request for approval of your marketing and advertising materials.

As part of your monthly Technology Fee, your Last Real Gym location will have a website page on our main website, which is maintained by us. If you own more than one location, you will have separate web page on our main website for each of your Last Real Gyms. You are not permitted to maintain any other website for your Gym.

You may use any social media platform or any other internet community that we approve. You must follow our guidelines when using social media. You may be required to obtain our approval of any message you compose for or post on a social media website. We may revoke our approval to use any social media website at any time. Your use of social media, including any pictures or other media you may post, must comply with all applicable laws, such as laws governing copyrights.

You must prominently display a statement in your Gym that clearly indicates your Gym is independently owned and operated by you and that you are not our agent. In addition, you must display our standard franchise opportunity sign in a highly visible area of your Gym.

Insurance

Throughout the term of the Franchise Agreement (including any renewal periods) you are required to maintain certain minimum amounts and types of insurance coverage as we periodically specify in the Operations Manual or otherwise in writing. Except for worker's compensation insurance, which you may obtain from your payroll provider or any reputable insurer maintaining a minimum rating of A by A.M. Best, and owned-auto insurance, which you may obtain from any reputable insurer maintaining a minimum rating of A by A.M. Best, you must purchase insurance from an insurance carrier with a performance rating of A or higher as rated in the most recent edition of Best's Insurance Reports. Currently we require, at a minimum, the following types of insurance and minimum coverage limits (a) general liability limits not less than $1,000,000 per occurrence ($2,000,000 in the aggregate); (b) professional liability coverage due to errors or omissions in the performance of services at your Gym with limits not less than $1,000,000 per occurrence ($2,000,000 in the aggregate); (c) hired and non-owned auto liability limits not less than $1,000,000 per occurrence; (d) owned-auto combined single liability limits not less than $1,000,000; (e) sexual abuse and molestation limits not less than $100,000 per occurrence ($300,000 in the aggregate); (f) cyber liability limits not less than $1,000,000 in the aggregate, (g) employment practices liability limits not less than $100,000 in the aggregate; (h) property insurance limits in amounts that adequately protect your business personal property, fixtures, improvements and business interruption and extra expense exposures, and; (i) worker's compensation insurance (in compliance with state and local laws). The types of coverage and minimum coverage limits we specify are for our benefit and are not intended to be relied upon by you as a recommendation as to the types of coverage and coverage limits which are or might be appropriate for your particular Gym. Additional types of coverage and higher coverage limits might be appropriate based upon, for example, the location of your Gym, and we recommend that you consult with your insurance advisor regarding the appropriate types of coverage and coverage limits sufficient to protect your Gym.

Before you open your Gym you must provide us or our designee with copies of each certificate of insurance (including those of each of your employees, if then required) together with evidence of payment of premiums. The certificates must show the minimum limits of coverage required by us and must provide that the insurance cannot be canceled, terminated, materially amended or modified without providing us and any other additional insured 30 days'-advanced written notice. If you fail to obtain or retain the insurance that we require, we may, but are not obligated to, obtain insurance for you, and you must

reimburse us for all related premiums, plus 20% of the premiums as an administrative cost of obtaining the insurance. Each insurance policy for your Gym must designate as additional insured parties us, any of our affiliates or other parties we may periodically designate.

Products, Equipment, Furniture and Fixtures, and Supplies

You will at all times maintain sufficient products, equipment, furniture and fixtures, and supplies to permit your Gym to operate at maximum capacity. Some of these items may only be available from one source, and we or our affiliates may be that source. Items that you are not required to purchase from an Approved Supplier can be purchased from any supplier, so long as the suppliers and supplies you purchase meet our System Standards and other specifications and quality standards.

Revenue from Third Party Suppliers Based on Franchisee Purchases

We may negotiate purchase arrangements with certain Approved Suppliers for the benefit of the Franchise System. We or our affiliates may derive revenue or profit from your dealings with the Approved Suppliers in the form of rebates, cash payments, discounts, promotional allowances, and/or other payments. We have these types of arrangements only with the Approved Suppliers disclosed in this Item 8. We also derive revenue on direct purchases that you make from us or from our affiliates. We retain all of the rebates, commissions or other consideration we are paid, and have the right to use these amounts without restriction (unless we or our affiliates agree otherwise with the supplier) for any purpose we or our affiliates deem appropriate. We do not provide material benefits to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

As of the date of this Disclosure Document, we have no arrangements in place with any third-party Approved Suppliers from whom we receive rebates, cash payments, discounts, or other consideration as a result of your purchase of certain equipment, supplies, products and services.

Except as described above, neither we nor any of our affiliates are currently an Approved Supplier of any other products or service.

For the year ending ~~December 1, 2017~~December 31, 2018, we did not have any revenue from sales of goods and services to our franchises or from any equipment purchase.

We estimate that the cost of your purchases from designated or approved suppliers, or according to our standards and specifications will range from approximately 87% to 92% of the total cost of establishing, and approximately 8% to 11% of the total cost of operating, your Gym.

None of our officers owns an interest in any of our Approved Suppliers. Currently, there are no purchasing or distribution cooperatives in the Franchise System.

[The reminder of this page is intentionally left blank]

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligations	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2.1, 2.2, 2.4, 4.12, 7.2 (Conversion Addendum Sections 2 and 6)	Items 5, 7, 8, 11, and 12
b. Pre-opening purchases/leases	Sections 4.5, 4.7, 5.4, 5.5, 7.5(c), 7.5(e), 7.5(g), 7.5(m), 7.6 (t), 8.6 (Conversion Addendum Section 5)	Items 5, 7, 8, and 11
c. Site development and other pre-opening requirements	Section 5.4, 5.5, 7.3, 7.6(i), (Conversion Addendum Section 6)	Items 6, 7 and 11
d. Initial and ongoing training	Sections 5.2, 5.3, 7.5(d), 7.6(a)	Items 6, 7 and 11
e. Opening	Section 7.3(b) (Conversion Addendum 7)	Items 5, 7 and 11
f. Fees	Section 4, 5.2, 5.3, 5.4, 7.3(a), 7.3(b), 7.5(h), 7.6(m), 8.1(c), 8.4, 8.6, 10.3, 10.6(b) 11.1(m), 11.1(p) (Conversion Addendum Section 3)	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/Operations Manual	Sections 4.9, 5.4, 7.5, 7.6	Items 1, 8, 11, 13, 14, 15 and 16
h. Trademarks and proprietary information	Sections 6, 7.6, 12.4	Items 8, 11, 13, 14 and 16
i. Restrictions on products/services offered	Sections 7.5, 7.6, 8.7	Items 8, 11 and 16
j. Warranty and customer service requirements	Section 7.5(m), 7.6(r), 7.6(y)	Items 8 and 16
k. Territory development and sales quotas	Section 2.3, 5.7	Items 12

l. Ongoing product/service purchases	Sections 4.5, 4.7, 5.4, 7.5(c), 7.5(e), 7.5(f), 7.5(g), 7.5(m), 7.6(i), 8.6	Items 6, 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 3.2(h), 7.6(i), 7.6(u), 7.6(v)	Items 6, 8 and 11
n. Insurance	Section 7.4, 7.6(c) (Conversion Addendum Sections 8 and 9)	Items 6, 7 and 8
o. Advertising	Sections 4.11, 7.6(h), 8	Items 6, 8 and 11
p. Indemnification	Section 9.1	Item 6
q. Owner's participation/management/staffing	Section 1.2, 5.2, 7.1, 7.5, 7.6(a), 7.6(b), 7.6(c)	Items 15
r. Records and reports	Sections 7.5(e), 7.5(g), 7.5(l), 7.6(n), 7.6(w)	N/A
s. Inspections and audits	Sections 7.5(e), 7.5(h), 7.5(l), 7.5(m)	Items 6
t. Transfer	11	Items 6 and 17
u. Renewal	Section 3.2	Item 6 and 17
v. Post-termination obligations	Section 10.4, 10.5, 12.2, 12.5	Item 6 and 17
w. Non-competition covenants	Section 7.6(s), 12.1, 12.2, 12.4	Item 17
x. Dispute resolution	Section 14	Item 17
y. Other Licenses	Section 7.3, 7.5, 7.6(c)	Item 1 and 7
z. Other Pricing	Section 7.5(c)	Item 16

ITEM 10 FINANCING

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

[The reminder of this page is intentionally left blank]

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Join the Pack, Inc. is not required to provide you with any assistance.

Pre-Opening Assistance – Before you open your Gym, we or our authorized representative will assist you with the following:

1. **Site Selection Assistance.** Although we or a third party may assist you in finding a site, it is your sole responsibility to locate suitable premises for your Gym. We will make the final determination to approve or not approve any site you propose to us. We must review and approve any lease for your Gym premises. Our review of your lease is for our benefit and the benefit of the Franchise System. We make no guaranty or assurance that any particular site or area in which you have expressed an interest will be available, and your obligations under the Franchise Agreement are not conditioned upon securing any particular site or a site in a particular area. Our review and approval is conditioned on a variety of factors including the site's demographics, location, and proximity to other businesses, the character of the neighborhood, the size and appearance of the premises to be leased, and other characteristics and criteria that may change. Upon executing the Franchise Agreement, you must begin searching for a site for your Gym, making diligent efforts to work with us (or a third party that we may designate) to review site information, view locations and review letters of intent, so that you can locate a site and sign a lease in a timely manner. Before leasing or purchasing the site for your Gym, you must submit to us in a form we specify, a description of the site with other information and materials we may reasonable require. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we disapprove of the proposed site, you must select another site, also subject to our consent. Although there is no deadline by which you are required to select a site, you must open your Gym within one year after you sign the Franchise Agreement or we may terminate the Franchise Agreement.

You and your legal and other advisors are solely responsible for negotiating the terms of the lease for your Gym premises. As part of your Lease Review Fee, we will review and approve your lease. You (and not any of your affiliates or owners) must be the tenant on the lease for your Gym's premises. Any review of your lease by us or by our legal counsel is for our benefit and not for your benefit. (Section 7.2 of the Franchise Agreement).

We do not typically own or lease any Gym sites.

2. **Site Design and Layout Specifications.** We, or at our option, our Approved Supplier will provide you with specifications and guidelines for the design and layout of a typical Gym, as well as the typical leasehold improvements necessary to complete the build-out of your Gym premises. You must obtain our written approval before making any alternations to the design and layout of the Gym or make replacements or alterations to the equipment, furniture and fixtures or signs we require that you use in opening and operating your Gym (Section 5.5, 7.3 (a) and 7.6 of the Franchise Agreement).

You will be solely responsible for ensuring that the site complies with local ordinances and building codes, and for obtaining any permits required by your jurisdiction. You are responsible for creating your final construction drawings based on our design. You are responsible for the actual construction, remodeling or decorating of the premises. You are responsible for hiring your own employees. Other than our Training Program (as described in Item 11), you are responsible for training your own employees.

3. **Equipment, Signs, Fixtures, Inventory and Supplies.** We will provide you with specifications and guidelines for the equipment, furniture and fixtures, inventory and supplies necessary to open your

Gym, a portion of which currently must be purchased from our Approved Suppliers (but may in the future be required to be purchased from us), as described in Item 8 of this Disclosure Document. These specifications and guidelines are contained in the Operations Manual or elsewhere as we may designate. Other required equipment, furniture and fixtures, inventory and supplies may be purchased from any supplier, so long as the supplier and the items purchased meet our specifications. As part of the required Front Desk Package, we will design and fabricate your custom Front Desk. Your Front Desk will be delivered to you empty and you are responsible for installing your Front Desk. You are responsible for purchasing, installing and maintaining all of the equipment at the Front Desk as specified in the Operations Manual. As part of the required Metal Signage Package, we will design and fabricate custom metal interior and exterior signage. You are responsible for the installation for all signs. Other than your Front Desk Package and Metal Signage Package, we do not deliver or install any items. Some Approved Suppliers may perform installation services, in other cases you will be responsible for installation or obtaining installation services from a third party (Section 4.5 and 5.4 of the Franchise Agreement).

4. **Operations Manual.** We will make available online our Operations Manual or other manuals or written materials we have or may designate for use in the Franchise System (and appropriate updates and revisions) (as more fully described below). The table of contents for the Operations Manual is attached to this Disclosure Document as Exhibit G. (Section 7.5 of the Franchise Agreement).

5. **Training.** As more fully described below, within 60 days after the effective date of the Franchise Agreement, you and any other individuals who will have responsibility for the day-to-day operation of your Gym will attend Phase 1 of our Training Program. Phase 1 of the Training Program is a hands-on orientation for operating your Gym, consisting of five days on-site at the Last Real Gym in San Diego, California. The cost of Phase 1 of the Training Program for up to five individuals is included in your Franchise Fee. The cost for additional individuals to attend Phase 1 of the Training Program is $300 per person per day. You must pay for all travel, accommodations, meals and other expenses incurred by all individuals who you designate to attend Phase 1 of the Training Program. (Section 5.2 of the Franchise Agreement).

6. **Initial Advertising.** You must comply with the Initial Marketing Spending Requirements and the requirements that you submit a completed trade area survey and seek our approval for your initial marketing plan, as described in this Disclosure Document. Additionally, we will provide you with recommendations and guidelines for the initial advertising and promoting of your Gym. (Section 8.2 of the Franchise Agreement).

7. **Pre-Opening Membership Sales.** Subject to applicable law, you will begin to offer and sell memberships before the Projected Opening Date of your Gym. These sales are referred to as "Pre-Opening Membership Sales." You must begin Pre-Opening Membership Sales as soon as practical following your receipt of building permits and business license. We will provide you with recommendations and guidelines for Pre-Opening Membership Sales. (Section 7.3 of the Franchise Agreement).

8. **Opening Support.** The amount of time it will take you to open your Gym will depend on factors such as the ability to obtain a lease, the location of the business, condition of the leased space, contractor and construction schedules, the time it takes to obtain required licenses and permits, zoning requirements and local ordinances, weather conditions, availability of equipment and supplies, delayed installation of equipment, fixtures and signs, the economy and other factors. The Franchise Agreement requires that your Gym be open and operating within one year after the effective date of the Franchise Agreement, unless otherwise approved by us in writing. If you do not open by the required date, we may terminate the Franchise Agreement. If you purchase more than one (1) Franchise Agreement at the same time,

you must open each additional Gym within the period after the effective date of the Franchise Agreement as we may designate, typically within two years after the effective date of the 2nd Franchise Agreement and 3 years after the effective date of the 3rd Franchise Agreement. However, we have the right to designate such other periods of time as we may determine (Section 7.3 of the Franchise Agreement).

Phase 2 of our Training Program is focused on supporting you through the opening and initial operations of your Gym. As more fully described below, at least 30 days before your Gym opens and not more than 30 days after your Gym opens, you and any other individuals who will have responsibility for the day-to-day operation of your Gym will attend Phase 2 of our Training Program. Phase 2 consists of five days on-site at your facility. The cost of Phase 2 of the Training Program is included in your Franchise Fee. We have discretion to determine the individuals who will provide this on-site support. If, upon the arrival of the support team at your Gym, we determine that you are not ready to open your Gym, or if we determine that you require or would benefit from more than five days of on-site opening support, you will pay us a fee of $500 per support person per day and you will be responsible for the reasonable travel and living expenses incurred by our support team in providing the postponed or additional assistance (Section 5.2 of the Franchise Agreement).

You may not open your Gym for business until we notify you that you have properly equipped your Gym, you and your employees and other personnel have successfully completed the applicable training to our satisfaction, you have paid all amounts due to us and our Approved Suppliers and other vendors, you have obtained all required licenses and permits to operate your Gym, you have obtained our required minimum insurance coverage for your Gym and have provided us with a certificate of insurance, evidence that you have paid your insurance premium, and if you are an individual, you transfer ownership of your Gym to an entity (Second 7.3(b) of the Franchise Agreement).

Post-Opening Assistance. During the operation of your Gym, we or our authorized representative (which may be an affiliate of ours) will perform for you the following services.

1. **Equipment, Products and Services.** We, or our Approved Suppliers, will make equipment, products and services available to you at the prices disclosed in the Operations Manual, or other prices we designate, as may be periodically amended (Section 4.4 and 5.4 of the Franchise Agreement).

2. **Operational Advice and Support.** Periodically, we will provide you with operational support, assistance and consultation in person, by telephone, or otherwise, as we determine is appropriate. This advice may be based on periodic inspections of your Gym we or our authorized representatives perform (Section 5.6 of the Franchise Agreement).

3. **Marketing and Advertising Support.** Periodically, we will provide you with recommendations and guidelines for advertising and promoting your Gym (as more fully described below) (Section 5.6 of the Franchise Agreement).

4. **Computer Software.** As part of your Technology Fee, we will provide you with certain technologies such as point-of-sale software, business management software, general website maintenance and promotion, design and maintenance of your Gym's website page on our website, use of the Last Real Gym intranet, email accounts, file sharing and storage, and our services in maintaining and administering these technologies. We reserve the right to upgrade, modify and add new software. You will be responsible for any increase in fees that results from any upgrades, modifications or additional software. (Section 4.7 of the Franchise Agreement).

5. **Operations Manual.** We will make available online our Operations Manual or other manuals or written materials we have or may designate for use in the Franchise System and appropriate updates

and revisions (as more fully described below). The Table of Contents for the Operations manual is attached to this disclosure document as Exhibit G. (Section 7.5 of the Franchise Agreement).

Advertising

Brand Fund. The Brand Fund has been established to promote and build the Last Real Gym brand and to prepare advertising and promotional materials and programs for your Gym. You must pay us a Brand Fund Contribution of 1% of Gross Sales. We may, in our sole discretion, increase the Brand Fund Contribution to 2% of Gross Sales, upon 30 days' notice to you. You must pay your Brand Fund Contribution at the same time as you pay your Royalty Fee. Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. All Franchisees are required to contribute to the Brand Fund and each Franchisee will be required to contribute to the Brand Fund at the same rate. Last Real Gyms owned by us or our affiliates may, but are not required to contribute to the Brand Fund at the same rate as Franchisees.

We have the right to collect for deposit into the Brand Fund any advertising, marketing, or similar allowances paid to us by suppliers to the Franchise System who instruct to use the allowances for advertising or marketing purposes. Currently, we administer the Brand Fund, however, we or our affiliates or authorized representatives, may incorporate the Brand Fund or operate it through a separate entity as we deem appropriate. We have no fiduciary obligations to you in connection with our administration of the Brand Fund. We do not use any of the funds contributed to the Brand Fund principally to solicit new franchise sales.

We designate all programs to be financed by the Brand Fund and have sole control over the creative concepts, materials, and endorsements prepared and used and their and their geographic, market, and media placement and allocation. The Brand Fund may pay for preparing and producing video, audio, and written materials (including marketing and promotional materials and local store marketing advertising we prepare) and electronic media, administering regional and multi-regional marketing and advertising programs, including purchasing space in print publications, direct mail, radio and other media advertising and for advertising, promotion, and marketing agencies and other advisors who provide assistance, supporting public relations, market research, and other advertising, promotion, and marketing activities, developing and maintaining websites for the Franchise System, administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns), and developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices.

The Brand Fund will advertise in printed materials on radio or television for local, regional or national circulation, and via digital media. We and/or our regional or national advertising agency will produce all advertising and marketing. We determine the use of the funds contributed to the Brand Fund, including allocating a portion of any Brand Fund contributions to any regional advertising programs we may establish in the future. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Gym will be located. In addition, we are not required to ensure that Brand Fund expenditures for or affecting any geographic area be proportionate or equivalent to Brand Fund expenditures for or affecting any geographic area be proportionate or equivalent to Brand Fund contributions. We intend for the Brand Fund to promote the applicable Marks, patronage of Gyms, and the Last Real Gym brand generally. We may use collection agents and institute legal proceedings to collect Brand Fund contributions at the Brand Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as specifically provided in the Franchise

Agreement, we assume no other direct or indirect liability or obligation to you for collecting amounts due, or maintaining, directing, or administering the Brand Fund.

We do not currently have a marketing committee or other type of franchisee advertising council that advises us on advertising policies, but we reserve the right to establish one.

We account for the Brand Fund separately from our other funds and do not use the Brand Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Brand Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Fund contributions. The Brand Fund is not our asset and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If we terminate the Brand Fund, we will spend all unspent amounts on marketing services.

The Brand Fund will not be audited. We prepare annual unaudited financial statements for the Brand Fund that are available to you upon written request 120 days after the end of the Brand Fund's fiscal year. We are not required to audit the Brand Fund but may do so at our discretion.

Marketing Cooperatives. We may establish a Marketing Cooperative in a geographic area in which two or more Gyms are located. The Marketing Cooperative's members include all Gyms operating in the geographic area, including us and our affiliates, if applicable. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Gym. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels. All Marketing Cooperatives will be governed by written documentation generated and/or designed by us. Such documentation is available for Marketing Cooperative member review. All Marketing Cooperatives will prepare annual financial statements which will be made available for members to review. All material decisions of the Marketing Cooperative, including contribution levels, will require the affirmative vote of at least 51% of all Gyms operating within the Marketing Cooperative's area (including those that we and our affiliates operate, if any), with each Gym receiving one vote. We may form, modify, change, dissolve, or merge Marketing Cooperatives. Funds contributed to a Marketing Cooperative will not be utilized to solicit new franchise sales. As of the date of this Disclosure Document, there are no Marketing Cooperatives in existence.

Initial Marketing Spend Requirement. During the period beginning at least 60 days before you open your Gym and continuing through the first 60 days of your Gym operations, you must spend between $10,000 to $15,000 to advertise, market and promote your Gym and pre-opening membership sales. However, if you purchase an existing Gym, the $10,000 to $15,000 Initial Marketing Spend Requirement applies during the first 180 days after you take possession of the Gym. The Initial Marketing Spend Requirement is in addition to your Ongoing Local Marketing Spend Requirement described below. The Initial Marketing Spend Requirement will be used to advertise, market and promote your Gym in accordance with an advertising and marketing plan we approve before the opening of your Gym. We have the right to obtain from you information with respect to the results achieved from meeting your Initial Marketing Spend Requirement and implementing your approved advertising and marketing plan. We also reserve the right to require you to pay us the Initial Marketing Spend Requirement. If we require you to pay us the Initial Marketing Spend Requirement, we will advertise, market, and promote your Gym on your behalf.

Ongoing Local Marketing Spend Requirement. Beginning 60 days after the date your Gym opens for business, you must spend 2% of your gross sales per month on advertising, marketing and promotional programs for your Gym in your local area where your Gym is located as your Ongoing Local Marketing Spend Requirement. Your Ongoing Local Marketing Spend Requirement excludes any contributions you make to the Brand Fund, but does include any contributions you make to a Marketing Cooperative. Your required Marketing Cooperative contributions could, by themselves, exceed the minimum Ongoing Local Marketing Spend Requirement. If you fail to meet your requirements, we have the right to collect your minimum Ongoing Local Marketing Spend Requirement and use those funds for local, regional or national advertising or promotional programs.

Your Advertising and Marketing Materials. You and your Marketing Cooperative's advertising, promotion, and marketing must be clear, factual and not misleading, conform to the highest standards of ethics and comply with all advertising and marketing policies that we periodically prescribe. You cannot use any advertising or marketing materials unless we have prepared the materials on your behalf, or unless and until you receive our written approval of the materials. We will respond to you within 30 days of receiving any request for approval of your marketing and advertising materials.

At least 90 days before you open your Gym, you must submit to us a completed trade area survey and submit to us for approval an advertising and marketing plan describing your pre-opening advertising plan and your plan for the first 3 months after the opening or purchase of a Gym. You will not be permitted to open and/or operate your Gym until we receive the completed trade area survey and approve this advertising and marketing plan. Following such period, and during the term of your Franchise Agreement, you must prepare and execute an advertising and marketing plan that you must provide to us upon our request. You must also provide to us upon request information about the results achieved from implementing your advertising and marketing plan and meeting your Ongoing Local Marketing Spend Requirement.

Restrictions on advertising apply to any and all advertising materials and information relating to us, you, your Gym or the Franchise System, including what you plan to use on a website or in social media and to any changes to any website and social media information.

Website. As part of your monthly Technology Fee, your Last Real Gym location will have a website page on our main website, which is maintained by us. The Technology Fee is specified in Item 6, however we reserve the right to charge you additional fees for additional technologies. If you own more than one location, you will have separate web page on our main website for each of your Last Real Gyms. You are not permitted to maintain any other website for your Gym.

Social Media. You may use any social media platform or any other internet community that we approve. You must follow our guidelines when using social media. You may be required to obtain our approval of any message you compose for or post on your social media website. We may revoke our approval to use any social media website at any time. Your use of social media, including any pictures or other media you may post, must comply with all applicable laws, such as law governing copyrights.

Computer Systems

General. Our required computer systems (including the hardware and software programs described below) will allow you to store a variety of information, including the amount of sales generated by your Gym, client profiles, client scheduling information, and payroll information. In order to operate your computers, you will need a high-speed internet connection and a static IP address. You must keep your computers in good working order and must provide any upgrades necessary to your cost. We and our affiliates and authorized representatives will have direct and independent access to your computers and

other systems, and the information and data generated by your computer systems. There are no contractual limitations on our and our affiliates' right to access this information and data.

Computer Hardware and Software. The minimum computer hardware and software requirements are specified in the Operations Manual or otherwise in writing by us. We typically require you to have ~~four~~ three computer workstations. Some of the minimum requirements include a an Intel Pentium®, 4 GB random access memory, and a 500 GB hard drive operating the Microsoft Windows operating system. You may use any brand of computer hardware that meets these specifications and may acquire your computer hardware from any source. We also require you to have certain peripherals, such as a monitor, keyboard and mouse for each workstation, two optical scanners, a receipt printer, a credit card reader, ~~two TV's~~ and ~~two~~ one printer/scanner/copier machine~~s~~. We may require you to use only our Approved Supplier for certain software. Currently MINDBODY® is our only Approved Supplier of club management software. MINDBODY® software performs the functions of point-of-sale system, payment processing, check-in system, member management, reporting, recurring billing, online booking and staff scheduling, among others. The cost of the MINDBODY® software is included in the Technology Fee. Currently, RockBot® is our only Approved Supplier of music service software. The cost for Rockbot® which is paid directly to Rockbot® by you is currently $39.95 per month plus a $149 upfront for the Rockbot® Player. We reserve the right to upgrade, modify and add new software. You will be responsible for any increase in fees that results from any upgrades, modifications or additional software. We estimate that the cost to purchase the minimum computer hardware, software and peripherals will be approximately $4,000 to $8,000, depending on the complexity of your particular system.

Security and Web Camera System. You are required to maintain an internet-based multi-camera security system as specified in the Operations Manual or otherwise in writing by us. You must grant to us and other affiliates direct and independent access to your security system live stream and the video and data generated and stored by your security system. There are no contractual limitations on our and our affiliates' right to access this information and data. We estimate the cost to purchase the minimum security system including any peripherals to range between $4,000 to $10,000 depending on the size of your facility and the complexity of your particular system.

Maintenance, Updating, Upgrading and Support. During the term of your Franchise Agreement, you must maintain, repair and upgrade any hardware component or software program or security system components periodically in order to maintain compatibility with the components and programs we require, including upgrading your software based on periodic releases provided by the licensor of the computer systems and programs. There is no annual minimum cost for optional or required maintenance, updating, upgrading, and support contracts for your computer system. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates to your hardware components or software programs. You must obtain and use any computer system components that we may later specify, and/or obtain service and support, as we require. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs.

Operations Manual

We will make available online, one copy of our Operations Manual or other manuals or written materials we have or may designate for use in the Franchise System and appropriate updates and revisions for use in operating your Gym. These manuals and materials contain mandatory and suggested specifications, standards and procedures, rules and other criteria related to the operation and marketing of your Gym. The manuals and materials may consist of CDs, DVDs, webinars and/or other written and intangible materials, all of which constitute our proprietary and confidential information. You may not copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or make them

available to any unauthorized person. The Operations Manual and such other manuals and materials will remain our sole property and must be kept in a secure place on the Gym premises. We may provide the confidential manuals in any manner we choose, including by electronic or hard copy. We may update the Operations Manual and other manuals to implement new or different operating requirements and fees applicable to you. You must comply with all requirements, terms and conditions of the Franchise Agreement, Operations Manual and other written policies supplied to you by us.

The table of contents of our Operations Manual is included as Exhibit G to this Disclosure Document. Our current Operations Manual has a total of 400 pages.

Training

Training Program. We or our designee will provide our Training Program, which consists of two phases. Phase 1 of the Training Program is a hands-on orientation for operating your Gym, consisting of 5 days on-site at a location we designate, currently the Last Real Gym in San Diego, California. Phase 2 of the Training Program consists of 5 days on-site at your facility to support you through the opening and initial operations of your Gym.

You and any other individuals who will have responsibility for the day-to-day operation of you Gym must complete Phase 1 of the Training Program to our satisfaction within 60 days after the effective date of the Franchise Agreement. The cost of Phase 1 of the Training Program for up to 5 individuals is included in your Franchise Fee. For each additional person above 5 designated by you to attend Phase 1 of the Training Program, you must pay us a fee of $300 per day (which is not refundable under any circumstances) and pay for the additional person's transportation, meals, lodging and other living expenses.

You and any other individuals who will have responsibility for the day-to-day operation of your Gym must complete Phase 2 of the Training Program to our satisfaction at least 30 days before your Gym opens and not more than 30 days after your Gym opens. The cost of Phase 2 of the Training Program is included in your Franchise Fee. If, upon the arrival of our support team at your Gym, we determine that you are not ready to open your Gym, or if we determine that you require or would benefit from more than 5 days of on-site opening support, you will pay us a fee of $500 per support person per day and you will be responsible for the reasonable travel and living expenses incurred by our support team in providing the postponed or additional assistance.

If, after your Gym has commenced operation, your manager (or the individual having responsibility for the day-to-day operation of your Gym) is terminated, resigns, or is otherwise no longer employed at your Gym, you must appoint a replacement manager (or an individual having responsibility for the day-to-day operations of your Gym) and he or she must also attend and complete the first phase of the next scheduled Training Program to our satisfaction and at your expense. If you purchase an existing Gym business, then you (or, if you are an entity, one of your owners) and, if not the same person as you (or designate owner), your manager (or the individual having responsibility for the day-to-day operations of your Gym) must complete each phase of Training Program within 180 days after you sign the Franchise Agreement. If you purchase additional franchise agreements, you will designate up to the maximum number of individuals per franchise agreement to attend each phase of the Training Program, however, neither you nor your owners will be required to attend training if you have already done so.

The Training Program is offered on an as-needed basis in connection with the sale of franchises. We intend to be flexible in scheduling training to accommodate our personnel, you and your personnel. The primary instructional material is the Operations Manual. The topics covered, instructional materials, hours of classroom and/or hands-on training, and the training program instructors are subject to change.

[The reminder of this page is intentionally left blank]

The Training Program currently consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom/ Home Study Training	Hours of On-the-Job Training	Location
Welcome to the Last Real Gym, Our Message and Our Culture	1		San Diego, CA Last Real Gym
Real Estate and Site Selection	1		San Diego, CA Last Real Gym
Facility Layout and Design	1	1	San Diego, CA Last Real Gym
Daily Operations		4	San Diego, CA Last Real Gym
Maintenance and Cleaning		4	San Diego, CA Last Real Gym
Safety Procedures		2	San Diego, CA Last Real Gym
POS Software Training	2	4	San Diego, CA Last Real Gym
Retail Sales, Merchandising and Promotions		2	San Diego, CA Last Real Gym
Finance – Billing, Accounting, Reporting	1	2	San Diego, CA Last Real Gym
Building your Team – Human Resources	1	2	San Diego, CA Last Real Gym
Personal Training Programs		2	San Diego, CA Last Real Gym
Team Training Programs		2	San Diego, CA Last Real Gym
Membership Sales	1	3	San Diego, CA Last Real Gym
Delivering Superior Customer Service	1	2	San Diego, CA Last Real Gym
Marketing, Promotions, Website, Social Media		1	San Diego, CA Last Real Gym
On Site – Opening		12	Your Last Real Gym
On Site - Personal Training		4	Your Last Real Gym
On Site - Classes		4	Your Last Real Gym
On Site – Daily Operations		20	Your Last Real Gym

TOTAL	9	71	

Instructors

Francis X. Kole and Robin Kole currently oversee the Training Program. Francis X. Kole and Robin Kole operate our Affiliate, the original Last Real Gym in San Diego and have done so since 2002. Francis is the Founder of Last Real Gym and has 35 years of experience in the fitness industry. Additional Last Real Gym employees will be instructing during the Training Program. These individuals will vary, however all instructors will have at least one year of relevant work experience in their designated subject area.

Ongoing Training

We may charge you for training additional persons, training newly-hired personnel, refresher training courses, advanced training courses and training materials that we provide over time. You must require any of your employees to successfully complete any training program which we designate as mandatory. We may require attendance at a refresher training course for a number of reasons, such as if we introduce a new service, if our System Standards change, if an existing franchisee needs to be educated in new systems, or if a franchisee has committed an operational default and needs additional training. You will be responsible for out-of-pocket expenses for travel and living expenses for your personnel.

We may also charge you for additional assistance or training that you need or request. In this case, you and we will agree on the nature and scope of such additional assistance, including fees and costs. If we travel to your Last Real Gym to provide on-site training, you will reimburse us for reasonable out-of-pocket expenses for travel and living expenses for our personnel.

ITEM 12 TERRITORY

You will operate your Gym at a specific location that we approve. During the term of the Franchise Agreement as long as you are not in default of the Franchise Agreement, we will not grant to any other person the right to establish or operate a Gym within a one-mile radius of your Gym (the "Protected Area").

You will select a specific defined territory we approve (the "Territory") within which you will search for and select a site, which we must approve, for your Gym. There is no minimum Territory size. The Territory is the area in which you will focus your efforts to find a location we approve for your Gym. The Territory will be specified in your Franchise Agreement and any change to the Territory must be made by amending the Franchise Agreement, before beginning the site selection process in the amended Territory. We identify the Territory in order to facilitate the orderly development of the market. You will not receive any territorial rights to the Territory. The Territory is not your Protected Area. Typically, your Protected Area will be substantially smaller than the Territory.

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 within the Territory. Our approval of your Gym site is conditioned on a variety of factors, including site demographics, location proximity to other businesses, neighborhood character, the size and appearance of the premises to be leased, and other characteristics and criteria that may periodically change.

Unless we otherwise agree in writing, you must operate your Gym only at the location approved by us, and you must provide all authorized services and products only at your Gym location. Once it is open,

you may not relocate the Gym without our advance written consent, which we will not unreasonably withhold. The conditions under which we will approve a relocation of your Gym include the same factors we consider when approving your initial site, such as the proposed site's demographics, location, proximity to other businesses, the character of the neighborhood, the size and appearance of the premises to be leased, and other characteristics and criteria that may change. If we approve a relocation of your Gym, you will be responsible for paying any associated costs, including our reasonable costs incurred in connection with approving the relocation. You will also be required to sign a relocation addendum which will include our form of general release. If you cease to operate your Gym for more than 30 days before relocation, we may terminate the Franchise Agreement and require you to sign our then-current franchise agreement for the new location.

We may change your Protected Area boundaries or other characteristics when you renew, transfer or assign a controlling interest in, the Franchise Agreement. Your rights in the Protected Area do not depend on your achieving sales volume, market penetration or other contingency.

The Franchise Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchise agreements. If you want to own and operate additional Gyms, you must purchase one (1) additional franchise agreement per Last Real Gym. Each additional franchise agreement will dictate the terms and conditions under which you may own and operate any additional Last Real Gym.

So long as you are not in default under your Franchise Agreement, you have the Protected Area described above. We reserve all other rights with respect to the Gym and related Territory and Protected Area. Those rights include the right to offer, sell or distribute in your Territory and Protected Area, through alternative distribution channels (including in retail stores, on the internet or via similar future information technology, catalog sales, telemarking, direct marketing or otherwise) any proprietary products or other products that are part of, or which become part of, the Franchise System, such as, fitness equipment, small wares, and other products that use the Marks or other marks that we may develop. In addition, we have the right to purchase or be purchased by, or merge or combine with, any competitive business or other business, even if the business has locations within the Protected Area. Any such activities in which we engage will be without compensation to you. The alternative distribution channels may be available to us as the result of being the franchisor of the Franchise System or as the result of other brands we may control, which may compete with your Gym. You may also face competition from other Gyms operated by us or by other franchisees.

You may advertise your Gym and solicit from any area, so long as you provide services only at the Gym location we have approved. You are not required to compensate any individual or entity in connection with this advertising and solicitation. We and our other franchisees reserve the same right to solicit, accept and provide services to clients who live or work within your Protected Area, without compensating you.

You have the right to use other channels of distribution, such as direct mail, email, the internet, catalog sales, telemarketing and direct marketing for you to make sales within and outside of your Protected Area, provided that we have approved any marketing materials you use.

[The remainder of this page is intentionally left blank]

ITEM 13 TRADEMARKS

The Franchise Agreement grants you a non-exclusive license to use the Marks. The trademarks described below are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") and all required affidavits and renewals for the Marks have been filed. The trademarks are owned by our affiliate UrbanBody, Inc. and licensed to the Franchisor under a license agreement entered into on January 1, 2018.

Mark	Registration Number	Registration Date	Register
The Last Real Gym in America	3342261	11/20/2007	Supplemental Register
Last Real Gym	5250258	07/25/2017	Principal Register

Currently, there are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks. There are currently no effective agreements that significantly limit our right to use, license or sublicense the Marks. Neither we nor our affiliates know of any infringing uses or superior prior rights that could materially affect your use of the Marks.

Your use of the Marks and any goodwill associated with the Marks are solely for our benefit. You have no ownership or other interest in the Marks. You may not at any time contest the validity, ownership, distinctiveness or enforceability of the Marks. You must follow our rules when you use the Marks and the Marks are the only marks you may use to identify your Gym. You may not use any Mark or any part of any Mark as part of any corporate or trade name, with any prefix, suffix, or other modifying words, terms, designs, or symbols, as part of a domain name or electronic address you maintain on the internet, the worldwide web, or any other similar proprietary or common carrier electronic delivery system, to advertise or sell any unauthorized service, or in any other manner unless authorized by us in writing.

You must identify yourself as the independent owner of your Gym as directed or required by us. You may not take any action that will harm the Franchise System, other Last Real Gyms or the goodwill associated with the Marks. We and our agents will have the right to enter and inspect your Gym to make sure you are complying with our standards and directives concerning the proper use of the Marks.

You must notify us immediately of any apparent infringement of, or challenge to, your use of any Mark and may not communicate information about such an infringement or challenge with any person other than us, our affiliates or our counsel. You may not settle any claim without our written consent. We may take any action we deem appropriate (including no action) and exclusively control any litigation or USPTO or other administrative proceeding arising out of any infringement, challenge or claim related to the Marks. We will indemnify you against any losses or damages incurred by you as a result of any successful claim of trademark infringement brought by a third party that is related solely to your authorized use of the Marks in accordance with the terms of your Franchise Agreement. We will not pay any of your attorneys' fee if you hire your own attorney. You must cooperate with us in any litigation. You must sign documents, render assistance, and perform acts as may be necessary or advisable to protect and maintain our interests in the Marks.

You must modify or discontinue using any of the Marks in the future, at your expense, if we require you to do so. We need not reimburse you for your direct expenses related to such modification or discontinuance of use or for your lost revenue.

Upon expiration or termination of your Franchise Agreement, you will have no further right to use the Marks and you must immediately discontinue using the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered or pending that are material to the Franchise System although we do claim copyright protection for our Franchise Agreement, the Operations Manual, other manuals or writings related to operating the Gym, training materials, and various sales, promotional and other materials we periodically produce or create (the "copyrighted material"). We have not registered the copyrighted material with the United States Registrar of Copyrights, but need not do so to protect it. You may use the copyrighted materials or any future copyrights or patents we may claim or obtain in the operation of your Gym only as we direct and specify.

Currently, there are no effective determinations of the USPTO, the United States Copyright Office, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted material. There are currently no effective agreements that significantly limit our right to use, license or sublicense the copyright material. Neither we nor our affiliates know of any infringing uses or superior prior rights that could materially affect your use of the copyrighted material.

You must notify us immediately of any apparent infringement or challenge to your use of any copyrighted material or any copyrights or patents we may claim or obtain in the future. You may not communicate information about such an infringement or challenge with any person other than us, our affiliates or our counsel. You may not settle any claim without our written consent. We may take any action we deem appropriate (including no action) and exclusively control any litigation or USPTO or other administrative proceeding arising out of any infringement, challenge or claim related to the copyrighted material or any copyrights or patents we may claim or obtain in the future. We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the copyrighted material or any copyrights or patents we may claim or obtain in the future, nor are we required to participate in your defense or indemnify you. However, we might choose to do so if, in the opinion of our legal counsel, such action is necessary or appropriate under the circumstances.

You must modify or discontinue using any of the copyrighted materials or other items or processes that may be covered by a claim of copyright, or covered by a registered copyright or patent in the future, at your expense, if we require you to do so. We need not reimburse you for your direct expenses related to such modification or discontinuance of use or for your lost revenue.

We possess certain proprietary confidential information consisting of the methods, techniques, formats, specifications, procedures, information, systems, business management methods, sales, and promotion techniques and knowledge and experience in the operation of Gyms. We will disclose this information to you during the Training Program, other training programs we may periodically offer, in the Operations Manual and otherwise during the term of your Franchise Agreement. Information about your Gym's clients (e.g., names, addresses, phone numbers, e-mail addresses, and so forth) is also our confidential information. You will have no right or interest in or to the confidential information, other than to use it in the operation of your Gym and its use in any other business venture would constitute unfair competition. The confidential information is proprietary, includes our trade secrets, and is disclosed to you solely on the condition that you not use the confidential information in any other business, you use solely for the

purpose of operating your Gym, you maintain the absolute confidentiality of the confidential information during and after the term of your Franchise Agreement, that you not make any unauthorized copies of the confidential information disclosed in writing or tangible form, and that you adopt and implement all reasonable procedures we periodically prescribe to prevent unauthorized use to disclosure of confidential information. We have the perpetual right to use any material, such as photos or videos that you or your owners post to social media websites, without paying you any fee or royalty.

You must take reasonable steps to protect us, the Franchise System, the Proprietary Assets, the Marks and any other confidential and proprietary information we possess against any misappropriation or other action by any third party that could damage us, the Franchise System, the Proprietary Assets or the Marks. You must keep the confidential materials updated and they must be located on the Gym's premises. If there is dispute regarding the correct terms or interpretation of any provisions of the Operations Manual or other manuals or materials we provide to you that you are required to keep updated, the terms of our master copies of such materials will control. We will be entitled to equitable remedies, such as injunctive relief, in order to protect our Franchise System, the Proprietary Assets, the Marks and any other confidential and proprietary information we possess.

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

You are not required to participate personally in the direct operation of the Gym. However, we recommend that you personally serve as on-premises supervisor. Even if you hire a manager, you should always actively participate in the direct, hands-on operations of your Gym.

You and any other individual who will have responsibility for the day-to-day operation of your Gym must complete Phase 1 of the Training Program to our satisfaction. You must operate your Gym on the days and for the number of hours that we may specify. Your Gym must always be staffed by an individual who is fully qualified to operate everything in the facility.

We do not impose requirements with respect to your employees, however, you and all of your employees must obtain any licenses required to operate the Gym, must comply with all applicable laws, and must not harm the goodwill associated with the Franchise System, the Proprietary Assets and the Marks. You must ensure that all fitness instructors are licensed (if required in your jurisdiction) and have adequate insurance, including professional liability insurance or the equivalent.

Your employees, agents and independent contractors must enter into a non-competition and confidentiality agreement in the form attached to the Franchise Agreement as Exhibit 5.

If you are an entity, we do not require any manager you have hire to have an equity interest in you. Although you may hire a manager to conduct the day-to-day operations of your Gym, you will still be obligated to comply with the terms of the Franchise Agreement and ensure that the Gym is properly operated.

If you are an individual, you must sign, and if you are an entity, each of your direct and indirect owners must sign, a Guaranty and Assumption of Obligations in the form attached as Exhibit 4 to the Franchise Agreement. The persons signing the Guaranty and Assumption of Obligations agree to personally assume and perform all of the Franchisee's obligations under the Franchise Agreement. In addition, the spouse of the person signing will be required to acknowledge and consent to the Guaranty and Assumption of Obligations. Your landlord might also require you, or if you are an entity, your owners, to personally guaranty the tenant obligations under your lease.

If you are a corporation, limited liability company or partnership (or any other form of legal entity), all of your officers, directors, partners, shareholders and members and their spouses (and if you are an individual, your spouse) must agree to be bound by the non-competition and non-disclosure provision of the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

You must perform all services and offer all products that we require or may in the future require. You must not offer, sell or promote any products, services or other types of fitness services or programs under any of the Marks, except for the services, products, and programs approved by us. We retain the right to establish both minimum and maximum prices that you may charge for products and services offered by your Gym, subject to applicable law. You must sell or offer for sale at the Gym only services and products that we require or authorize and that meet our current System Standards as established in our Operations Manual. We have the right, without restriction, to periodically change any of the products, goods and services we required you to offer and sell.

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 disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3.1	Ten years from the Effective Date of your Franchise Agreement.
	Section 5 of the Multi-Unit Agreement	Terms depends on the number of Gyms to be developed under the Multi-Unit Agreement as specifically set forth in Appendix B.
b. Renewal or extension of the term	Section 3.2	It you meet the conditions; you may enter into two successor terms of ten-years each. No renewal rights under the Multi-Unit Agreement
c. Requirements for franchisee to renew or extend	Section 2.2	You must 1) provide written notice of your election to renew, 2) not be in default, 3) pay all monies due, 4) sign the then-current form of our franchise agreement (which may contain terms and conditions materially different from those in your original Franchise Agreement), 5) sign our then-current form of general release, 6) attend refresher training, 7) pay the renewal fee, and 8) update/remodel the Gym to our then-current standards.

d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 10.1 and 10.2 Section 7 of the Multi-Unit Agreement	We can terminate the Franchise Agreement and Multi-Unit Agreement only if you default or fail to comply with your obligation by providing you proper notice
g. "Cause" defined – curable defaults	Section 6.1	Curable defaults include 1)10 days to cure a failure to pay or a misuse/unauthorized use of Marks or Proprietary Assets, 2) 30 days to cure any breach of the Franchise Agreement other than those provided in "h" below, and 3) cure period for a failure to cure loan default, as determined by us or a third-party lender.
	Section 7 of the Multi-Unit Agreement	You have 30 days to cure defaults not listed in (h) below
h. "Cause" defined – non-curable defaults	Section 10.1 (Conversion Addendum Section 14)	Non-curable defaults include 1) unauthorized disclosure of confidential information, 2) commission of fraud or engagement in conduct which may harm the Marks, the goodwill associated with the Marks, or the Franchise System, 3) abandonment for 2 consecutive days or expressing an intent to abandon, 4) insolvency or similar proceeding of you, your owner or an affiliate, 5) failure to satisfy a final judgment of $5,000 or more or similar events, 6) conviction of felony or other crime that is likely to harm the Marks, the Proprietary Assets or the Franchise System and any related reputation or goodwill, 7) unethical conduct that is likely to harm the Marks, the Proprietary Assets or the Franchise System and any related reputation or goodwill, 8) failure to commence operations within 1 year (2 years if we grant an extension (or convert existing business to a Gym within 180 days), 9) failure to satisfactorily complete the Training Program, 10) underreporting gross receipts, 11) 3 default notices from us within a 1-year period, 12) unauthorized transfer, 13) loss of right to occupy Gym premises, 14) termination of other agreement between you (or one of your owners) and us, and 15) you create or allow to exist a health or safety concern.

	Section 4C, 7B and 10N of the Multi-Unit Agreement	Non-curable defaults include insolvency or general assignment for the benefit of creditors, appointment of a receiver of your property, a final judgment remains unsatisfied of record for 30 days or longer execution is levied against your business or property, suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and is not dismissed or in the process of being dismissed within 30 days, failure to meet the Development Schedule, you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by us, our affiliates, or by any franchisee in the system, or notice of termination of a Franchise Agreement
i. Franchisee's obligations on termination/non-renewal	Section 3.2, 10.4, 10.5, 12.2, 12.4	Obligations include cease selling memberships, pay all sums due, de-identify, return all manuals and other confidential materials, assign the business telephone and fax numbers to us or our designee, notify clients, direct clients to another Gym, transfer client list to us or our designee, if required by law, refund clients, cooperate with us to preserve client goodwill, pay all damages and costs incurred by us in enforcing the termination provisions of the Franchise Agreement, comply with the covenants not to compete, and comply with confidentiality provisions.
	Section 8 of the Multi-Unit Agreement	You lose all rights to develop Gyms and other obligations include those obligations noted above, if existing Franchise Agreements also are terminated. We also may have the right to purchase assets of the Gyms (see (o) below).
j. Assignment of contract by franchisor	Section 5.7(f) and 11.8 Section 9 of the Multi-Unit Agreement	No restriction on our right to transfer or assign. We may transfer or assign without your approval.
k. "Transfer" by franchisee definition	Section 11.6 and Section 9B of the Multi-Unit Agreement	Includes transfer of the interests or rights in the Franchise Agreement or the Gym, or if you are an entity, the transfer of a controlling ownership interest in you.

l. Franchisor approval of transfer by franchisee	Section 11.1 and Section 9B of the Multi-Unit Agreement	We have the right to approve all transfers but will not unreasonably withhold our consent. You cannot transfer without our written consent.
m. Conditions for franchisor approval of transfer	Section 11.1 and 11.4	All of your obligations have been discharged or assumed by the transferee, all fees owed to us have been paid, transferee qualifies and signs our then-current form of Franchise Agreement, transferee (or any other person we require under then-current franchise agreement) completes our Training Program before taking possession, transfer fee is paid, new franchisee is not operating a Competitive Business, we approve the terms and conditions of the transfer, you are not in default of any agreement with us, transferee agrees to renovate Gym to our then-current standards, you (or your owners or any other guarantor under the Franchise Agreement) sign our then-current form of general release and non-disparagement agreement, you obtain landlord consent (if required by lease), we have approved any new lease, sublease, or lease assignment transferring the Gym, you comply with all post-termination obligations (see "i" and "r"), you and transferee execute our form of Agreement and Conditional Consent to Transfer, you pay us a deposit of $2,500 (refundable, less amounts due, within 30 days of transfer), you have paid any applicable third-party broker fees, and you transfer possession of Gym only after transfer process completed. The term "Competitive Business" means any business operating or granting franchises or licenses to others to operate gyms or any other fitness business, or any business offering or selling, products, or educational materials or conducting workshops for services that are the same as, similar to, or competitive with the Franchise System or other Gyms (other than a franchise operated under a franchise agreement with us or our affiliate).
	Section 9B of the Multi-Unit Agreement	You cannot transfer rights under the Multi-Unit Agreement unless you transfer all of your rights and interests under all Franchise Agreements.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11.5	We have a right of first refusal to acquire your Gym.

o. Franchisor's option to purchase your business	Section 11.5	If you decide to sell your business, we have the night to purchase your business within 30 days from the date of delivery of a written offer.
p. Death or disability of franchisee	Section 11.3	We will not unreasonably withhold our consent to the transfer of your interest in the Franchise Agreement to a spouse, heirs or relatives, by blood or marriage, provided that the transfer conditions described in "m" above have been met. No transfer fee will be required. If your heirs do not obtain our consent, your personal representative has 180 days to dispose of your interest.
q. Non-competition covenants during the term of the franchise	Section 12	No involvement in any Competitive Business, no interference with our or any other affiliate's or franchisee's employees, no unauthorized use of Proprietary Assets or Franchise System format, and no assistance or encouragement of family members from violating these covenants.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.2	No involvement (direct or indirect), provision of services in Competitive Business for 2 years within a 3-mile radius of your Gym or within 3 miles of another Gym (Same terms apply after transfer).
s. Modification of the agreement	Section 5.4, 7.5(a), 7.5(b) and 15.2	The Franchise Agreement can be modified only by written agreement between you and us We can modify or change the Franchise System through changes in the confidential operations manual, other manuals and system specifications and standards.
	Section 10 F of the Multi-Unit Agreement	No modification unless agreed to in writing by both parties
t. Integration/merger clause	Section 15.5	Only the terms of the Franchise Agreement are binding. (subject to state law) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

u. Dispute resolution by arbitration or mediation	Section 14.5	Except for breach of your post-termination covenants, violation of the Lanham Act, or breach of trade secret, all disputes relating to the Franchise Agreement or our relationship must be arbitrated within 50 miles of our then-current principal place of business (currently San Diego, California).
	Section 10 N of the Multi-Unit Agreement	
v. Choice of forum	Section 14.2	State or federal court in the place where our principal place of business is located (currently San Diego, California) (subject to state law).
	Section 10 H of the Multi-Unit Agreement	
w. Choice of law	Section 14.1	The laws of the state in which our principal place of business is located (currently California) govern (subject to state law), except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U S C Sections 1051 et. seq.) and any arbitration matter will be governed by the United States Federal Arbitration Act (9 U S C Sections 1 et. seq.).
	Section 10 M of the Multi-Unit Agreement	

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our Franchise System. However, we may use public figures in the future.

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.

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 Francis X. Kole, our CEO, 3148 University Avenue,

San Diego, CA 92104, (619) 795-9712, the Federal Trade Commission, and the appropriate state regulatory agencies.

We compiled our information for our affiliate-owned Last Real Gym from the internal, unaudited financial statements of our affiliate for the last three fiscal years, which includes calendar years ~~2015~~2015, ~~2016~~ 2017 and ~~2017~~2018. None of the information was obtained from financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), but all the information is believed to be reliable. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

The Gross Sales reflected in this analysis should not be considered as the actual or potential Gross Sales that you will realize. We do not represent that any franchisee can expect to attain the Gross Sales described in this Item 19, or any particular level of sales, performance, costs or profits. In addition, we do not represent that any franchisee will derive income that exceeds the initial payment for or investment in the Gym.

The amount of Gross Sales realized from any new franchised Last Real Gym will vary from Gym to Gym, as will your costs and expenses. A newly-developed and opened Last Real Gym will encounter startup costs and other obstacles that all new businesses face. The sales, costs and expenses of your Gym will be directly affected by many factors, such as the Gym size, geographic location, and competition in the marketplace; the presence of other Last Real Gyms; the quality of management and service at the Gym; contractual relationships with landlords and vendors; the extent to which you finance the construction and operation of the Gym; your legal, accounting, real estate and other professional fees; federal, state and local income, gross profits or other taxes; discretionary expenditures; accounting methods used; general economic and market conditions; availability and cost of raw materials and labor; effectiveness of advertising; use of incremental advertising and word of mouth; local tastes; your compliance with the System; and weather, national disasters or acts of war or terrorism. You should, therefore, use this analysis only as a reference to conduct your own analysis.

Certain fees which you must pay to us under the Franchise Agreement (see Items 5 and 6 of the disclosure document) and other differences between the costs of a franchised Last Real Gym and an affiliate owned Last Real Gym are not reflected in this Item 19. Nor does this Item 19 include any estimates of the federal income tax that would be payable on the net income from a Gym or state or local net income or gross profits taxes that may be applicable to the particular jurisdiction in which a Last Real Gym is located.

The earnings claims figure(s) does not reflect the costs of sales, operating expenses, or other costs or expense that must be deducted from the gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

You are urged to consult with your tax, financial, business and legal advisers to conduct your own analysis with the information contained in this Item 19, including the impact of federal, state and local taxes in your local jurisdiction.

We specifically instruct our sales personnel, agents and employees (including officers, directors, and general managers of our affiliated-owned Last Real Gym) that they may not make any representations or statements, expressly or by implication, as to a specific level or range of actual or potential earnings, sales or profits, or prospects or chances of success of a Last Real Gym other than what is stated in this Item 19. They are not authorized to represent or estimate dollar figures as to a Last Real Gym's operation

other than what is shown below. Except as provided by applicable law, we will not be bound by allegations of any unauthorized representation as to earnings, sales, profits, or prospects or chances for success, and you must acknowledge that you have not relied on any such representation in purchasing your Last Real Gym franchise.

Gross Sales, Cost of Goods Sold, Gross Profit, Expenses and Net Income for Our Affiliate-owned
Last Real Gym For the Period from January 1, ~~2015~~ 2016 to December 31, ~~2017~~2018

Year	Total Income	Cost of Goods Sold	Gross Profit	Labor & Labor Related Expenses	Operating Expenses	Net Income	Royalties & Advertising Fees[1]	Net Income After Imputed Royalties & Fee
~~**2015**~~	~~$349,624~~	~~$9,222~~	~~$340,402~~	~~$104,178~~	~~$231,544~~	~~$4,680~~	~~$20,977~~	~~($16,297)~~
2016	$345,841	$7,339	$338,502	$113,645	$206,680	$18,177	$20,750	($2,573)
2017	$374,364	$7,702	$366,662	$138,455	$179,706	$48,501	$22,462	$26,039
2018	$323,757	$11,850	$311,907	$102,736	$178,564	$30,607	$19,425	$11,182

Note 1: The adjusted and supplemental disclosure reflects the actual and reasonable expected material financial and operational differences between affiliate-owned outlets and an operational franchise outlet. The imputed Royalties and Advertising Fees reflect what an affiliate would have paid if they were a franchisee. The amounts are as follows: ~~2015) Royalties $17,481 and Advertising Fees $3,496, a total of $20,977;~~ 2016) Royalties $17,292 and Advertising Fees $3,458, a total of $20,750; ~~and~~ 2017) Royalties $18,718 and Advertising Fees $3,744, a total of $22,462 and 2018) Royalties $16,189 and Advertising Fees $3,236, a total of $19,425.

[The remainder of this page is intentionally left blank]

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No.1
System wide Outlet Summary
For Years ~~2015~~ 2016 to ~~2017~~2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2015~~2016	0	0	0
	~~2016~~2017	0	0	0
	~~2017~~2018	0	0	0
Company-Owned	~~2015~~2016	1	1	0
	~~2016~~2017	1	1	0
	~~2017~~2018	1	1	0
Total Outlets	~~2015~~2016	1	1	0
	~~2016~~2017	1	1	0
	~~2017~~2018	1	1	0

Note: The one company-owned in the above table is owned and operated by our affiliate UrbanBody, Inc.

[The remainder of this page is intentionally left blank]

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other Than the Franchisor)
For Years ~~2015~~ 2016 to ~~2017~~2018

State	Year	Number of Transfers
California	~~2015~~2016	0
	~~2016~~2017	0
	~~2017~~2018	0
Total	~~2015~~2016	0
	~~2016~~2017	0
	~~2017~~2018	0

Table No. 3
Status of Franchised Outlets
For Years ~~2015~~ 2016 to ~~2017~~2018

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
California	~~2015~~2016	0	0	0	0	0	0	0
	~~2016~~2017	0	0	0	0	0	0	0
	~~2017~~2018	0	0	0	0	0	0	0
Total	~~2015~~2016	0	0	0	0	0	0	0
	~~2016~~2017	0	0	0	0	0	0	0
	~~2017~~2018	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Year ~~2015~~ 2016 to ~~2017~~2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	~~2015~~2016	1	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	1
	~~2017~~2018	1	0	0	0	0	1
Totals	~~2015~~2016	1	0	0	0	0	1
	~~2016~~2017	1	0	0	0	0	1
	~~2017~~2018	1	0	0	0	0	1

Table No. 5
Projected Openings
As of December 31, ~~2017~~2018

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
California	0	1	0
Totals	0	1	0

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit F to this Disclosure Document is our audited balance sheets as of December 31, ~~2017~~2018, December 31, 2017 and related statements of profits and loss and stockholders' equity, and cash flows for the year then-ended.

Our fiscal year ends on December 31.

ITEM 22 CONTRACTS

Attached to this Disclosure Document are the following Exhibits:

Exhibit	
A	Franchise Agreement and Exhibits
B	Multi-Unit Agreement
C	State Addenda to the Disclosure Document and Franchise Agreement
D	Form of General Release
E	Form of Conversion Program Addendum to Franchise Agreement

There are no other contracts or agreements you are required to sign to purchase your Gym.

ITEM 23 RECEIPTS

Exhibit J of this Disclosure Document contains detachable documents acknowledging your receipt of this Disclosure Document and all Exhibits.

EXHIBIT A

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

JOIN THE PACK, INC.

FRANCHISE AGREEMENT

FRANCHISEE

EFFECTIVE DATE OF AGREEMENT

TERRITORY

GYM NO.

TABLE OF CONTENTS

ARTICLE **PAGE**

1 GRANT OF FRANCHISE....3
1.1 Grant of Franchise.... 3
1.2 Corporation, Limited Liability Company, or Partnership. 3

2 TERRITORY; LOCATION; PROTECTED AREA 3
2.1 Territory.... 3
2.2 Site Selection. 3
2.3 Protected Area. 4
2.4 Relocation of Your Gym.... 4

3 TERM; RENEWAL 4
3.1 Initial Term.... 4
3.2 Renewal. 4

4 FEES; PAYMENTS....5
4.1 Initial Franchise Fees. 5
4.2 Royalty. 5
4.3 Electronic Funds Transfer.... 6
4.4 Definition of Gross Receipts. 6
4.5 Product and Supply Orders. 6
4.6 Default Fee.... 6
4.7 Set-Up Fees, Technology Fee.... 7
4.8 Dishonored Checks/Insufficient Funds.... 7
4.9 Changes to Fees and Requirements. 7
4.10 Set-Offs.... 7
4.11 Branding Fund Fee.... 7
4.12 Lease Review Fee.... 7

5 OUR RELATIONSHIP; OUR OBLIGATIONS TO YOU....8
5.1 Our Relationship with You. 8
5.2 Training. 8
5.3 Additional Training and Conferences.... 9
5.4 Supplies and Source of Supplies. 9
5.5 Gym Design.... 10
5.6 On-going Support and Assistance. 10

5.7 Our Reservation of Rights. 10

6 USE OF THE MARKS 11

6.1 Ownership, Goodwill. 11

6.2 Limitation of Use. 11

6.3 Discontinuance of Use of Marks. 12

6.4 Notification of Infringements and Claims. 12

7 OPERATION OF YOUR FRANCHISE, YOUR OBLIGATIONS 12

7.1 Employees, Agents, and Independent Contractors. 12

7.2 Lease Approval. 13

7.3 Opening Your Gym. 13

7.4 Insurance. 15

7.5 Operation of Your Gym. 15

7.6 Your Other Obligations. 20

8 ADVERTISING 22

8.1 Limitations. 22

8.2 Initial Marketing Spending Requirement. 23

8.3 Branding Fund. 23

8.4 Marketing Cooperatives. 24

8.5 Ongoing Marketing Spend Requirement. 25

8.6 Gift Cards. 25

9 INDEMNIFICATION 25

9.1 Indemnification. 25

10 DEFAULT, TERMINATION 26

10.1 Immediate Termination by Us. 26

10.2 Termination by Us – 30 Days' Notice. 27

10.3 Default Fee. 27

10.4 Your Obligations Upon Termination. 28

10.5 Client Obligations Upon Termination. 28

10.6 Our Options in the Event of Your Default. 28

11 TRANSFER 29

11.1 Transfer. 29

11.2 Transfer to an Entity Owned by You. 31

11.3 Death, Disability or Permanent Incapacity. 31

11.4 Your Agreement to Transfer Restrictions 31

11.5 Our Right of First Refusal 31
11.6 Transfer if Franchisee is an Entity 31
11.7 Controlling Interest 32

12 RESTRICTIVE CONENANTS 32
12.1 Non-Competition During Term 32
12.2 Post-Termination Covenant Not to Compete 32
12.3 Permitted Interests. 33
12.4 Confidential Information. 33
12.5 Consideration for Covenants, Severability 34

13 NOTICES 34

14 GOVERNING LAW; JURISDICTION AND VENUE, ARBITRATION 34
14.1 Governing Law. 34
14.2 Jurisdiction and Venue. 35
14.3 Waiver of Jury Trial, Punitive Damages, Class Actions, Joinder, Consolidated, and Commencing Action with Other Franchisee(s) 35
14.4 Remedies. 35
14.5 Arbitration. 35
14.6 Limitation of Claims. 37
14.7 Costs and Attorneys' Fees 38
14.8 Injunctive Relief. 38

15 MISCELLANEOUS PROVISIONS 38
15.1 Remedies. 38
15.2 Modification/Exercise of Judgment 38
15.3 No Waiver 38
15.4 Severability/Invalidity 38
15.5 Entire Agreement 38
15.6 Delegration by Us 39
15.7 Effective Date of Agreement 39
15.8 Review of Agreement 38
15.9 Servival 38
15.10 Joint and Several Liability 40
15.11 Counterparts, Paragraph Headings, Pronouns 40

16 ACKNOWLEDGMENTS 40

EXHIBIT

1 Territory Description
2 Automatic Bank Draft Authorization
3 Statement of Ownership
4 Guaranty and Assumption of Franchisee's Obligations
5 Non-Compete & Confidentiality Agreement
6 Letter of Intent & Lease Addendum
7 Representations & Acknowledgments Statement

JOIN THE PACK, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is entered into by and between Join the Pack, Inc., a California Corporation with its principal business address at 3148 University Avenue, San Diego, California 92104 ("we," "us," or "our"),

and

_____ ("you," or "your")
(Name of Individual or Entity)

A _____
(Type of Entity and State of Organization)

_____
Street Address

_____
City, State, Zip Code

_____
Telephone Number

and is entered into as of the date set forth below our signature on this Agreement (the **"Effective Date"**).

PURPOSE

A. We and our affiliates have developed methods to establish, operate and promote Gyms ("Last Real Gym" or "Gyms") offering a gym, personal training, team training classes and other services and products that may be offered in the future. These methods include the use and license of the "LAST REAL GYM" trademark, together with other valuable trademarks, service marks, trade names, symbols, emblems, slogans, insignias, designs and logos, existing now or which may exist in the future (together, the "Marks") for use in establishing, operating and promoting Last Real Gym.

B. We grant the right to others to establish and operate Gyms under the Marks according to our standards, specifications, methods, techniques, and operating and other procedures ("System Standards"), which constitute our unique Last Real Gym franchise system (the "Franchise System").

C. The distinguishing characteristics of the Franchise System include the Marks, the interior layout and design, color scheme, signage and equipment, copyrights, titles, symbols, emblems, slogans, insignia, designs, diagrams, artwork, worksheets, originals, manuals, techniques, rules, ideas, philosophies, illustrations, course materials, the confidential operations manual, other manuals, technical bulletins, other written or videotaped materials and other materials and documents related to the operations of your Gym (such manuals, technical bulletins, other written or videotaped materials and other materials and documents related to the operations of your Gym are collectively referred to in this Agreement as, the "Operations Manual"), the System Standards, advertising, and promotional materials, other audio, video and written materials, and other aspects of the Franchise System we have developed and designated for use within the Franchise System, or may acquire or develop and designate for use within the Franchise System in the future, all of which we may enhance and further develop (the "Proprietary Assets").

D. You recognize and acknowledge the benefits to be derived from being identified and associated with us, and being able to utilize the Franchise System and concepts and, therefore, desire to establish a Gym at an approved location. We are willing to grant you the right to operate a Gym under the terms and subject to the conditions contained in this Agreement.

E. You have been informed and hereby acknowledge that the successful operation of a Gym will depend primarily upon your efforts, capabilities and management skills as well as your efficient operation of the Gym. We make no claims or representations whatsoever regarding potential sales, profits or earnings achievable by you or your Gym.

[The remainder of this page is intentionally left blank]

1. GRANT OF FRANCHISE

1.1 Grant of Franchise.

We hereby grant to you, and you accept from us, the right to use the Marks and Proprietary Assets to establish and operate one (1) Last Real Gym at the Gym Location described in Section 2.2. You agree to use the Marks and Proprietary Assets, and conform to the System Standards, as they are periodically changed, improved and further developed by us and our affiliates, only in accordance with the terms, and subject to the conditions, of this Agreement. You do not have any right to sublicense or sub-franchise your Gym.

1.2 Corporation, Limited Liability Company, or Partnership.

If you are at any time a corporation, limited liability company, or partnership (each, an "Entity"), you agree and represent that:

(a) you will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and will, throughout the term of this Agreement, remain validly existing and in good standing under the laws of the state of your formation,

(b) you represent that the Statement of Ownership set forth as Exhibit 3 to this Agreement is true, completed, accurate, and not misleading, and any changes to the information reflected on Exhibit 3 require our prior written consent as described in Section 11, and

(c) each of your direct and indirect owners during the term of this Agreement will execute a guaranty in the form we prescribe undertaking to guaranty your performance and to personally be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached as Exhibit 4. The spouse of each such owner will also be required to acknowledge and consent to the guaranty.

2. TERRITORY; LOCATION; PROTECTED AREA

2.1 Territory.

The territory identified in Exhibit 1 of this Agreement (the "Territory") is the area in which you will focus your efforts to find an acceptable location for your Gym. We are identifying the Territory for the sole purpose of facilitating the orderly development of the market, and not for purposes of granting you any exclusivity or protection within the Territory. You acknowledge and agree that the Territory description set forth on Exhibit 1 is subject to change upon mutual agreement by you and us. Any change in the Territory shall be made in the form of an amendment to this Agreement, which must be signed by you and us prior to you beginning the site selection process within the amended Territory.

2.2 Site Selection.

Unless we otherwise agree in writing, you will operate your Gym from a specific site or location within the Territory which we have approved (the "Gym Location"). You acknowledge and agree that our approval of the site for your Gym does not constitute a guarantee, recommendation, or endorsement of the Gym Location and that the success of your Gym depends upon your abilities as an independent businessperson. Our approval simply means that the Gym Location meets our current location criteria, which means it meets our requirements with respect to demographics, neighborhood characteristics, size, appearance, convenience, proximity to other businesses, and other characteristics we deem appropriate. During the terms of this Agreement, you shall use the Gym Location exclusively to operate a Gym.

We, or at our option, a third party we designate, may provide real estate services to assist you in obtaining a site for your Gym. However, it is your sole responsibility to locate a suitable site for your Gym. Upon executing this Agreement, you must begin searching for a site for your Gym, making diligent efforts to work with us (or a third party we may designate) to review site information, view locations and

review letters of intent, so that you can locate a site and sign a lease in a timely manner. Although there is no deadline by which you are required to select a site, you must open your Gym by the commencement of operations deadline set forth in Section 7.3 (b).

2.3 Protected Area.

During the terms of this Agreement, if you are not in default under this Agreement, we and our affiliates will not establish or operate, or sell to or grant a license for any other person to establish or operate another Last Real Gym within a one-mile radius of your Gym Location (the "Protected Area"). This Agreement does not provide you with any options, right of first refusal, or similar rights, to acquire additional Gyms.

2.4 Relocation of Your Gym.

You must obtain our prior written approval in order to relocate your Gym, which approval will not be unreasonably withheld. Our decision on whether to approve or deny a relocation request will be based on our then-current standards for approving relocations requests, which may include a variety of factors including, but not limited to, the viability of the Gym Location and the availability of alternative locations. We will provide a written response to any relocation request within 30 days of receiving your written request. If approved, you must pay all costs of relocating your Gym and sign a relocation addendum which will include our form of general release, and which will include a non-disparagement clause. If you cease operating your Gym for more than 30 days before relocation, we may require you to terminate this Agreement and sign our then-current franchise agreement for the location, however, you will not be required to pay a new Initial Franchise Fee.

3. TERM; RENEWAL

3.1 Initial Term.

The initial term of this Agreement is for a period of 10 years from the Effective Date, unless sooner terminated pursuant to the terms of this Agreement.

3.2 Renewal.

At the end of the initial tern you may, at your option, renew this Agreement for two successive 10-year terms (each, a "Renewal Term"), provided that:

(a) you must provide us written notice of your election to renew at least 180 days (but not more than one (1) year) prior to the end of the term of this Agreement,

(b) at the time you provide the written notice of renewal, you are not in default or under notice of default of any provisions of this Agreement or of any other agreement between us, including any other franchise agreement and you have been in substantial compliance with the terms and conditions of all such agreements (including this Agreement) during the term of this Agreement,

(c) all monetary obligations you owe us (under this Agreement or any other agreements between us, including any other franchise agreement) have been satisfied and paid when due throughout the term of this Agreement,

(d) you sign and agree to be bound by our then-current form of franchise agreement, which may contain terms and conditions materially different from those set forth in this Agreement, including terms changing the Protected Area, the Royalty (defined in Section 4.2) and other fee amounts,

provided you will not be required to pay a new Initial Franchise Fee (although you will have to pay us the renewal fee set forth below).

(e) You, your owners, and any guarantors under this Agreement, sign a general release in a form satisfactory to use, which will include a non-disparagement clause, releasing any and all claims against us, our affiliates, and our and their respective shareholders, members, owners, principals, officers, directors, employees, representatives, agents, successors, and assigns, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules, and ordinances and claims under this Agreement and the business relationship between us.

(f) You (or, if you are an Entity, one of your owners) and, if not the same person as you (or the designated owner), your manager (or the individual having responsibility for the day-to-day operations of your Gym) must attend and satisfactorily complete such refresher training as we may require, at such time and place prior to expiration of the term of this Agreement as we may designate,

(g) You may us a renewal fee equal to $5,000, and

(h) If we deem it necessary, you must upgrade, remodel and refurbish, at your sole expense, the inside and outside of your Gym to conform to our then-current standards. The upgrade may include, but is not limited to, new signs and equipment. All such upgrades, remodels and refurbishments much be performed in accordance with our System Standards and other standards and specifications we may designate.

If (1) you fail to provide us with the notice specified in subsection 3.2 (a) above by the deadline required thereunder, (2) such notice states that you elect not to renew this Agreement, or (3) if we notify you that we will not grant you a Renewal Term, then you must (i) immediately cease selling Gift Cards (as defined in Section 8.6) that expire after this Agreement expires and (ii) at least 30 days prior to the scheduled expiration of this Agreement, cease selling Memberships (as defined in Section 7.5).

4. FEES; PAYMENTS

4.1 Initial Franchise Fees.

You must pay to us, in the form of a lump sum payment, by cashier's check or wire transfer, the amount of $40,000 as a non-refundable initial franchise fee (the "Initial Franchise Fee"). The Initial Franchise Fee must be paid at the time you sign this Agreement. The Initial Franchise Fee is fully earned by us when paid by you and is not refundable under any circumstances.

4.2 Royalty.

On the first (1st) Wednesday following the first full calendar week (consisting of Monday through Sunday) after opening your Gym, and on the Wednesday following each calendar week (consisting of Monday through Sunday) thereafter that date during the term of this Agreement, you must pay to us continuing royalty of 5% of your gross receipts (as defined below) (the "Royalty"). We reserve the right, but not the obligation, to collect the Royalty on a monthly, rather than weekly, basis upon notification to you.

If we are unable to obtain your gross receipts directly from our approved computer system used by you to record receipts, we may debit your account for an estimated Royalty equal to 110% of the average of your previous 3 months of gross receipts for your Gym ("Estimated Royalty"). If the Estimated Royalty we debit from your account is less than the amount you actually owe us (once we have determined your Gym's true and correct gross receipts), we will debit your account for the balance on the

day we specify. If the Estimated Royalty we debit from your account is greater than the amount you actually owe us, we will credit the excess against the amounts we otherwise would debt from your account during the following period.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us.

4.3 Electronic Funds Transfer.

You authorize us and our affiliates, as set forth in Exhibit 2 of this Agreement, to automatically withdraw funds from your bank account (sometimes referred to as ACH or auto-debit) to pay the Royalty based on your gross receipts from the previous week, as reported by you or obtained by us from our approved computer system used by you to record receipts, and to pay any other amounts you owe us or our affiliates under this Agreement or otherwise (the "ACH Authorization"). The ACH Authorization shall remain in full force and effect during the term of this Agreement. You must comply with our and our affiliates' procedures and instructions in connection with the auto-debit process, and sign any document or take any action that may be required to effect this authorization. You agree to ensure that funds are available in your designated account to cover our withdrawals. Some banks charge fees for ACH transactions and, to the extent your bank charges ACH fees, you agree to pay those fees. In the event any Royalty payment is not paid on a timely basis, we will also have the right to ACH from your bank such late fees, default fees or other fees that may be assessed in connection with your non-timely payment, or such other fees or payments as we may periodically designate.

All amounts due under this Agreement or otherwise shall be payable by ACH, however, we reserve the right to require payment by means other than ACH (e.g., by check or credit card) whenever we deem appropriate, and you must comply with our payment instructions. Your failure to comply with our payment instructions will also be considered a default under this Agreement.

4.4 Definition of Gross Receipts.

Gross receipts include (a) all of your revenue and receipts, including those taken by cash, credit card, debit card, check, trade, barter or exchange, electronic funds transfer, or any other means of credit which are derived from the operations of your Gym, including, but not limited to, Pre-Opening Membership Sales (as defined in Section 7.3), the sale of Memberships (as defined in Section 7.5), fitness services, Gift Cards (as defined in Sections 8.6) which are not sold under any of our national Gift Card programs, merchandise, products, or any other products or services which are sold by you, whether sold at your Gym location or from an off-site location, excluding sales, use of privilege taxes paid to the appropriate taxing authority, and refunds that are made to clients, and (b) the gross redemption amount of Gift Cards which are sold under any of our national Gift Card programs. In addition, should your business be interrupted for any reason and you are receiving business interruption insurance payments, the gross amount of these payments will be considered to be gross receipts and will be subject to the Royalty.

4.5 Product and Supply Orders.

You are required to purchase certain equipment, products, materials and/or services from our Approved Suppliers (defined below), which could be us or one of our affiliates, at the prices listed in the Operations Manual, on our website, or in such other place as we may designate.

4.6 Default Fee.

If you are in default of this Agreement and we send you a default notice, you must pay us a fee of $250.

4.7 Technology Fee.

You must use computer hardware and software we designate in the operation of your Gym. Prior to opening your Gym, you will be required to pay a technology fee, beginning 3 months prior to your Gym opening. Your Technology Fee shall be payable at the same time as the payment of the royalty. We may periodically change the amount of the Technology Fee, and/or the hardware and software. You may be required to execute a software license or other agreement in connection with your use of the required computer software. Other than providing the hardware and software specifications and Approved Suppliers from which you can purchase the required computer hardware and software, we are not obligated to provide you with any assistance in obtaining the required computer hardware and software or any support in connection with your use of the required hardware and software.

4.8 Dishonored Checks/Insufficient Funds.

If you write us a check that is returned, cancelled or dishonored, or if we ACH your bank account and your account has insufficient funds or is inaccessible, you must pay us an insufficient funds fee of $150.

4.9 Changes to Fees and Requirements.

We may revise our System Standards and Operations Manual to implement new or different operating requirements and fees, provided, however, no such revision will increase your Royalty, maximum contributions to the Branding Fund, or Ongoing Marketing Spend Requirement to an amount greater than the amount as provided herein. You agree to comply with any new or changed requirements and fees.

4.10 Set-Offs.

You have no right to set off any amounts you owe us against amounts we owe you, and you hereby expressly waive any such right. You agree you will not withhold payment of any fee or other amount you owe us (whether under this Agreement or any other agreements between us, including any other franchise agreement) because of alleged nonperformance of our obligations under this Agreement or otherwise. Absent a court order to the contrary, if you withhold any amounts owed to us and we pursue collection of such amounts, you must pay all of our reasonable costs, including court costs, attorneys' fees, and the value of our employees' time, witness fees and travel expenses in connection with our collection efforts.

4.11 Brand Fund Contribution.

When a Brand Fund (as defined in Section 8.3(a)) is established, you agree to make contributions to the Brand Fund in an amount equal to 1% of your gross receipts. We may, in our sole discretion increase the Brand Fund contribution to a maximum of 2% of your gross receipts, upon 30 days written notice to you. Your contribution to the Brand Fund shall be payable at the same time as the payment of the Royalty, based on gross receipts for the immediately preceding reporting period.

4.12 Lease Review Fee.

Upon entering into a letter of intent for the lease of your Gym Location with the landlord, you will be required to pay us or our Approved Supplier (which may be an affiliate of ours) a lease review fee of $1,200 (the "Lease Review Fee"). The Lease Review Fee pays the expenses we incur to review and (if we so choose) to negotiate certain provisions of the lease on our behalf. You acknowledge and agree that (i) our review of the lease is for our benefit only and you are not a third-party beneficiary of our lease negotiation or review, (ii) we do not guarantee that the terms, including rent, will represent the most favorable terms available in that market, and (iii) you should engage your own attorney or legal advisor

to review and negotiate the lease on your behalf. We will charge you only one (1) Lease Review Fee unless you refuse to sign a lease that we have approved for the Gym Location, and we are then required to engage in one (1) or more additional lease reviews for the Gym Location (or for a different Gym Location if you refuse to sign a lease for the first proposed Gym Location). In such event, you will pay us or our Approved Supplier (which may be an affiliate of ours) one (1) or more additional Lease Review Fees.

5. OUR RELATIONSHIP; OUR OBLIGATIONS TO YOU

5.1 Our Relationship with You.

We and you agree that each of us is an independent businessperson, our only relationship is by virtue of this Agreement, and no fiduciary relationship is created under this Agreement. No agency, employment or partnership is created or implied by the terms of this Agreement. In all public records, in your relationship with other persons, and in any disclosure document, prospectus or similar document, you must indicate clearly that you independently own your Gym and that the operations of your Gym are separate and distinct from the operations of our business. In addition, you shall prominently display in your Gym notice that the business is operated by you as a franchisee and not as an agent of ours. You shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs, and other materials.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will have no right or duty to direct your employees in the course of their employment for you. You are solely responsible for the terms and conditions of employment for your employees. We will not be obligated for any damages to any person or property directly or indirectly arising out of our Gym's operation or the business you conduct under this Agreement.

We will have no liability for any sales, use, service, occupation, excise, gross sales, income, property, or other taxes, whether levied upon you or your Gym, due to the business you conduct (except for our income taxes.) You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

5.2 Training.

You (or, if you are an Entity, one of your owners) must complete the first phase of the Training Program to our satisfaction within 60 days after the Effective Date. In addition, if you have hired a manager (or an individual having responsibility for the day-to-day operations of your Gym as described in Section 7.5(d)), he or she also must attend and complete the first phase of Training Program to our satisfaction.

We have the discretion to determine whether or not any individual has successfully completed any phase of the Training Program.

If you purchase additional franchise agreements, neither you (nor, if you are an Entity, your owners) will be required to attend Training Program if you have already done so.

You acknowledge that Training Program is intended solely to assist you in establishing and operating the Gym in accordance with the System Standards and is not intended to be general training for your employees, which is your sole responsibility in accordance with Section 7.1. If, after your Gym

has commenced operation, your manager (or the individual having responsibility for the day-to-day operations of your Gym) is terminated, resigns, or is otherwise no longer employed at your Gym, you must appoint a replacement manager (or an individual having responsibility for the day-to-day operations of your Gym) and he or she must also attend and complete the next scheduled Training Program to our satisfaction. If you purchased an existing Gym, then you (or, if you are an Entity, one of your owners) and, if not the same person as you (or the designated owner), your manager (or the individual having responsibility for the day-to-day operations of your Gym) must complete the Training Program within 60 days after the Effective Date.

You must pay for all travel, accommodations, meals and other expenses incurred by all individuals whom you designate to attend each phase of the Training Program.

We or our designee will provide, at no additional cost to you, no less than 5 days of on-site assistance and support in connection with the opening and initial operations of your Gym. We have discretion to determine the individuals who will provide this on-site support. If, upon arrival of the support team at your Gym, we determine in our discretion that you are not ready to open your Gym, or if we determine in our discretion that you require or would benefit from additional on-site opening support. We may require that you pay us a fee for $500 per support person per day and you will be responsible for the reasonable travel and living expenses incurred by our support team in providing the postponed or additional assistance.

5.3 Additional Training and Conferences.

We may require that you pay a $300 daily fee, and you are required to pay all travel, accommodations, meals and other expenses, for each individual you may designate for any refresher training we make available to our franchisees or for any optional training programs we may conduct from time to time. You must attend any annual conferences or seminars that we may require at a location we designate. You agree to pay all costs to attend.

5.4 Supplies and Source of Supplies.

We may designate specific products that you must purchase, and require that you purchase products and services from suppliers and vendors we approve. We will provide you with the System Standards in the Operations Manual we make available to you. We can modify, amend and change our System Standards, Operation Manual, and other standards and specifications at any time and you agree to abide by any such modified, amended or changed provisions.

To the extent we have approved certain manufacturers, vendors, distributions, suppliers and producers, which may be us or our affiliates (collectively, "Approved Suppliers"), you are required to purchase from the Approved Suppliers. We reserve the right to require you to participate in certain mandatory service programs. You must purchase all goods and services required for the operation of your Gym from the Approved Suppliers (which may be one (1) supplier for any given product of service) under terms, in the manner, and from the source designated by us or any of our affiliates. If you wish to purchase any product or service from a supplier that is not an Approved Supplier, you must first submit to us a written request to do so. Our fee for evaluating the supplies or supplier you require is $100 per hour, which must be paid to us when invoiced. We will typically provide a response to the written request within 30 days from our receipt of the request. We may require that samples of the product produced by the proposed alternative supplier be delivered to us for review and testing. We may withhold approval of a supplier for any reason. We will not approve a new supplier or continue to approve any supplier unless the supplier has agreed that we have a right to inspect the supplier's premises and products. If any inspection discloses a supplier's failure to maintain our specified criteria for products or services, we may revoke our approval in writing. We do not make available to our franchisees our criteria for approving

suppliers. If an exclusive supplier already has been designated for the equipment, products, services, supplies, or materials proposed to be offered by a new vendor, your request for a new vendor likely will be rejected without further review or investigation. Unless we have designated you or your owners as an Approved Supplier of a particular product or service, during the term of this Agreement, you and your owners will not sell or attempt to sell, directly or indirectly, any products or services to other franchisees of the Franchise System. ALTHOUGH SUPPLIES OR SUPPLIES MAY BE APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANT ABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO INVENTORY, PRODUCTS, FIXTURES, FURNITURE, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY REQUIRED COMPUTER SYSTEMS), SIGNS, STATIONERY, SUPPLIERS OR OTHER APPROVED ITEMS.

5.5 Gym Design.

We, or at our option, our Approved Supplier will provide you with a list of recommended and required specifications and guidelines for the design and layout of a typical Gym. You must comply with all such specifications and guidelines unless we approve otherwise in writing.

5.6 On-going Support and Assistance.

We or our designee will provide the following operational support to you as we deem appropriate:

(a) Opening support and ongoing operational support of your Gym by telephone, in person, or otherwise;

(b) Recommendations for advertising and promotional materials;

(c) Merchandising, marketing and other data and advice as may periodically be developed by us;

(d) Advice, consultation and assistance regarding the operations of your Gym based primarily on our inspections of your Gym and reports you are required to provide to us. This assistance may be provided by telephone or in person or by newsletter, bulletins, or otherwise as we deem necessary or appropriate from time to time, and

(e) Such other resources and assistance as we may develop and provide in the future.

5.7 Our Reservation of Rights.

(a) Right to Modify the Franchise System. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administer, develop, and change the Franchise System in any manner that is not specifically precluded by the provisions of this Agreement.

(b) Adaptations and Variances. Because uniformity under varying conditions may not be possible or practical, we specifically reserve the right to vary standards for any Gym. If we vary standards for any Gym, we have no obligation to vary standards for your Gym.

(c) Right to License to Others. We may use and license others to use the Marks, Proprietary Assets and the Franchise System for the operation of Gyms anywhere outside of your Protected Area. Except as otherwise specifically provided in this Agreement, nothing in this Agreement shall restrict our rights, or grant any rights to you, with respect to the pursuit of any business concept other than the Franchise System concept.

(d) Right to Develop and Franchise Other Systems. Unless specifically stated in this Agreement, we retain the right to develop, use and franchise the rights to any systems, businesses, trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as part of the Franchise System, the Proprietary Assets, or Marks, at any location, including within the Protected Area, on such terms and conditions as we may deem advisable, and without granting you any rights therein.

(e) Right to Sell Products and Services. We may sell Fitness Products (defined in Section 7.5) and any products or services, including those similar to the products and services offered by Gyms, anywhere, using the Marks or not, through various channels of distribution (including internet, wholesale, mail order and retail). Franchisees may use various channels of distribution, such as direct mail, email and internet (but only through Gym websites maintained through us) to market their Gyms, provided that we have approved any marketing materials. Franchisees must not market their Gyms or the services provide by the Gyms by making unsolicited advertising or marketing phone calls or by sending or transmitting unsolicited advertising or marketing faxes, text messaging, emails, or other digital communications.

(f) Right To Transfer, Assign, and Purchase or Be Purchased. You acknowledge and agree that we have the right to transfer or assign all or any part of our right and interest in and to, and our obligations under, this Agreement to any person or legal entity without your approval. We also have the right to purchase or be purchased by, or merge or combine with, any Competitive Business (as defined in Section 12.1) or any other competing or other business, even if such business has locations within the Protected Area.

(g) Right to Delegate Obligations. You acknowledge and agree that we have the right to delegate to third party designees the performance of all or any portion of our obligations under this Agreement.

(h) Notice of Potential Profit. We or our affiliates may derive revenues or profits, or obtain other consideration, from your dealings with our Approved Suppliers or other suppliers. You acknowledge and agree that we have the right to receive payments, discounts, promotional allowances, and other payments from any supplier based on your purchases and the purchases of our other franchisees. Additionally, we have the right, and you acknowledge and agree that we are entitled, to derive revenues, profits and other consideration from your purchases from us or our affiliates.

6. USE OF THE MARKS

6.1 Ownership, Goodwill.

You acknowledge that we and our affiliates have the sole right to license and control your use of the Marks and that the Marks shall remain under our and our affiliates' sole and exclusive ownership and control. You acknowledge that you do not acquire any right, title, or interest in the Marks except for the right to use the Marks in the operation of your Gym under this Agreement. You will display the Marks prominently at your Gym and on forms, advertising, marketing and other materials in the manner we prescribe. Any unauthorized use of the Marks by you shall constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your use of the Marks and any resulting goodwill is for our exclusive benefit.

6.2 Limitation of Use.

You shall not use any Mark as part of any Entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, nor may you use any Mark in connection with unauthorized services

or products or in any other manner not expressly authorized by us in writing. You agree that no service or trade mark other than the Marks shall be used in the marketing, promotion, or operation of your Gym.

6.3 Discontinuance of Use of Marks.

If it becomes advisable at any time for us or you to modify or discontinue the use of any Mark, or to use an additional Mark, you must comply with our directions to do so within a reasonable time after we provide notice to you. We need not reimburse you for any lost revenue or the costs you incur to comply with such direction, including the costs to change your Gym's signs, replace proprietary supplies or promote the modified or newly required Marks.

6.4 Notification of Infringements and Claims.

You must notify us immediately of any possible infringement of any Mark or use of a trademark confusingly similar to the Marks that comes to your attention. You must also notify us of any challenge to your use of the Mark. You may not communicate information about an infringement or challenge with any person other than us, our affiliates, our counsel, or your counsel. You may not settle any claim without our written consent. We may take any action we deem appropriate (including no action) and exclusively control any litigation or United States Patent and Trademark Office or other administrative proceeding arising out of any infringement, challenge or claim related to the Marks. We will indemnify you against any losses or damages incurred by you as a result of any successful claim of trademark infringement brought by a third party that is related solely to your authorized use of the Marks in accordance with the terms of this Agreement. We will not pay any of your attorneys' fees if you hire your own attorney. You must cooperate with us in any litigation. You must execute any and all instruments and documents, render such assistance, and perform such acts as may be necessary or advisable to protect and maintain our interests in the Marks.

7. OPERATION OF YOUR FRANCHISE, YOUR OBLIGATIONS

7.1 Employees, Agents, and Independent Contractors.

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors you may hire to assist in the operation of your Gym. You agree that any employee, agent or independent contractor you hire or retain shall be your employee, agent or independent contractor, and not our employee, agent or independent contractor. Notwithstanding the foregoing, any fitness instructors and Gym employees that you hire must be employees, and not independent contractors. We will not own any or maintain employment records regarding your employees that are entered into the software programs you are required to use in the operation of your Gym. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including without limitation, recruiting, hiring, firing, training, rate of compensation, work hours and work schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Gym in compliance with federal, state, and local employment laws.

You further agree that any employee, agent, or independent contractor you hire shall be required to execute a confidentiality and non-compete agreement, substantially in the form set forth as Exhibit 5 to this Agreement ("Form of Confidentiality Agreement") or as we otherwise provide to you. You acknowledge and agree that the Form of Confidentiality Agreement is a form of agreement only, and that it may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-compete agreement you require your employees, agents and independent contractors to sign.

7.2 Lease Approval.

We must approve any lease for your Gym premises and any sublease, amendment to, renewal, or assignment of the lease prior to you signing such sublease, lease amendment, renewal, or assignment. You acknowledge and agree that any review and approval of any Gym premises or lease is for our sole benefit and the benefit or the Franchise System, and are not intended to imply or guarantee the success or profitability of any Gym Location. You acknowledge that you have been advised to obtain the advice of your own professional advisors before signing a lease. You and your legal and other advisors are solely responsible for negotiating the terms of the lease for your Gym's premises. However, your lease must include the terms of our letter of intent and lease addendum attached hereto as Exhibit 6, unless otherwise approved by us in writing. If you are acquiring an existing Gym and assuming a lease that does not contain the terms of our lease addendum, you and your landlord must execute the lease addendum in the form attached hereto as Exhibit 6, unless otherwise approved by us in writing. You (and not any of your affiliates or owners) must be the tenant on the lease for the Gym's premises. You agree to provide us a copy of the fully executed lease for your Gym and any amendments or renewals of your lease upon signing and at any time upon our request.

7.3 Opening Your Gym.

(a) Build-Out. After obtaining possession of the Gym Location, you must promptly complete the following:

1. Prepare (or cause to be prepared) and submit to us for our approval, a site survey and any proposed modifications to our conceptual designs and specifications (not including construction) including, but not limited to, modifications to our required dimensions, exterior and interior design, material, layout, equipment, fixtures, furniture, and signs and décor, provided, however, that modifications are permitted only if required to comply with applicable ordinances, building codes and permit requirements and are subject to our prior written approval,

2. Obtain all permits and licenses for the lawful construction and operation of the Gym, together with all certifications from government authorities having jurisdiction over the Gym Location that all requirements for construction and operations have been met, including, but not limited to, zoning, access, sign, health, fire, and safety requirements, building and other required construction permits, licenses to do business, fictitious name registrations, sales tax permits, health and sanitation permits and rating and fire clearances,

3. Obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation services,

4. Purchase or lease equipment, furniture, fixtures and signs as provided under this Agreement or in the Operations Manual,

5. Complete the construction and build out of the Gym premises, including equipment, fixtures, furniture and signs, and decorating your Gym, in full and strict compliance with the plans and specifications we have approved, and in accordance with all applicable ordinances, building codes and permit requirements, and

6. Otherwise complete all other aspects of developing your Gym as we may reasonably require in order to be able to commence operation of your Gym on or before the Projected Opening Date (defined below).

(b) Commencement of Operations. You must have your Gym open and operating within one (1) year from the Effective Date (the "Projected Opening Date"), unless otherwise specifically approved by us in writing. If you fail to meet the Projected Opening Date, and wish to extend the deadline to have your Gym open and operating, we may, at our sole discretion, grant you a one-time, 1-year extension to have your Gym open and operating (the "Opening Extension"), which will expire automatically on the date that is 2 years after the Effective Date (the "Extended Opening Date"). In exchange for our granting you the Opening Extension, you agree, prior to the Projected Opening Date, to (i) execute such documents and agreements as we require, which will include our form of general release and will include a non-disparagement clause.

You may not open your Gym for business until (a) we notify you that you have properly equipped your Gym, (b) you and your employees and other personnel have successfully completed the applicable training to our satisfaction, (c) you have paid all amounts due to us and our Approved Suppliers and other vendors, (d) you have obtained all required licenses and permits to operate your Gym, (e) you have obtained our required minimum insurance coverage for your Gym and have provided us with a certificate of insurance, complete copies of all insurance policies, and evidence that you have paid your insurance premium, and (f) if you are an individual, you transfer the ownership of your Gym under this Agreement to an Entity in accordance with the transfer provisions set forth in Section 11 of this Agreement. Once you have opened your Gym for business, you must operate your Gym continuously for the remainder of the initial term of this Agreement.

(c) Pre-Opening Membership Sales. Where used in this Agreement, and unless the context requires otherwise, the term "client" or "clients" includes all customers of the Gym, whether monthly members, one-time customers, customers who purchase individual classes, or any other customers or persons having access to your Gym. Subject to applicable law, you will begin to offer and sell Memberships (as defined in Section 7.5) before the Projected Opening Date of your Gym. These sales are referred to as "Pre-Opening Membership Sales." You must begin Pre-Opening Membership Sales as soon as practical following your receipt of building permits and business license. As described in Section 7.5, you must comply with this Agreement and all System Standards in the Pre-Opening Membership Sales process.

All activities in connection with Pre-Opening Membership Sales must comply with the standards and specifications described in the Operations Manuals or otherwise in writing by us. You must also comply with and certify to us in writing that you have obtained all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to your Pre-Opening Membership Sales. If you fail to do so, in addition to our other rights and remedies, you will not be authorized to begin offering or selling Memberships for your Gym.

You alone are responsible for ensuring that your Pre-Opening Membership Sales comply with all applicable laws and other legal requirements, including, without limitation, laws pertaining to bonding and escrow requirements. You assume all risks, responsibilities, and liabilities associated with Pre-Opening Membership Sales, and you agree to indemnify and hold us harmless from any claims associated with such activities as set forth in Section 9 of this Agreement.

7.4 Insurance.

Before your Gym opens, you must purchase insurance coverage from a reputable insurer and you may obtain owned-auto insurance from any reputable insurer and worker's compensation from either your payroll provider or any reputable insurer. For purposes of this paragraph, a "reputable insurer" means an insurer with a minimum rating of A by A.M. Best. You must maintain the insurance throughout the duration of the term of this Agreement. Each insurance policy for your Gym must designate as additional insured parties us, and, if requested by us, any of our affiliates or area directors or other parties we may designate from time to time. In addition, each insurance policy must provide that all additional insured parties will receive at least 30 days' prior written notice of termination, material amendment or cancellation.

Prior to opening your Gym, and then a minimum of annually or upon our request, you must provide to us a certificate of insurance and a complete copy of all insurance policies (including those of each of your employees, if required) reflecting the following minimum coverage limits (a) general liability limits not less than $1,000,000 per occurrence ($2,000,000 in the aggregate), (b) professional liability coverage due to errors or omissions in the performance of services at your Gym with limits not less than $1,000,000 per occurrence ($2,000,000 in the aggregate), (c) hired and non-owned auto liability limits not less than $1,000,000 per occurrence, (d) owned-auto combined single liability limits not less than $100,000, (e) sexual abuse and molestation limits not less than $100,000 per occurrence ($300,000 in the aggregate), (f) cyber liability limits not less than $1,000,000 in the aggregate, (g) employment practices liability not less than $100,000 in the aggregate, (h) property insurance limits in amounts that adequately protect your business personal property, fixtures, improvements and business interruption and extra expense exposures, and (i) worker's compensation insurance (in compliance with state and local laws).

We reserve the right to change or modify (including increasing) the required minimum cover limits. You acknowledge and agree that the minimum coverage limits we specify are for our benefit and are not intended to be relied upon by you as a recommendation as to the types of coverage or coverage limits that are or might be appropriate for your Gym. Additional insurance coverage or increased coverage limits might be appropriate based upon, for example, the location of your Gym. You agree to seek the advice of your insurance advisor regarding the appropriate types of coverage and coverage limits you may need to sufficiently protect your Gym.

If you fail to obtain or maintain the required insurance, or if you fail to provide us with proof of insurance coverage, we may, but are not obligated to, obtain the insurance for you and maintain it in full force and effect. You acknowledge and agree that, in the event we obtain or maintain insurance on your behalf, you will pay the applicable premiums, or reimburse us for the applicable premiums, by authorizing us to ACH your bank account for such amounts. You must also pay, an additional 20% of the premiums as an administrative cost of obtaining the insurance, and our reasonable costs to obtain insurance on your behalf. If you do not comply with these insurance provisions, you will be in material breach of this Agreement. In addition to all other available remedies, we may demand that you cease operating the Gym for any period during which you do not have insurance coverage.

7.5 Operation of Your Gym.

Your Responsibilities. You are solely responsible for the successful operation of your Gym and for the performance of all of your obligations arising from the operation of your Gym, including, without limitation, the payment (when due) of all applicable taxes and the procurement and maintenance of all required or applicable business licenses and permits, including any changes to such licenses and permits. You shall at all times during the term of this agreement own and control the Gym.

(a) System Standards. You must operate your Gym in accordance with our System Standards, as described in the Operation Manual. You acknowledged receipt of a copy of the Operations Manual, which we are loaning to you. We have the right to revise the System Standards and the contents of the Operations Manual to meet changing conditions. The System Standards exist to protect our interests in the Franchise System and the Marks, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. You acknowledge and agree that you will comply with the System Standards as they may be periodically changed or modified by us. Our periodic modification of the System Standards, which may accommodate regional or local variations, may obligate you to invest additional capital in your Gym and incur higher operating costs.

(b) Operations Manual Requirements. You must at all times keep your copy of the Operations Manual current and up-to-date. In the event of any dispute as to the contents of the Operations Manual, the master copies maintained by us at our principal place of business shall be controlling.

You must treat the Operations Manual and information it contains as confidential, and must use all reasonable efforts to maintain the information as secret and confidential. You must not copy, duplicate, record or otherwise reproduce the Operations Manual, in whole or in part, or otherwise make it or any part of it available to any unauthorized person. The Operations Manual will remain our sole property and must be kept in a secure place on the Gym premises.

At our option, we may post all or portions of the Operations Manual on a restricted website, intranet or extranet to which our franchisees will have access. If we do so, you agree to monitor and access the website, intranet or extranet for any updates to the Operations Manual. Any password or other digital identification necessary to access the Operations Manual will be deemed to be our proprietary information, subject to the confidentiality provisions of this Agreement.

(c) Products and Services. You acknowledge and agree that you are authorized to offer only those services and products we designate from time to time in the Operations Manual or otherwise. There are no limitations on our right to designate additional authorized services and products that you must offer. You cannot offer any other types of services of products, or operate or engage in any other type of business or profession, from or through the Gym, unless you first receive our written consent. You shall not charge clients any additional fees or service charges not authorized by us including but not limited to convenience fees, gift card fees, credit card fees, service fees, or other surcharges.

Without limiting the generality of the preceding paragraph, we reserve the right to require you to purchase Fitness Products and prominently display them for sale at your Gym and in the manner that we designate from time to time. You agree to purchase Fitness Products from the suppliers that we designate (which may be us or our affiliates, exclusively). You must reorder and stock Fitness Products as reasonably necessary to meet expected consumer demand at the Gym, provided, however, we and our affiliates will have no liability to you on account of the temporary unavailability of any Fitness Product. "Fitness Products" means consumer merchandise (including, but not limited to, apparel, beverages, nutritional supplements, and workout gear), which may or may not be branded with the Marks, that we determine from time to time to be appropriate for sale at Gyms or for general promotional purposes.

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for products and services offered by your Gym. If we impose a maximum price for any product or service, you may not charge more for the product or service than the maximum price we impose. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising

any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

(d) Gym Management. During the term of this Agreement, except as we otherwise approve in writing, one of your owners or your manager, must devote full time and best efforts to the management and operation of your Gym. You are not required to participate personally in the direct operation of the Gym. However, we recommend that you personally serve as on-premises supervisor. Even if you hire a manager, you should always actively participate in the direct hands-on operation of your Gym.

You and any other individual who will have responsibility for the day-to-day operation of your Gym must complete Phase 1 of the Training Program to our satisfaction. You must operate your Gym on the days and for the number of hours that we may specify. Your Gym must always be under the direct on-site supervision of an individual who is fully qualified to operate everything in the facility.

We impose no limitations on, or requirements with respect to, who you may hire, except that you must comply with all applicable laws, and must not harm the goodwill associated with the Marks, the Proprietary Assets and the Franchise System. Your manager may be required to attend and complete Training Program and will be required to enter into a non-compete and confidentiality agreement. You must perform background checks for all employees you hire and update the background checks as specified in the Operations Manual. These requirements may affect who you may hire.

(e) Computer Hardware and Software. The minimum computer hardware requirements are specified in the Operations Manual. You may use any brand of computer hardware meeting our specifications and may acquire your computer hardware from any source. You must keep your computer in good working order and obtain and install the upgrades necessary to efficiently operate your Gym. You are responsible for consequences arising from improper use and/or poor upkeep and maintenance of your computer.

You must use the software programs designated and described in the Operations Manual or otherwise designated by us which include the Gym management and client satisfaction software.

You must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit-report information ("Personal Information") in accordance with applicable law and industry best practices (which includes complying with then-current Payment Card Industry Data Security Standards currently found at www.pcisecuritystandard.org, or any similar or subsequent standard, for the protection of cardholder data throughout the terms of this Agreement). It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. We expressly disclaim any ownership interest in any credit card information or cardholder data that is included within Personal Information.

You acknowledge and agree that we, our affiliates, and third parties we designate (including area directors and Approved Suppliers) may have independent, unlimited access to all information generated by your computer system. At our request, you agree to release with any vendor of your computer system providing us with unlimited access to your data.

(f) Computer Hardware and Software Updates. You must upgrade any hardware component or software program at any time to be compatible with the software package we require.

(g) Accounting Software, Financial Reports. You must use the accounting software described in the Operations Manual or otherwise designated by us and maintain full, complete, and accurate books, records, and accounts. By the 25th day of each calendar month, you must provide to us, in the form we prescribe, a profit and loss statement and a balance sheet for the preceding month. Within 90 days of the end of your fiscal year, you must submit to us a profit and loss statement for that fiscal year and a balance sheet as of the last day of the fiscal year prepared on an accrual basis, including all adjustments necessary for a fair presentation of your financial results. You must also maintain a report of all promotional expenditures relating to the Ongoing Marketing Spend Requirement, which we may review at our request. All such financial statements and report shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall be accurate and complete in all material respects.

(h) Additional Financial Information, Our Right to Audit. In addition to the financial statements and reports described above, we shall have the right to periodically request additional financial information about your Gym and to inspect and audit your books and records. You must permit us or our representatives or designees to enter your Gym during normal business hours to inspect and examine your operations, facilities, books and records, and you must cooperate with such inspections by rendering assistance as we or they may reasonably request. We and our affiliates may collect the Gym's books, records and other financial information for review in any form or manner we reasonably determine including, without limitation, requiring you to send documents to our offices. If an inspection or audit of your books and records reveal a deficiency in amounts owed to us, then those amounts shall become immediately due and payable to us, with interest at the rate of 12% calculated on a per annum basis, from the date the amount was due until paid. If an inspection or audit discloses an understatement of 2% or more, then you will also reimburse us for any costs and expenses, including accountants,' attorneys' fees, travel related expenses in connection with the inspection or audit. You must retain your books and records for 3 years following the fiscal year to which they relate.

(i) Financing and Title to Assets. You agree that you will directly obtain all financing required for the development and operation of the Gym and that no third party will obtain financing on your behalf. You further agree that you will directly own all of the assets necessary for the operation of the Gym.

(j) Security Interest. As security for the performance of your obligations under the Agreement, including payments owed to use or our affiliates, you shall grant us a security interest in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Gym, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof (including cash derived from the operation of the Gym), wherever located, used in connection with the Gym. You agree to execute such other documents as we may reasonably request in order to further document, perfect and record our security interest. If you default in any of your obligations under this Agreement, we may exercise all rights of a secured creditor granted to us by law, in addition to our other rights under this Agreement and at law. This Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and/or state that we deem

appropriate to protect our interests. If a third lender requests that we subordinate our security interest in the assets of your Gym as a condition to issuing a loan to you, we will agree to do so in accordance with our then-current form of subordination agreement.

(k) Other Products and Services. You may not install or maintain on your Gym premises any products or services other than those outlined in the Operations Manual without our prior written approval.

(l) Inspections. We shall have the right to interview your clients, customers, employees, and contractors and inspect your Gym, and to examine and copy your books, records, and documents, including, without limitation, inventory, products, equipment, materials, and supplies, to ensure compliance with our designated standards and specifications. We have the right to conduct inspections with or without prior notice to you. If we provide you prior notice, you or one of your owners are required to be present at the Gym during the inspection.

(m) Membership Sales. You will offer and sell rights of access to your Gym referred to as a "Membership" or "Memberships." All Memberships must be evidenced by a written agreement (a "Membership Agreement") and may not be for a term that extends beyond the expiration of this Agreement. When selling Memberships, you will use the form of Membership Agreement that we will provide to you, and you will not make any modifications in the forms without our prior written consent. Notwithstanding the foregoing, you acknowledge that you are responsible for ensuring that the Membership Agreements comply with all applicable laws and you may modify the Membership Agreements to the extent necessary to comply with such applicable laws, provided that you provide us with immediate written notice of all such modifications. You acknowledge and agree that, subject to the preceding sentence, any Membership Agreement that has been modified without our consent shall be void. We may modify the types and terms of Memberships to be offered, terminate your right to offer certain types of Memberships, and/or approve or require other types of Memberships for sale.

You will only offer for sale the Memberships in strict compliance with System Standards and our standards, policies and procedures. If we authorize you to sell Memberships, you will nevertheless be responsible for determining that you may do so under all laws and regulations applicable to your Gym and you agree that you will fully comply with all such laws and regulations. We may suspend, revoke or terminate your right to offer Memberships at any time.

You agree to comply with the System Standards we establish from time to time regarding Memberships. These System Standards may regulate, among others, the following topics: (1) the types and terms of Memberships you may offer, (2) the form(s) of Membership Agreement, (3) the terms and conditions upon which a client may transfer his Membership from your Gym to another Gym and vice versa, (4) admission of clients of your Gym to other Gyms, (5) procedures to follow when clients transfer to or from your Gym, (6) use and acceptance of coupons, passes, and certificates, (7) group accounts and group Memberships (and discounts applicable thereto), and (8) payment terms for Memberships.

You agree, upon notice from us, to accept any Memberships we assign to you, and, if we so require, to honor those Memberships on the terms and conditions of the existing Membership Agreement, and to accept as remuneration only such payments as accrue pursuant to the applicable Membership Agreement from the time of assignment.

You agree that we own all Client Information (defined in Section 12.4), that it comprises part of the Confidential Information which you are licensed to use under this Agreement, and that we may use Client Information in our business activities and may disclose Client Information (such as the number of clients), but during the term of this Agreement we will not publicly disclose any Client Information unless

we make such public disclosure without disclosing your identity or your Gym's Client Information on an individual (i.e., unconsolidated) basis. We may contact any client(s) of any Gym at any time for any purpose. Upon expiration or termination of this Agreement, we reserve the right to make any and all disclosures that we deem necessary or appropriate.

We reserve the right to establish a reciprocity program between your Gym and other Gyms. You must comply with all standards and requirements of any reciprocity program as we may implement and periodically modify.

(n) Audio and Visual Entertainment. You acknowledge and agree that provision of audio and visual entertainment to clients of your Gym is or may become an integral part of the Franchise System. Accordingly, you agree to play only the types of music and display only the types of visual entertainment, at the decibel levels and using such equipment and in the manners that we may periodically prescribe or approve. You must acquire or install any audio or visual equipment that we designate or require for use by your Gym and subscribe to music and video services as we may periodically specify to enable you to broadcast videos, music, and other content as specified by us from time to time. We may prohibit you from displaying, exhibiting, broadcasting or providing any media we choose, regardless of content, including use of political, religious, or social content in such media.

7.6 Your Other Obligations.

To further protect the Marks, the Proprietary Assets and the Franchise System, and their associated goodwill, you must:

(a) Attend and satisfactorily complete the Training Program and make certain that any other employee or individual having day-to-day supervisory responsibility for Gym operations attends and satisfactorily completes the Training Program,

(b) Train your employees and other individuals working in your Gym so that they meet the qualifications established by us from time to time,

(c) Ensure that all of your fitness instructors are licensed (if required in your jurisdiction), have adequate insurance, including professional liability insurance or the equivalent,

(d) Feature and use the Marks and Proprietary Assets solely in the manner prescribed by us,

(e) Observe such reasonable requirements with respect to the Marks, fictitious name registrations, and copyright notices as we may direct from time to time,

(f) Not offer, sell or promote, in connection with the Marks or any same or similar mark, any other services or products other than those authorized by us under this Agreement,

(g) Sell or offer for sale at the Gym only services and products that we require or recommend and meet our current System Standards established in our Operations Manual,

(h) Use advertising, promotional and other materials only with the Marks and other names, marks, insignia and symbols we recommend or require for the Franchise System,

(i) Equip and stock your Gym with the equipment, furniture and fixtures, inventory, products and supplies required and approved by us so that at all times your Gym can operate at maximum capacity,

(j) Comply with all laws, ordinances and regulations applicable to the operation of your Gym and the offering of fitness services,

(k) Provide all authorized fitness services only at your Gym Location unless otherwise approved by us in writing,

(l) Notify us in writing within 5 calendar days of the commencement of any action, lawsuit, complaint or proceeding, or of the issuance of any writ, injunction, award or decree of any court, agency, governmental agency, or instrumentality that may adversely affect your financial condition or your ability to meet your obligations under this Agreement or operate your Gym and, upon request, furnish us with copies of all documents related to any such action, award or decree,

(m) Pay on a timely basis all fees and costs incurred in the operation of your Gym, whether owing to us or to third parties to avoid irreparable harm to our reputation and credit and the reputation and credit of the Franchise System and other Gyms,

(n) Submit to us, at the time we specify and on a form approved by us, such other reports we may prescribe from time to time in the Operations Manual or otherwise,

(o) Take all reasonable steps necessary to protect us, the Franchise System, the Marks and the Proprietary Assets against any misappropriation and/or similar actions taken by any third party that may damage us, the Marks, the Proprietary Assets or the Franchise System, and immediately notify us of such misappropriation or similar action,

(p) Devote such time to the operation of your Gym as is necessary to effectively and efficiently operate the Gym,

(q) Comply with all requirements in this Agreement and in the Operations Manual, as the same may be modified from time to time,

(r) Accept the transfer of any client of another Gym, as more fully described in Section 7.5 (m),

(s) At no time solicit any employee of another Gym to become associated with your Gym as an employee, independent contractor, owner, or otherwise,

(t) At all times use the Gym Location solely to operate your Gym on the days and during the hours as we periodically specify, and refrain from using or permitting the use of the Gym Location for any other purpose or activity,

(u) Maintain and improve the condition and appearance of your Gym consistent with our System Standards and other Franchise System requirements as may be necessary to effectively operate your Gym,

(v) Without our prior written approval, make any material alterations to the Gym Location or make material replacements of, or alterations to the Gym's equipment, fixtures or signs,

(w) Record all sales and related activities on a computer that is fully compatible with any program or system we require and ensure that we or our designee have full and direct access to all of your Gym's data and related information, whether in person, by Internet access, or otherwise,

(x) Display at all times our standard quality control and franchise opportunity signs in a highly visible area of your Gym, and

(y) Institute a data privacy and security policy for Personal Information in conformity with the requirements of Section 7.5(e).

8. ADVERTISING

8.1 Limitations.

You agree to actively promote your Gym, to abide by all of our marketing and advertising requirements and to comply with the following provisions:

(a) You may advertise your Gym and solicit clients from any area, even if the clients live or work in a territory or protected area other than the Protected Area, so long as your provide services only at the Gym location we have approved. You are not required to compensate any individual or entity in connection with this advertising and solicitation. We and our other franchisees reserve the same right to solicit, accept and provide fitness services to clients who live or work within the Protected Area, without compensating you.

(b) All advertising and promotional materials, signs, and other items we designate for use in your Gym must bear the Marks in the form, color, location and manner we specify, and you must obtain all such materials from Approved Suppliers. Your advertising and promotional materials (including for your website) must meet our standards and specifications as described in the Operations Manual or as otherwise communicated to you to us. You may prepare and use your own advertising and promotional materials only with our prior written approval. Prior to using advertising and promotional materials you prepare (including signs, containers, boxes, specialty and novelty items, equipment and apparel), you must submit to us a copy of the materials, along with a description of how you intend to use the materials (including in newspapers, on television, radio or the internet, in a direct mail campaign, or in any other media sources). We have the right to approve, disapprove, or place conditions upon the advertising and promotional materials, such as limiting or modifying text, artwork or the manner in which you intend to disseminate the materials. We will approve or disapprove your advertising and promotional materials in writing within 30 days after we receive your request for approval. If we do not respond within such 30 day period, the advertising material will be deemed disapproved.

(c) You must pay us or a party we designate a fee to establish and maintain a website for your Gym (the "Gym Website"). This fee is currently included in the technology fee specified in Section 4.7 of this Agreement, but we reserve the right to charge you additional fees for the Gym Website. If you own more than one (1) Gym, you must maintain a separate website for each of your Gyms. You must use our Approved Suppliers to set-up, design and host your website. We retain the right to require you to cease maintaining the Gym Website and participate, at your cost, in a website that we, at our option, maintain for all Gyms in the future. A "website" is any interactive electronic document, mobile media, social media tool or page or other Internet presence, contained in or utilizing a network of computers linked by communication software, including the Internet, Worldwide Web and any successor technology, including texting, social media promotions, posting or sites such as Facebook, Twitter, and Instagram, and including any other electronic, mobile or digital device, method or system enabling the transmission of information. Your use of the Fitness Website, including any pictures or other media you may post on the Gym Website, must be in strict compliance with all applicable laws, including but not limited to laws governing copyright.

(d) You may utilize any social media website or any other Internet community that we approve (the "Approved Sites") pursuant to our then-current social media policy, which we may modify

from time to time. You must follow our guidelines when posting messages relating to your Gym on the Approved Sites. We reserve the right to require our approval of any message you compose for an Approved Site or to revoke our approval to use any Approved Site at any time. Your use of Approved Sites, including any pictures or other media you may post on Approved Sites, must be in strict compliance with all applicable laws, including but not limited to laws governing copyright.

(e) You must use our Approved Supplier to conduct digital marketing services we designate, which may include, but is not limited to, data analytics, content marketing, digital media planning and buying, and search-engine optimization.

8.2 Initial Marketing Spending Requirement.

During the period beginning at least 60 days before you open your Gym and continuing through the first 60 days of your Gym operations, you must spend at least $10,000 and up to $15,000 to advertise, market, and promote your Gym and Pre-Opening Membership Sales (the "Initial Marketing Spending Requirement"), provided however, if you purchase an existing Gym, the $10,000 to $15,000 Initial Marketing Spend Requirement applies during the first 180 days after you take possession of the Gym. The Initial Marketing Spend Requirement is in addition to your Ongoing Marketing Spend Requirement described below. The Initial Marketing Spend Requirement will be used to advertise, market and promote your Gym in accordance with an advertising and marketing plan we approve before the opening of your Gym. We have the right to obtain from you information with respect to the results achieved from meeting your Initial Marketing Spending Requirement and implementing your approved advertising and marketing plan.

We reserve the right to require you to pay us the Initial Marketing Spend Requirement, and if we so request, we will advertise, market, and promote your Gym on your behalf in accordance with the provision of this Section. You acknowledge and agree that our collection of the Initial Marketing Spend Requirement and management of the associated marketing does not constitute a guarantee as to the success of your Gym, and that we make no claims or representations whatsoever regarding potential sales, profits or earnings achievable by you or your Gym.

8.3 Branding Fund.

(a) We have established a national advertising and branding fund (the "Brand Fund") for the advertising, marketing, and public relations programs and materials we deem appropriate that will be used nationally, regionally, or locally, and you agree to make contributions to the Branding Fund as required under Section 4.11. We have the right to collect for deposit into the Branding Fund any advertising, marketing, or similar allowances paid to us by suppliers to the Franchise System who instruct us to use the allowances for advertising or marketing purposes. We may incorporate the Branding Fund or operate it through a separate entity as we deem appropriate. We have no fiduciary obligations to you in connection with our administration of the Branding Fund. We do not use any of the funds contributed to the Branding Fund principally to solicit new franchise sales.

(b) We designate all programs to be financed by the Branding Fund and have sole control over the creative concepts, materials, and endorsements prepared and used and their geographic, market, and media placement and allocation. The Branding Fund may pay for (i) preparing and producing video, audio, and written materials (including marketing and promotional materials and local store marketing advertisements we prepare) and electronic media, (ii) administering regional and multi-regional marketing and advertising programs, including purchasing space in print publications, direct mail, radio and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance, (iii) supporting public relations, market research, and other advertising, promotion, and marketing activities, (iv) developing and maintaining website(s) for the Franchise System, (v) administering online advertising and marketing campaigns (including search

engine, social media, email, and display ad campaigns), and (vi) developing and maintaining application software designed to run on computers and similar devices, including tablets, smartphones and other mobile devices, as well as any evolutions or "next generations" of any such devices. The Branding Fund will advertise in printed materials, on radio or television for local, regional or national circulation, and via digital media. We and/or our regional or national advertising agency will produce all advertising and marketing. We determine the use of the funds contributed to the Branding Fund, including allocating a portion of any Branding Fund contributions to any regional advertising programs we may establish in the future. We are not required to spend any particular amount of marketing, advertising or promotion in the area in which your Gym will be located. In addition, we are not required to ensure that Branding Fund expenditures for or affecting any geographic area be proportionate or equivalent to Branding Fund contributions by Gyms operating in that area, or that any Gym benefits from the development or placement of advertising and marketing materials directly or in proportion to its Branding Fund contributions. We intend for the Branding Fund to promote the applicable Marks, patronage of Gyms, and the Last Real Gym brand generally. We may use collection agents and institute legal proceedings to collect Branding Fund contributions at the Branding Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Branding Fund. Except as specifically provided in this Agreement, we assume no other direct or indirect liability or obligation to you for collecting amounts due, or maintaining, directing, or administering the Branding Fund. We have no fiduciary obligation to you in connection with our administration of the Branding Fund.

(c) We account for the Branding Fund separately from our other funds and do not use the Branding Fund for any of our general operating expenses, except to compensate us for the reasonable salaries, administrative costs, travel expenses and overhead we incur in administering the Branding Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Branding Fund contributions. The Branding Fund is not our asset and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Branding Fund or for any other reason. The Branding Fund may spend in any fiscal year more or less than the total Branding Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. If we terminate the Branding Fund, we will spend all unspent amounts on marketing activities specified by this Section 8.3.

(d) We prepare annual unaudited financial statements for the Branding Fund that are available to you upon written request 120 days after the end of the Branding Fund's fiscal year. We are not required to audit the Branding Fund but may do so at our discretion.

8.4 Marketing Cooperatives.

We may designate a geographic area in which 2 or more Gyms are located as an area in which to establish a marketing cooperative ("Marketing Cooperative"). The Marketing Cooperative's members will include all Gyms operating in the geographic area, including us and our affiliates, if applicable. We may also require that you join an existing Marketing Cooperative operating in a geographic area encompassing or near your Gym. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees directly, as we determine. We will determine how any Marketing Cooperative is organized and governed, but the Marketing Cooperative's members are responsible for its administration and determination of contribution levels. All Marketing Cooperative will be governed by written documentation generated and/or designed by us. Such documentation is available for Marketing Cooperative member review. All material decisions of the Marketing Cooperative, including contribution levels, will require the affirmative vote of at least 51% of all Gyms operating within the Marketing Cooperative's area (including those that we and our affiliates operate, if any), with each Gym receiving one (1) vote. We may collect Marketing Cooperative fees and transfer those fees to the Marketing Cooperative, or the Marketing Cooperative may collect the fees

directly, as we determine. We may form, modify, change, dissolve, or merge Marketing Cooperatives. We will not use funds contributed to a Marketing Cooperative to solicit new franchise sales.

8.5 Ongoing Marketing Spend Requirement.

(a) Beginning 60 days after on the date your Gym opens for business, you must spend 2% of your Gross Sales per month on advertising, marketing and promotional programs for your Gym (the "Ongoing Marketing Spend Requirement"). Your Ongoing Marketing Spend Requirement excludes any contributions you make to the Branding Fund, but does include any contributions you make to a Marketing Cooperative. Your required Marketing Cooperative contributions could, by themselves, exceed the minimum Ongoing Marketing Spend Requirement. In addition, we have the right to collect your minimum Ongoing Marketing Spend Requirement and use those funds for local, regional or national advertising or promotional programs. You acknowledge and agree that your compliance with the Ongoing Marketing Spend Requirement does not constitute a guarantee as to the success of your Gym, and that we make no claims or representations whatsoever regarding potential sales, profits or earnings achievable by you or your Gym.

(b) At least 90 days before your open your Gym, you must submit to us a completed trade area survey and submit to us for approval an advertising and marketing plan describing your pre-opening advertising plan and your plan for the first 3 months after the opening. You will not be permitted to open and/or operate your Gym until we receive the completed trade area survey and approve this advertising and marketing plan. Subsequent to such period, and during the term of this Agreement, you must prepare and execute an advertising and marketing plan that you must provide to us upon our request. You must also provide to us upon request information about the results achieved from implementing your advertising and marketing plan and meeting your Ongoing Marketing Spend Requirement.

8.6 Gift Cards.

You must participate in all gift cards, loyalty card, promotional card, award card, or other similar prepaid card, code or other device ("Gift Cards") programs periodically established or approved of by us for Gyms. You acknowledge and agree that we may charge you a fee in connection with your participation in these programs which may include, without limitation, the cost of any third party vendor commissions or fees incurred by us in connection with the programs. You are required to purchase Gift Cards from our Approved Supplier and may use and honor Gift Cards only in the manner we designate and require.

9. INDEMNIFICATION

9.1 Indemnification.

You agree to indemnify, defend and hold harmless us and our affiliates, and our and their respective shareholders, members, managers, owners, principals, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and agree to reimburse them for, all claims, obligations and damages described in this Section 9.1, any and all of your third party payment or other obligations, and any and all claims and liabilities directly or indirectly arising out of the operation of your Gym or your use of the Proprietary Assets in any manner, including, without limitation, those alleged to be for, or found to have been caused by the Indemnified Party's gross negligence or willful misconduct, unless (and then only to the extent that) the claims and liabilities are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction. For purposes of this indemnification, "claims" means and includes all obligations, actual and consequential damages, and costs reasonably incurred in the defense of any claims against the Indemnified Parties including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof

of facts, court costs, other litigation expenses and travel and living expenses. Each Indemnified Party shall have the right to defend any such claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

10. DEFAULT, TERMINATION

10.1 Immediate Termination by Us.

We have the right, at our option, to terminate this Agreement and all rights granted to you, without affording you any opportunity to cure any default (subject to any state laws to the contrary, in which case state law will prevail), effective upon delivery to you of a termination notice, upon the occurrence of any of the following events:

(a) Unauthorized Disclosure. If you or any person under your control intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents or any part of the Operations Manual or any other Proprietary Assets, trade secrets or confidential information of ours or our affiliates,

(b) Fraud. If you commit fraud in connection with the purchase or operation of the Gym or otherwise engage in conduct that, in our sole judgement, impairs or may impair the goodwill associated with the Marks or otherwise subjects the Marks or the Franchise System to ridicule, scandal, reproach, scorn or indignity,

(c) Abandonment. If you cease to operate your Gym or you otherwise abandon your Gym for a period of 2 consecutive days, or you indicate an intent to permanently discontinue operation of the Gym, unless and only to the extent full operation of your Gym is suspended or terminated due to the exercise of the power of eminent domain or fire, tornado, hurricane, flood, earthquake or similar natural disaster which is not within your control (and not related to the availability of funds to you),

(d) Bankruptcy. If you, or any person controlling, controlled by or under common control with you ("your affiliates"), becomes insolvent or are adjudicated bankrupt, or if you or any of your affiliates file or has filed against you or any of your affiliates, a petition in bankruptcy, reorganization or similar proceeding under the bankruptcy laws of the United States, or if a permanent or temporary receiver is appointed for you or any of your affiliates, or if you or any of your affiliates requests the appointment of a receiver or makes a general assignment for the benefit of creditors,

(e) Judgment. If a final judgment against you or any of your affiliates in the amount of $5,000 or more remains unsatisfied of record for 30 days or longer, or if the bank accounts, property or receivables of you or any of your affiliates are attached and such attachment is not dismissed within 30 days, or if execution is leveled against your or any of your affiliates' business or property, or if suit is instituted to foreclose any lien or mortgage against your Gym, the premises thereof or equipment thereon, and not dismissed within 30 days,

(f) Criminal Conviction. If you or any of your Bound Parties (as defined in Section 12.1) is convicted of, or pleads no contest or guilty to, a felony, a crime involving moral turpitude, or any crime or offense that, in our sole judgment, is reasonably likely to harm or unfavorable affect the Marks, the Proprietary Assets or the Franchise System or their associated goodwill and reputation,

(g) Unethical Conduct. If you or any of your Bound Parties (as defined in Section 12.1) is engage in any unethical conduct which, in our sole judgment, is reasonably likely to harm or unfavorably affect the Marks, the Proprietary Assets or the Franchise System or their associated goodwill and reputation,

(h) Failure to Pay. If you (or any other Entity in which you or one of your owners with at least a 25% ownership interest in you, is an owner) fails to pay any amounts due us or our affiliates within 10 days after delivery of notice that such fees or amounts are overdue,

(i) Underreporting. If you intentionally underreport your Gym's gross receipts by any amount or negligently underreport your Gym's gross receipts by 5% or more during any reporting period,

(j) Training. If you or any of your owners is discovered to be cheating at the Training Program or fails to complete the Training Program to our satisfaction,

(k) Commencement of Operations. If you fail to open your Gym by the Projected Opening Date (or the Extended Opening Date if we have granted you an Opening Extension),

(l) Misuse of Marks. If you or any of your affiliates misuse the Marks or Proprietary Assets, fail to follow our directions and guidelines concerning use of the Marks or Proprietary Assets, or use any marks in connection with your Gym not authorized by us and fail to correct the misuse or failure within 10 days after delivery of notice from us,

(m) Repeated Non-Compliance. If you receive 3 notices of default from us within a 1-year period, regardless of whether you cured the defaults,

(n) Unauthorized Transfer. If you sell, transfer or otherwise assign this Agreement, the Gym, or any interest in this Agreement or the Gym, or sell, transfer, or otherwise assign a substantial portion of the Gym, in each case, without complying with the provisions of this Agreement applicable to transfers,

(o) Loss of Possession. If you lose the right to occupy the Gym premises,

(p) Termination of Other Agreement. If we or any of our affiliates issues a notice of termination with respect to any other franchise agreement between us and any of our affiliates and you (or other Entity in which you, or one of your owners with at least 25% ownership interests in you, is an owner) governing the operation of another Gym, or master franchise or area director business,

(q) Loan Default. If you commit a default under any loan from, or lease with us, our affiliates or a third party and fail to cure the default within the time specified by us or by any third party, or

(r) Health/Safety. If you create or allow to exist any condition in or at the Gym, or on about the Gym premises, that we reasonably believe presents health or safety concerns for the Gym's clients or employees.

10.2 Termination by Us – 30 Days' Notice.

If you breach any other provision of this Agreement, we will have the right to terminate this Agreement 30 days after we deliver to you prior written notice of any such breach (subject to any state laws to the contrary, in which case state law will prevail), including, without limitation, if you fail to comply with the provisions of the Operations Manual and fail to cure the default during the 30-Day period. In the event, this Agreement will terminate without further notice to you, effective upon expiration of the 30-Day period.

10.3 Default Fee.

If addition to our other rights and remedies, we have the right to charge you a $250 default fee per breach by you of any term or condition of this Agreement including, without limitation, failure to pay (or to have adequate amounts available for ACH from your bank account) amounts owed to us or our affiliates or failure to timely provide required reports. We may change or eliminate this fee.

10.4 Your Obligations Upon Termination.

Upon the expiration or termination of this Agreement for any reason, you must:

(a) Pay all Royalty and other amounts then owed to us or our affiliates pursuant to this Agreement or any other agreement between us, including any other franchise agreement, or otherwise,

(b) Cease identifying yourself as a franchisee of the Franchise System, cease using any of the Marks and Proprietary Assets or any confusingly similar names, marks, systems, insignia, symbols, or other procedures or methods, cease using or operating (or take any action that may be required to disable) the Gym Website and any other websites, including social media websites, related to your Gym, and cease doing anything that would indicate any relationship between you and us,

(c) Return to us the Operations Manual and all other manuals, plans, specifications, designs, records, data samples, models, programs, materials, handbooks, drawings and other materials provided to you by us,

(d) Notify the telephone company, all telephone company directory publishers and all domain name providers of the termination or expiration of your right to use any telephone number, any regular, classified, or other telephone directory listings, and any domain names associated with any Mark (including any telephone number listing or domain name used in connection with your Gym) and authorize their transfer to us or our designee. You acknowledge that, as between you and us, we have the sole right to, and interest in, all telephone and facsimile machine numbers, directory listings and domain names associated with any Mark (including those related to your Gym). Should you fail to make such notifications, you authorize us, and hereby appoint us and any of our officers as your attorney-in-fact, to direct the telephone company, all telephone directory publishers and all domain name providers to transfer to us or our designee any telephone and facsimile machine numbers, directory listing and domain names relating to the Gym, and the telephone company, all telephone directory publishers and all domain name providers may accept such direction or this Agreement as conclusive evidence of our exclusive rights in such telephone numbers and directory listing and our authority to direct their transfer, and

(e) Abide by all restrictive covenants set forth in Section 12 of this Agreement.

10.5 Client Obligations Upon Termination.

In addition to the obligations set forth in Section 10.4, upon the expiration or termination of this Agreement for any reason, you must notify the clients of your Gym that you are no longer our franchisee and that your Gym will cease to operate under the Marks and the Franchise System. You acknowledge that, as between you and us, we have the sole right to, and interest in, the Client Information (as defined in Section 12.4). Accordingly, upon expiration or termination of this Agreement for any reason, we or our designee may, but are not obligated to, contact clients of your Gym and offer such clients continued rights to use one or more Last Real Gym on such terms and conditions we deem appropriate, which in no event will include assumption of any then-existing liability arising from the operation of your Gym. If, upon expiration of this Agreement, clients of your Gym are legally entitled to full or partial refund of any monies paid to you, you will refund such monies promptly and in full and will cooperate with us to preserve client goodwill with such clients.

10.6 Our Options in the Event of Your Default.

If you are in default of this Agreement and have not cured the default within the applicable cure period:

(a) We have the right (but not the obligation) to enter your Gym to make modifications necessary to protect the Proprietary Assets, to remove your equipment and signage, to cure any default

under this Agreement or under the lease for the Gym Location, and assume all of your rights under the lease (including making lease payments), including the right to assign or sub-lease, and

(b) We have the right (but not the obligation) to enter the Gym and assume the Gym's management (or to appoint a third party to assume its management) for any time period we deem appropriate. If we (or a third party) assume the Gym's management, you must pay us or the third party we designate (in additional to the Royalty and any additional amounts you owe us or our affiliates) our then-current monthly management fee (currently $5,000). If we (or a third party) assume the Gym's management, you acknowledge that we (or the third party) will have a duty to use only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Gym incurs, or to any of your creditors for any suppliers or services the Gym purchases, while we (or the Third party) manage it. The exercise of our rights under this Section 10.6 shall not affect our right to terminate this Agreement.

11. TRANSFER

11.1 Transfer.

You acknowledge and agree that we are entering into this Agreement in reliance upon, and in consideration of, your business skills, financial capacity and other required qualifications. Accordingly, the rights and duties created under this Agreement are personal to you. Your interest in this Agreement, any of your rights under this Agreement, your Gym and any interest therein, and ownership interest in you may not be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner, without our prior written consent. Any actual or intended assignment, transfer or sale made in violation of the terms of this Section 11 shall be null and void and shall constitute a material breach of this Agreement, constituting good cause for termination of this Agreement. We will not unreasonably withhold our consent to a transfer, provided all of the following conditions are met before or concurrently with the effective date of the transfer.

(a) The proposed transferee provides information to us sufficient for us to assess the transferee's business experience, aptitude, and financial qualification, and we approve the proposed transferee as a franchisee,

(b) Neither the transferee nor its owners or affiliates have an ownership interest in, or perform services in any capacity for a Competitive Business (defined in Section 12.1)

(c) You, your owners, and any other guarantors under this Agreement, execute a form consent to transfer, which will include a general release and a non-disparagement clause, in a form satisfactory to us ("Consent to Transfer"), releasing us and our affiliates, and our and their respective officers, directors, members, shareholders, employees and agents, in their corporate and individual capacities, from any and all claims, including, without limitation, claims arising under federal, state and local laws, rules and ordinances,

(d) You and your owners and guarantors abide by all post-termination covenants, including the covenant not to compete set forth in Section 12.2,

(e) All obligations created by this Agreement, all ancillary documents and any other franchise agreements or other agreements between us have been discharged or otherwise assumed by the transferee,

(f) All amounts due and owing in accordance with this Agreement or otherwise (including under another franchise agreement with us) by you (or any other Entity in which you, or one of

your owners, is an owner) to us, our affiliates, or third parties whose debts or obligations we have guaranteed on your behalf, if any, are paid in full, and

(g) You are not in default under this agreement or under any other franchise agreement or other agreements between us.

Notwithstanding the foregoing, if the proposed transfer is of this Agreement and the Gym or the day-to-day operational responsibilities for the Gym, or a controlling interest in you (25% or more), or is one of a series of transfers (regardless of the time period over which these transfer take place) that, in the aggregate, transfer this Agreement and the Gym or a controlling interest in you (25% or more), all of the following conditions must be met before or concurrently with the effective date of the transfer.

(h) Each of the conditions set forth in Section 11.1(a) through (g) above is satisfied,

(i) The proposed transferee agrees to operate the Gym as a Last Real Gym and signs the then-current form of franchise agreement, the provisions of which may be materially different than the provisions contained in this Agreement.

(j) The proposed transferee (and any other persons required by us under the then-current form of the franchise agreement) must satisfactorily complete Training Program prior to taking possession,

(k) The proposed transferee agrees to renovate, refurbish, remodel or replace, at its own cost, the real and personal property and equipment used in operating the Gym within the timeframe specified by us in order to comply with our than current image and System Standard,

(l) Your landlord permits you to transfer or sublease the Gym lease to the transferee and any new lease, sublease, or lease assignment transferring or subleasing the Gym lease to transferee has been approved by us as set forth in Section 7.2,

(m) You or the transferee pay us a fee in the amount $10,000 (“Transfer Fee”). The Transfer Fee must be paid to us in a lump sum in the form of a cashier’s check or wire transfer concurrently with signing a Consent to Transfer,

(n) If the transferee was identified, or referred to you, by a third-party broker, you shall have paid any and all of such third-party broker’s fees,

(o) Neither the transferee nor its owners may, without our prior written consent, take possession of the Gym until the transfer process has been completed, and

(p) You pay us a deposit of $2,500 (“Fee Deposit”). The Fee Deposit must be paid to us in the form of a cashier’s check or wire transfer concurrently with the signing of the Consent to Transfer. We will refund the Fee Deposit to you, less any amounts which may be due under this Agreement, within thirty (30) days following the effective date of the transfer or the date on which you and the transferee have complied with all terms set forth in the Consent to Transfer, whichever is later.

You acknowledge that the proposed transferee will be evaluated by us based on the same criteria as those currently being used to assess new franchisees and that the proposed transferee will be provided with the disclosures required by law. We may review all information regarding the Gym and your franchise business that you give the transferee, and we may give the transferee copies of any reports or information that you have given us or that we have made regarding the Gym.

11.2 Transfer to an Entity Owned by You.

Notwithstanding the foregoing, you may, for convenience of ownership or comply with the provisions of Section 7.3 (b), and without the payment of the Transfer Fee, transfer the ownership of your Gym under this Agreement to an Entity wholly owned by you. Before such transfer, you must furnish to us a copy of the organizational documents of the Entity, execute a guaranty of the obligations under this Agreement (substantially in the form set forth as Exhibit 4), and cause all necessary parties to execute any other transfer documents we deem reasonably necessary. As a condition to such transfer, you must sign our then-current general release, which will include a non-disparagement clause.

11.3 Death, Disability or Permanent Incapacity.

Upon your death, disability or permanent incapacity, we shall not unreasonably withhold our consent to the transfer of your interest in this Agreement to a spouse, heirs or relatives, by blood or marriage, whether such transfer is made by will or by operation of law, provided that the conditions of Section 11.1 and the requirements of this Agreement have been met, and further provided that the transfer does not result in a change of control of you to any party other than such spouse, heir or relative. In such event, no Transfer Fee shall be required. If your heirs do no obtain our consent as prescribed herein, your personal representative shall have 180 days to dispose of your interest hereunder, which disposition shall be subject to all of the terms and conditions for transfers under this Agreement.

11.4 Your Agreement to Transfer Restrictions

Any transfer permitted by this Section 11 shall not be effective until all requirements in this Agreement concerning transfer have been met and we have approved the transfer in writing. You agree that the restrictions on transfer imposed in this Agreement are reasonable and necessary to protect the Marks, the Proprietary Assets, your Gym and the Franchise System, as well as our reputation and image, and are for the protection of us, you and our other franchisees.

11.5 Our Right of First Refusal

If you (or any of your owners) at any time determine to sell or transfer for consideration a controlling interest in this Agreement (25% or more), the assets of your Gym, or a controlling interest in you (except to or among your current owners, which is not subject to this Gym), in a transaction that otherwise would be allowed under Section 11.1 above, you (or your owners) agree to obtain from a responsible and fully disclosure buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you or in this agreement and your Gym. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price, and must be contingent upon our waiver of our right of first refusal as described in this Section 11.5. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Upon our receipt of the offer and other documents, we will have 30 days in which to exercise our right of first refusal on the same terms and conditions set forth within the offer. During such period, we may also notify you that we have acted to withhold approval of the proposed transfer and will provide you with the specific reasons for such action.

11.6 Transfer if Franchisee is an Entity

If you are an Entity, the terms of this Section 11 shall be deemed to also apply to any sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, or other ownership interest in you.

11.7 Controlling Interest

A person will be deemed to have a controlling interest in you if that person has the right to vote 25% or more of the voting securities or other forms of ownership interest of a corporation, limited liability company or other form of entity, or is entitled to receive 25% or more of the net profits of any such entity, or is otherwise able to direct or cause and obligations hereunder to any person or legal entity without your approval.

12. RESTRICTIVE COVENANTS

12.1 Non-Competition During Term.

You agree that, other than the Gym, neither you nor any of your officers, directors, shareholders, members, partners or other owners, nor any spouse or any of these individuals (collectively, "Bound Parties"), shall, during the term of this Agreement:

(a) Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business (as defined below), wherever located or operating,

(b) Perform service as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business, wherever located or operating,

(c) Divert or attempt to divert any business or Membership related to the Gym, our business, or any other franchisee's Gym by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of ours, any of our affiliates, or another franchisee, to any Competitive Business,

(d) Directly or indirectly solicit or employ any person who is employed by us, any of our affiliates, or another franchisee of ours without obtaining the employer's prior written consent,

(e) Use any of the Proprietary Assets for any unauthorized purpose, use any confusingly similar method, format, procedure, technique, slogan, insignia, term, designation, design, diagram, promotional material or course material, or cause or permit any facility or program to look like, copy of imitate any facility or program operated or licensed by us without our prior written consent, or

(f) Directly or indirectly assist an immediate family member of any of the Bound Parties in engaging in any of the activities listed in subsections (a) - (e) above.

The term "Competitive Business" for purposes of this Agreement, means any business operating or granting franchises or licenses to others to operate Gyms or any other fitness business, or any business offering or selling products, or educational materials or conducting workshops for services that are the same as, similar to, or competitive with Franchise System or other Gyms (other than a franchise operated under a franchise agreement with us or our affiliate).

12.2 Post-Termination Covenant Not to Compete.

For a period of 2 years after the expiration or termination of this Agreement (regardless of the cause of termination) or the sale of transfer of your Gym, or such other date as you and all other Bound Parties begin to comply with this Section 12.2, whichever is later, neither you nor any other Bound Party shall have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, lessor, representative, agent, or in any other capacity in any Competitive Business located or operating within a 3-mile radius of your Gym (including at the former Gym Location) or within a 3-mile radius of any other Gym existing on the later of the effective date of termination or

expiration of this Agreement or the date on which you and all other Bound Parties begin to comply with this Section 12.2.

12.3 Permitted Interests.

Nothing in this Section 12 shall prohibit you or any other Bound Party from owning shares of a class of securities listed on a stock exchange or traded on the over-the-counter market representing 5% or less of the aggregate number of share of that class of securities issued and outstanding.

12.4 Confidential Information.

We possess certain proprietary confidential information consisting of (i) the Marks, (ii) the Proprietary Assets, (iii) our System Standards, (iv) information generated by, or used or developed in, your Gym's operation, including information relating to clients such as client names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information, and similar information ("Client Information"), and (v) other methods, techniques and knowledge of and experience in the operation and franchising of Gyms (the "Confidential Information"). We shall disclose the Confidential Information to you in Training Program, in the Operations Manual, and in guidance and materials furnished to you during the terms of this Agreement. You have not acquired any interest in the Confidential Information other than the right to utilize it in the territory and Protected Area in the execution of your duties hereunder during the term of this Agreement, and you acknowledge that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. You acknowledge and agree that the Marks and Proprietary Assets have valuable goodwill attached to them, that their protection and maintenance are essential to us and our affiliates, and that any unauthorized use or disclosure of the Marks, the Proprietary Assets or other Confidential Information will result in irreparable harm to us and our affiliates. You also acknowledge and agree that the Confidential Information is proprietary, includes trade secrets of ours, and is disclosed to you solely on the condition that you agree, and all of the other Bound Parties hereby agree that you:

(a) Will not use the Confidential Information in any other business or capacity,

(b) Will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement,

(c) Will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form, and

(d) Will adopt and implement all reasonable procedures prescribed periodically by us to prevent unauthorized use or disclosure of the Confidential Information, including requiring that every employee, agent or independent contractor you hire or engage to assist you in the operation of your Gym execute a confidentiality and non-compete agreement (See Section 7.1).

You agree that we shall have the perpetual right to use and authorize other franchisees to use, and you shall fully and promptly disclose to us, all ideas, concepts, methods, and techniques relating to the development and operation of the Franchise System howsoever conceived or developed by you or your employees during the term of this Agreement. You acknowledge that any ideas, concepts, methods, and techniques or materials concerning any Gym, whether or not protectable intellectual property and whether or not created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our and our affiliates' sole and exclusive property, part of the Franchise System and works "made for hire" for us and our affiliates. With respect to any such item, you assign ownership of that item, or will cause your owners or employees to assign ownership of that item, and all related rights to that item, to us and our affiliates and you must sign whatever assignment or other documents we or

our affiliates require to reflect our ownership of, or to help us and our affiliates obtain intellectual property rights in, the item. If you are an individual, you agree that your spouse shall be bound, and if you are an Entity, you agree that any officers, directors, partners, shareholders and members and their respective spouses shall be bound by this Section 12.4. Without limiting the generality of the foregoing, you acknowledge and agree that, in accordance with this provision, we have the perpetual right to use and authorize other franchisees to use any materials (including but not limited to photos or videos that you or your employees create), without the requirement that we pay any fee or royalty, which you or your owners may post to any Approved Sites.

All Client Information will be owned by us. You agree to (1) use Client Information only for the promotion of your Gym during the term hereof and (2) refrain from selling Client Information to third parties. You will institute a data privacy and security policy for Client Information in conformity with the requirements of Section 7.5 (e).

12.5 Consideration for Covenants, Severability.

You agree that, in addition to the license of the Marks granted to you under this Agreement, you have been licensed commercially valuable information that comprises the Proprietary Assets, including without limitation, operations, marketing, advertising and related information and materials. You further agree that the value of this information arises not only from the time, effort and money expended on compiling the information, but also from all franchisees' use of the information. You and the other Bound Parties expressly acknowledge that you and they possess other skills, experience, education and abilities of a general nature and have other opportunities for exploiting such other skills, experience, education and abilities to derive income from other endeavors. Consequently, enforcement of the covenants made in this Section 12 is fair and reasonable, and will not deprive you or them of their personal goodwill or ability to earn a living, or otherwise impose any undue hardship on you or them. You further acknowledge and agree that any violation of the foregoing covenants will result in irreparable harm to us and our affiliates. If any covenant is held by any arbitrator or court of competent jurisdiction to be broader in time, scope, or subject matter than legally permitted, then we and you authorize the arbitrator or court to impose that covenant to the maximum lawful extent. We are permitted at any time to reduce the time, scope, or subject matter of any covenant to render it enforceable under applicable law.

13. NOTICES

All notices required to be given under this Agreement shall be in writing and shall be hand delivered or sent by a nationally recognized overnight mail delivery service, registered or certified mail, postage prepaid, return receipt requested, or by any delivery service providing documentation of receipt, to the address set forth on page one of this Agreement, or to such other address as specified in a written notice given to the other party from time to time, and/or with respect to any notices that we provide to you or your owners to the Gym's address. Any such notice shall be deemed delivered (a) on the date shown on the return receipt or in the courier's records as of the date of delivery, or (b) on the date of first attempted delivery, if actual delivery cannot be made for any reason

14. GOVERNING LAW; JURISDICTION AND VENUE, ARBITRATION

14.1 Governing Law.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U S C § § 1 ET SEQ) EXPECT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U S C SECTIONS 1051 ET SEQ) (THE "LANHAM ACT"), OR OTHER UNITED STATED FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE

RELATIONSHIP BETWEEN US AND YOU WILL GOVERNED BY THE LAWS OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS LOCATED (CURRENTLY, CALIFORNIA) WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

14.2 Jurisdiction and Venue.

SUBJECT TO SECTION 14.5, YOU AND THE BOUND PARTIES AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN A STATE OR FEDERAL COURT IN THE LOCATION IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED, WHICH IS CURRENTLY SAN DIEGO, CALIFORNIA, AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.

14.3 Waiver of Jury Trial, Punitive Damages, Class Actions, Joinder, Consolidated, and Commencing Action with Other Franchisee(s).

WE, YOU AND THE OTHER BOUND PARTIES EACH WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 9.1, AND EXCEPT FOR PUNITIVE, EXEMPLARY OR MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER UNITED STATES FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU AGREE THAT ALL PROCEEDINGS WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS WAIVING TO THE FULLEST EXTENT PERMITTED THE RIGHT TO COMMENCE OR PROCEED AS A CLASS ACTION. WE AND YOU FURTHER AGREE THAT ANY PROCEEDING BETWEEN US AND OUR AFFILIATES, AND OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, AND YOU (AND YOUR OWNERS, GUARANTORS, AFFILIATES, AND/OR EMPLOYEES) MAY NOT BE COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER PERSON NO CLAIMS MAY BE BROUGHT ON YOUR OR YOUR OWNERS' BEHALF BY ANY ASSOCIATION.

14.4 Remedies.

We and you agree that any claim for lost earnings or profits by you shall be limited to a maximum amount equal to the net profits of the Gym for the prior year as shown on your federal income tax return.

14.5 Arbitration.

We and you agree that, except as set forth below, all controversies, disputes, or claims between us or our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hard, and you (and your owners, guarantors, affiliates, and employees0, on the other hand, arising out of or related to:

(a) This Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates),

(b) Our relationship with you,

(c) The scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 14.5, which we and you acknowledge is to be determined by an arbitrator, not a court), or

(d) Any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one (1) arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in or within 30 miles of our then-current principal place of business (currently, San Diego, California). All matters relating to arbitration will governed by the Federal Arbitration Act (9 U S C §§ 1 et seq.) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deem proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid or, except as expressly provided in this Section 14.5 or 14.3 above, award any punitive, exemplary, or consequential damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law an y such right to or claim for any punitive, exemplary, or multiple damages against any party to the arbitration proceedings).

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) with the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis waiving to the fullest extent possible the right to commence and proceed as a class action. We and you further agree that an arbitration proceeding between us and our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, and you (and your owners, guarantors, affiliates, and/or employees) may not be (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, or (iii) brought on your behalf by any association. Notwithstanding the foregoing or anything to the contrary in this Section 14.5 or Section 15.4, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 14.5, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding pursuant to Section 14.2 and in accordance with the dispute resolution provisions of this Section 14.

We and you agree that claims for breach of post-termination obligations of this Agreement, violation of the Lanham Act, or breach of common law or statutory trade secret or trade dress (and any claims brought with such claims), whether seeking to enforce provisions or statutes, injunctive relief, or damages, shall not be subject to arbitration, but rather will be heard in a judicial proceeding in accordance with Section 14.2.

You and we agree that, in any arbitration arising as described in this Section 14.5, requires for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome, shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to" You and we further agree that no interrogatories or requests for admission shall be propounded. With respect to any electronic discovery, you and we agree that:

(a) Production of electronic documents need only be from sources used in the ordinary course of business. No such documents shall be required to be produced from back-up servers, tapes or other media,

(b) The production of electronic documents shall normally be made on the basis of generally available technology in a search format which is usable by the party receiving the documents and convenience and economical for the propounding party. Absent a showing of compelling need, the parties need not produce metadata with the exception of header fields for email correspondence,

(c) The description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute, and

(d) Where the costs and burdens of electronic discover are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided here.

In any arbitration arising out of or related to this Agreement, each side may take no more than 2 depositions. Each side's depositions are to consume no more than a total of 16 hours, and each deposition shall be limited to 8 hours. There are to be no speaking objections at the depositions, except to preserve privilege.

The provisions of this Section 14.5 are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section 14.5.

14.6 Limitation of Claims.

You and the other Bound Parties agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Except with regard to your obligation to pay us and our affiliates Royalty and other fees and payment due from you pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, or such claim will be barred. The parties understand that such time limit might be shorter than otherwise allowed by law. You and the other Bound Parties agree that your sole recourse for claims arising between the parties shall be against us or our successors or assigns. You and the Bound Parties agree that the members, managers, shareholders, directors, officers, employees, and agents of us and our affiliates shall not be personally liable or named as a party in any action between us and you or any Bound Party, provided, however, that this shall not preclude claims you have directly against an area director. The parties agree that claims of any other party or parties shall not be joined with any claims asserted in any action or proceeding between us and

you. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

14.7 Costs and Attorneys' Fees.

In the event either party (or any of the Bound Parties) initiates a judicial, arbitration or other proceeding, the prevailing party will be entitled to reasonable costs and expenses (including reasonable attorney's fees incurred in connection with such judicial or other proceeding).

14.8 Injunctive Relief.

Nothing in this Agreement shall prevent us or you from seeking injunctive relief in appropriate cases to prevent irreparable harm in a court pursuant to Section 14.2.

15. MISCELLANEOUS PROVISIONS

15.1 Remedies.

All rights and remedies enumerated in this Agreement shall be cumulative and, except as specifically contemplated otherwise by this Agreement, shall not exclude any other rights or remedies allowed by law or in equity, and said rights and remedies may be exercised and enforced concurrently.

15.2 Modification/Exercise of Judgment.

No amendment, waiver, or modification of this Agreement shall be effective unless it is in writing and signed by us and you. You acknowledge that we may unilaterally modify our System Standards and other standards and specifications and operating and marketing techniques, whether set forth in the Operations Manual or otherwise, under any conditions and to the extent we deem necessary to protect, promote or improve the Marks, the Proprietary Assets or the Franchise System, so long as such modifications are not specifically prohibited by this Agreement.

Whenever we reserve the right in this Agreement to take or withhold taking an action, or to grant or decline to grant you a right to take or omit an action, we may, except at otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in our and/or the Franchise Systems' best interests at the time we make our decision, without regard to whether or not we could have made other reasonable or arguably preferable alternative decisions or whether or not our decision promotes our financial or other interests.

15.3 No Waiver.

No waiver of any term, covenant or condition of this Agreement, or failure to exercise a right to remedy by us or you shall constitute or imply a further waiver of the same or any other covenant or condition. Our subsequent acceptance of any payments due to us under this Agreement shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement. Whenever this Agreement requires our prior approval or consent, such approval or consent shall be obtained in writing. We make no warranties or guarantees upon which you may rely, assume no liability or obligation to you, in connection with any waiver, approval or consent we may grant to you in connection with this Agreement, or by reason of any neglect, delay or denial of any waiver or request for waiver under this Agreement. Any waiver granted by us shall be subject to our continuing review, may subsequently be revoked for any reason effective upon 10 days prior written notice, and shall be without prejudice to any other rights we may have. Our waiver of any term, covenant or condition of this Agreement, or failure to exercise a right or remedy by us as to another franchisee shall not constitute or imply a waiver of the same or any other similar covenant or condition as to you.

15.4 Severability/Invalidity.

If any provision of this Agreement or the application of any provision to any person or circumstances shall be determined to be invalid or unenforceable, then such determination shall not affect any other provisions of this Agreement or the application of such provisions to any other person or circumstances, all of which shall remain in full force and effect. It is the intention of the parties that if any parties that if any provision of this Agreement is susceptible to two or more interpretations, one of which would render it enforceable, then the provision shall have the meaning that renders it enforceable.

15.5 Entire Agreement.

This Agreement constitutes the entire agreement between us regarding the subject matter hereof, and supersedes all prior and contemporaneous agreements between us regarding such subject matter. No officer, employee, servant or agent of ours or yours has been authorized to make any representation, warranty or other promise not contained in this Agreement or in the accompanying Franchise Disclosure Document. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

15.6 Delegation by Us.

We shall have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to third parties, whether they are our affiliates, agents, representatives and/or area directors or other individuals or entities with which we have contracted to perform such obligations, duties or services. You agree in advance to any such delegation and acknowledge and agree that we will not be bound, and this Agreement may not be modified, by any third party (including area directors) without our prior written consent. You acknowledge and agree that any delegation of our duties and obligations to third parties does not assign or confer any rights under this Agreement to such third parties and that they are not third party beneficiaries of this Agreement.

15.7 Effective Date of Agreement.

This Agreement shall not be effective until accepted by us as evidenced by the signature of an officer or other duly authorized representative of ours and the dating of the Agreement as of the date of such signature. Notwithstanding the foregoing, we reserve the right to make the effective date of this Agreement the date on which you sign the Agreement.

15.8 Review of Agreement.

You acknowledge that you have had a copy of the Franchise Disclosure Document in your possession for not less than 14 full calendar days, during which time you have had the opportunity to submit the Franchise Disclosure Document and this Agreement and other documents and agreements related thereto for professional review and advice of your choosing prior to freely executing this Agreement.

15.9 Survival.

All of our and your (and your owners' and other Bound Parties') obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to, and notwithstanding, its expiration or termination until they are satisfied in full or by their nature expire, including, without limitation, the post-termination restrictive covenants contained in Section 12.2, dispute resolution covenants and notice and confidentiality provisions.

15.10 Joint and Several Liability.

If you consist of more than one (1) individual, the liability of all individuals is deemed to be joint and several.

15.11 Counterparts, Paragraph Headings, Pronouns.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures. The paragraph headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provisions hereof. Each pronoun used herein shall be deemed to include the other gender and number.

16. ACKNOWLEDGMENTS

BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL, YOU ACKNOWLEDGE THAT:

(A) THE SUCCESS OF THIS BUSINESS VENTURE INVOLVES SUBSTANTIAL RISKS AND DEPENDS UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS,

(B) YOU HAVE NOT BEEN GIVEN ANY ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, BY US OR OUR REPRESENTATIVES AS TO THE POTENTIAL SUCCESS OF YOUR GYM OR FRANCHISE BUSINESS, THE VIABILITY OF ANY GYM LOCATION OR THE EARNINGS OR PROFITS LIKELY TO BE ACHIEVED FROM THE OPERATION OF THE GYM, NOR HAVE YOU RELIED UPON ANY SUCH ASSURANCE OR WARRANTY IN EXECUTING THIS AGREEMENT,

(C) WHILE WE HAVE OFFERED ASSISTANCE, YOU HAVE FINAL APPROVAL OF THE SITE SELECTED, LEASE EXECUTED AND OTHER DECISIONS CONCERNING YOUR FRANCHISE PURCHASE, GYM LOCATION AND THE OPERATIONS OF YOUR GYM,

(D) NO STATEMENT, REPRESENTATION, OR OTHER ACT, EVENT, OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT AND IN FRANCHISE DISCLOSURE DOCUMENT SUPPLIED TO YOU, IS BINDING UPON US IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT,

(E) YOU ARE AWARE THAT (1) OTHER FRANCHISEES MAY OPERATE THEIR GYMS UNDER DIFFERENT FORMS OF AGREEMENTS AND, CONSEQUENTLY, THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO THEM MAY DIFFER MATERIALLY THAN OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO YOU IN CERTAIN CIRCUMSTANCES AND (2) OUR WAIVER OF ANY TERM, COVENANT OR CONDITION OF THIS AGREEMENT, OR FAILURE TO EXERCISE A RIGHT TO REMEDY BY US AS TO ANOTHER FRANCHISE SHALL NOT CONSTITUTE OR IMPLY A WAIVER OF THE SAME OR ANY OTHER SIMILAR COVENANT OR CONDITION AS TO YOU, AND

(F) THE INDIVIDUALS EXECUTING THIS AGREEMENT ON YOUR BEHALF REPRESENT AND WARRANT THAT THE SIGNATURES LISTED BELOW CONSTITUTE ALL OF THE INDIVIDUALS, PARTNERS, LIMITED PARTNERS, MEMBERS, DIRECTORS, OFFICERS, LIMITED PARTNERS, MEMBERS, DIRECTORS, OFFICERS, AND/OR SHAREHOLDERS OF YOURS NECESSARY TO BIND YOU AND THAT THEY HAVE READ, UNDERSTAND AND CONSENT TO BE BOUND BY ALL OF THE TERMS OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date stated below.

FRANCHISOR
JOIN THE PACK, INC.
A California Corporation

Signature _____

Printed Name _____

Title _____

*Date _____
(*Effective Date of this Agreement)

FRANCHISEE

_____
(Name of Individual or Entity)

Signature _____

Printed Name _____

Title _____
(Title of Signor, if applicable)

EXHIBIT 1

TERRITORY DESCRIPTION

Franchisee		
Franchise Agreement Effective Date		
The territory in which you will locate your Gym shall be as follows:		

FRANCHISOR
JOIN THE PACK, INC.
A California Corporation

Signature _____

Printed Name _____

Title _____

FRANCHISEE

_____
(Name of Individual or Entity)

Signature _____

Printed Name _____

Title _____
(Title of Signor, if applicable)

EXHIBIT 2

AUTOMATIC BANK DRAFT AUTHORIZATION

Franchisee _____

Owner Name _____ Phone _____

Contact Person _____ Title _____

(if different from owner)

Address _____

I hereby authorize Join the Pack, Inc., ("Franchisor"), to initiate entries to my checking or savings account identified below for Royalty, Brand Fund Contribution, and Technology Fee payments (as defined in my Franchise Agreement with Franchisor), loan payments to Franchisor, software, website, default, late and other fees and amounts that may be incurred by me under the Franchise Agreement or otherwise and, if necessary, to initiate any adjustments for transactions credited in error.

Name and Address on Account _____

_____

_____

Pay in the order of **Join the Pack, Inc.**

Your Financial Institution _____

(Name, Address & Phone #) _____

_____

Routing Number _____

Account Number _____

PLEASE ATTACH A VOIDED CHECK

Signature _____ Date _____

Printed Name _____

Join the Pack Account Number _____

Gym Name _____

EXHIBIT 3

STATEMENT OF OWNERSHIP

Name of Franchisee Legal Entity _____

Date of Formation _____ State of Formation _____

Type of Entity _____

All Shareholders, Members and Partners:

Name	Percentage of Ownership

The Entity's activities must be confined exclusively to operating the Gym and Last Real Gym franchise business, unless we otherwise agree in writing.

Each shareholder, member, partner or other beneficial owner personally guarantees the Entity's performance under the Franchise Agreement.

The Entity must maintain a current list of all shareholders, members, partners, and other beneficial owners, and must furnish an updated list to us prior to making any ownership changes. We must approve the ownership changes described in the Franchise Agreement.

Documents to be provided to us

- Certificate and Articles of Incorporation or Organization
- Bylaws, Operating Agreement or Partnership Agreement
- Stock Certificates or Membership Certificates
- Other, as reasonably requested by Franchisor

EXHIBIT 4

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is given this ____ day of _____, 20___, by _____ (the "Guarantor").

In consideration of, and as an inducement to the execution of that certain Franchise Agreement of even date (the "Agreement") by Join the Pack, Inc., (the "Franchisor"), and _____ (the "Franchisee"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings, (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed, (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed, and (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability. Each of undersigned consents and agrees that (1) his or her direct and immediate liability under this Guaranty shall be joint and several, (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so, (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence with Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement, and (5) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement.

Each of the undersigned Guarantors represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of the marital estate.

Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of the Franchisee,

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so,

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the US Bankruptcy Act or other statute, or from the decision of any court of agency,

(d) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed, and

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under Section 14.5 of the Agreement, including, without limitation, the obligation to submit to binding arbitration the claims described in Section 14.5 of the Agreement in accordance with its terms.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

Signature	_____	Signature	_____
Print Name	_____	Print Name	_____
Signature	_____	Signature	_____
Print Name	_____	Print Name	_____
Signature	_____	Signature	_____
Print Name	_____	Print Name	_____

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

Name of Guarantor	Name of Guarantor
Name of Guarantor's Spouse	Name of Guarantor's Spouse
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse
Name of Guarantor	Name of Guarantor
Name of Guarantor's Spouse	Name of Guarantor's Spouse
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse
Name of Guarantor	Name of Guarantor
Name of Guarantor's Spouse	Name of Guarantor's Spouse
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse

EXHIBIT 5

FORM OF NON-COMPETE AND CONFIDENTIALITY AGREEMENT

This Non-Compete and Confidentiality Agreement (the "Agreement") is made and entered into as of this ___day of _____, 20___, by and among _____ (the "Employer") and _____(the "Employee").

1. RECITALS

A. Employer is party to a Franchise Agreement (the "Franchise Agreement") with Join the Pack, Inc., (the "Franchisor") under which Franchisor granted Employer certain rights with regard to a Last Real Gym (a "Gym"),

B. Employer has hired Employee to perform services as a fitness instructor at Employer's Gym,

C. Before allowing Employee to have access to the Confidential Information and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, décor, trade dress, specifications, standards, techniques and procedures authorized or required by Franchisor from time to time for use in the operation of Employer's Gym (the "Franchise System"), Employer required that Employee enter into this Agreement, and

D. As a condition of employment or continued employment by Employer, Employee has agreed to enter into this Agreement.

2. DEFINITIONS

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear:

(a) The term "Competitive Business" as used in this Agreement means any business (other than a Gym) (i) operating or granting franchises or licenses to others to operate Gyms or any other fitness business, or (ii) offering or selling products or educational materials or conducting workshops for services that are the same as, similar to or competitive with the Franchise System or the Gyms.

(b) The term "Confidential Information" as used in this Agreement means certain confidential and proprietary information relating to the development and operation of the Gyms, which includes, but is not limited to (i) the interior layout and design, color scheme, signage and equipment, copyrights, titles, symbols, emblems, slogans, insignia, designs, diagrams, artworks, advertising and promotional materials, audio and written materials, worksheets, originals, manuals, techniques, rules, ideas, philosophies, illustrations, course materials, confidential operations manual, other manuals, technical bulletins, other written or videotaped materials and other materials and documents related to the operation of the Gym, (ii) standards and specifications of the Franchise System, (iii) information generated by, or used or developed in, the Gym's operation, including information relating to clients such as client names, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information and related information, and (iv) other methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of Gyms.

3. PROTECTION OF CONFIDENTIAL INFORMATION

Employee agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Employer taking into consideration the confidential nature of the Confidential Information. Employee may disclose the Confidential Information only as an agent for Employer. Employee acknowledges and agrees that neither Employee nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Employer and would constitute a breach of Employee's obligations of confidentiality and an unfair method of competition with Franchisor and/or other Gyms owned by Employer or franchised by Franchisor.

Employee acknowledges and agrees that the Confidential Information is confidential to and a valuable asset for Franchisor. The Confidential Information will be disclosed to Employee solely on the condition that Employee agrees to the terms and conditions of this Agreement. Employee therefore agrees that during the term of the Franchise Agreement and thereafter, he or she (a) will not use the Confidential Information in any other business or capacity, (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form, and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Employer to prevent the unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Employee do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of an unauthorized disclosure by Employee or Employee's agents), provided that Employee has first given Franchisor written notice of his or her intended disclosure and/or use, and (b) disclosure of the Confidential Information in legal proceedings when Employee is legally required to disclose it, provided that Employee has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.

4. IN-TERM RESTRICTIVE COVENANT

Employee acknowledges and agrees that Franchisor and Employer would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among Gyms if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses. Employee therefore agrees that for as long as Employee is employed by Employer, neither Employee neither Employee nor Employee's spouse shall (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, or (ii) perform services as a director, officer, member, employee, manager, consultant, lessor, representative, agent or otherwise for any Competitive Business. Employee further acknowledges that the restrictions contained in this Section 4 will not deprive him or her or members of his or her immediate family of any personal goodwill or ability to earn a living.

5. RESTRICTIVE COVENANT UPON TERMINATION OR EXPIRATION OF THE FRANCHISE AGREEMENT OR EMPLOYEE'S ASSOCIATION WITH EMPLOYER

Upon the first to occur of (a) termination or expiration without renewal of the Franchise Agreement, or (b) the date as of which Employee is no longer an employee of, or otherwise providing services to, Employer (each of these events is referred to as a "Termination Event"), Employee agrees that for a period of one (1) year commencing the effective date of a Termination Event, neither Employee nor Employee's spousal shall have direct or indirect as a disclosed or beneficial owner in, or assist, accept payments

from, or perform services as director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for, a Competitive Business located or operating within a 3-mile radius of any Gym, including Employer's Gym.

6. SURRENDER OF DOCUMENT

Employee agrees that as of the effective date of a Termination Event, Employee shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Employee and return to Employer or to Franchisor (if directed by Franchisor) all copies of the Confidential Information loaned or made available to Employee.

7. INJUNCTIVE RELIEF AND DAMAGES

Both parties recognize that the services to be rendered by Employee for Employer are special, unique and of an extraordinary character. Upon breach of this Agreement, Franchisor or Employer shall be entitled, if it/they so elects, to seek injunctive relief in any court of competent jurisdiction to enforce the covenants set forth herein. In addition to injunctive relief, Franchisor or Employer shall be entitled to seek such other and further relief, including, but not limited to, the recovery of damages as may be permitted by law or in equity. Employee expressly acknowledges that he/she possesses other skills, experience, education and abilities of a general nature and has other opportunities for exploiting such other skills, experience, education and abilities to derive income from other endeavors. Consequently, enforcement of the covenants made in this Agreement is fair and reasonable, and will not deprive Employee of his/her personal goodwill or ability to earn a living, or otherwise impose any undue hardship on him/her. Employee further acknowledges and agrees that any violation of the covenants contained in this Agreement will result in irreparable harm to Employer, Franchisor, and its affiliates. If any covenant is held by any arbitrator or court of competent jurisdiction to be broader in time, scope, or subject matter than legally permitted, then the parties authorize the arbitrator or court to impose that covenant to the maximum lawful extent. Employer is permitted at any time to reduce the time, scope, or subject matter of any covenant to render it enforceable under applicable law.

8. COSTS AND ATTORNEYS' FEES

In the event that Franchisor or Employer is required to enforce this Agreement in an action against Employee, Employee shall reimburse Franchisor and/or Employer if it/they prevail (whether such fees are incurred before, during or after any trail or administrative proceeding or on appeal.

9. WAIVER

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

10. SEVERABILITY

Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force

and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Employee is a party hereto or upon Employee's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in questions.

11. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of the parties hereunder are cumulative and not exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

12. BENEFIT

The Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

13. GOVERNING LAW

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal law of the State of California without regard to its conflict of laws principles.

IN WHITENESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts as of the day and year first above written.

EMPLOYER
If a Legal Entity
[Name of Employer]

Signature _____

Name _____

Title _____

If an Individual

_____
[Name]

EMPLOYEE

_____
[Name]

EXHIBIT 6

LETTER OF INTENT AND LEASE ADDENDUM

Letter of Intent Franchise Location

1. **TENANT:** _____ d/b/a Last Real Gym
2. **LANDLORD:** _____
3. **PREMISES:** Commonly known as _____
   Street Address Suite #
   City Of _____ County of _____
   State of _____ Zip Code _____
   Description _____
   Shopping Gym _____
4. **SIZE:** Approximately _____ Sq. Ft. Pro rate share _____ %
5. **INITIAL TERM:** [recommended ~~Five~~ Ten (~~5~~10) Years]
6. **RENEWAL OPTIONS:** [recommended ~~Three~~ Two Option Terms of Five (5) Years each]
7. **BASE RENT:**

   Lease Years 1 - ~~5~~10 _____

   ~~Lease Years 6 – 10~~ _____

   Lease Years 11 - 15 _____

   Lease Years 16 - 20 _____
8. **TI ALLOWANCE:** Landlord shall provide Tenant with $_____per square foot to be used towards actual tenant improvements
9. **LANDLORD'S WORK:** Landlord shall complete the improvements, as outlined in the work letter
10. **ACCESS:** Upon Tenant's request, Landlord shall provide Tenant with access to the Premises for purposes of inspecting and surveying the Premises, as well as the fixtures and equipment.

Property Manager's Name _____ Phone _____

11 **EXPENSES:** Landlord will provide Tenant detail as to the actual expenses currently applicable to the Shopping ~~Gym~~Center. Tenant's share of expenses for the first Lease Year shall not exceed $_____PSF and such expenses shall not increase by more than 3% annually thereafter.

12 **PERMITTED USE:** Tenant shall have the right to use the Premises for purposes of a Gym providing various types of fitness and exercise services including ~~small~~ group and ~~fitness~~ ~~interval~~personal training, retail sales, and other related purposes. Landlord acknowledges and represents to Tenant that such use does not conflict with any other use provision within the Shopping ~~Gym~~Center.

13 **RENT COMMENCEMENT DATE:** Payment of Rent shall commence upon the earlier of (i) the date of the Tenant's opening for business to the public, or (ii) 120 days from the later of (A) the date the Lease is fully executed and (B) the date Landlord delivers possession of the Premises to Tenant in broom-clean condition with all of Landlord's Work complete and all utilities properly functioning.

14 **RENT ABATEMENT:** Landlord agrees to abate all rental payments for ~~———~~2 months following the Rent Commencement Date, and month 13 and month 25 of the Initial Lease Term.

15 **SECURITY DEPOSIT:** Equal to 1 month's Base Rent during the first Lease Year.

16 **SIGNS:** Tenant has the right to install the customary and usual display signs mandated by Franchisor (i) in the Premises, (ii) on the exterior of its building, and (iii) on monument/pylon signs, in each case, to the maximum-allowable size.

17 **EXCLUSIVE:** So long as Tenant is not in material default under the Lease, Tenant shall have the exclusive right to operate a Gym providing various types of fitness and exercise services, including small group and fitness interval training services. Other tenants shall be permitted to offer fitness and exercise services, so long as no more than 10% of their total square footage is used to offer fitness and exercise services. If this provision is violated, then in addition to any other remedy Tenant may have at law or in equity, Tenant shall have the right to reduce its Base Rent by [TBD] per month until Landlord cures the breach, or terminate the Lease at any time

18 **BROKER'S FEE**

Tenant's Broker _____ Phone _____

Landlord's Broker _____ Phone _____

Landlord shall pay all commissions/fees due to the Brokers, per the terms of a separate agreement.

19 **RENEWAL OPTIONS:** Tenant shall have the option to extend the Initial Term for ~~3~~ 2 periods of 5 years each. In order to exercise each option, Tenant must notify Landlord not later than 180 days prior to the expiration of the Initial Term or first option, as applicable.

20 **ASSIGNMENT:** Tenant shall have the right to assign the Lease or sublet the Premises, without charge and without Landlord's consent, to Franchisor or its parent, subsidiaries, or affiliates (each a "Franchisor Entity"), and the Franchisor Entity shall have the right to reassign the Lease, without charge and without Landlord's consent, to a franchisee of a Franchisor Entity and to thereupon be released from any further liability under the Lease. Tenant shall also have the right to assign the Lease or sublet the Premises, without charge but with Landlord's consent, not to be unreasonably withheld, to another franchisee of a Franchisor Entity.

21 **EXPIRATION OF PROPOSAL:** This Letter of Intent shall remain in force for 7 days from the date of Tenant's signature below. Landlord agrees not to discuss or negotiate leasing the Premises with anyone other than Tenant for 30 days after Landlord signs this Letter of Intent. Landlord and Tenant each hereby agree to negotiate the terms of a Lease consistent with this Letter of Intent within such 30 day period.

[The remainder of this page is intentionally left blank]

22 CONFIDENTIALITY: The parties agree to maintain the terms of this Letter of Intent confidential, and shall not disclose any terms herein to any third party, regardless of whether the parties execute a Lease.

LANDLORD AND TENANT ACKNOWLEDGE THAT THIS LETTER OF INTENT IS NOT A LEASE, AND THAT IT IS INTENDED AS THE BASIS FOR THE PREPARATION OF A LEASE EXCEPT AS TO THE OBLIGATIONS OF LANDLORD AND TENANT SET FORTH IN PARAGRAPH 22 ABOVE, THE TERMS AND PROVISIONS OF THIS LETTER OF INTENT ARE NON-BINDING.

AGREED AND ACCEPTED

Landlord		*Tenant*	
By	_____	*By*	_____
Title	_____	*Title*	_____
Date	_____	*Date*	_____

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum") shall be attached to and made a part of that certain lease agreement dated _____, 20___ ("Lease") by and between _____("Landlord") and _____ ("Tenant"). In the event of any contradiction or inconsistency between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall control. All defined terms not specifically defined in this Addendum shall be given the meanings ascribed to them in the Lease.

RECITALS

A. Tenant is party to a Franchise Agreement with Join the Pack, Inc. (the "Franchisor"), pursuant to which Tenant was granted the right to own and operate a Last Real Gym (the "Gym").

B. Franchisor requires that the Lease contain certain provisions that protect Franchisor's proprietary assets, marks and franchise system.

C. Tenant has requested, and Landlord has agreed, to amend the Lease to include the requirements set forth below.

FRANCHISOR REQUIRED TERMS

1. **TENANT USE AND IDENTITY.** Tenant shall have the right to use the Premises for a Gym providing various types of fitness and exercise services including group training and personal training services, retail sales, and other related purposes. Landlord acknowledges and represents to Tenant that such use does not conflict with any other use provision with the Shopping Center. Tenant is an individual franchise owner or an entity created to own the franchise business, which will operate under the trade name "LAST REAL GYM" or similar trade name. Under no circumstances is Franchisor or any of its affiliates, representatives, designees or assigns the tenant under the Lease, a guarantor under the Lease or in any other way obligated for Tenant's obligations under the Lease.

2. **RADIUS RESTRICTIONS AND TENANT RELOCATION.** Any radius restrictions or relocation provisions found in the Lease are hereby deleted.

3. **EXCLUSIVE USE.** Throughout the Initial Term and any extension, Landlord agrees that Tenant shall have the exclusive right in the Shopping Center to provide various fitness and exercise services, including group training and personal training services. Other tenants in the Shopping Center offering fitness and exercise services ancillary to their business operations will be permitted. For purposes of its provision, "ancillary" means any business that derives no more than 10% of its gross sales from fitness and exercise related services.

This exclusive use provision shall not include any Shopping Center tenant existing as of the date of the Lease. However, to the extent Landlord has the right, Landlord shall not consent to any assignment or sublease if the change in use would violate this exclusive use provision.

If this exclusive use provision is violated, then in addition to any other remedy Tenant may have at law or in equity, Tenant shall have the right to (a) terminate the Lease or (b) immediately reduce its Base Rent to $1.00 per month until Landlord cures the breach or, if Landlord does not cure the breach, for the remainder of the Initial Term and any extension.

4. **SIGNAGE.** (a) Tenant has the right to install the customary and usual display signs mandated by Franchisor (i) in the Premises, (ii) on the exterior of its building, and (iii) on monument/pylon signs, in case, to the maximum-allowable size. Tenant signs are subject to Landlord's sign criteria and approval, not to be unreasonably withheld, and applicable municipal codes.

(b) Tenant shall also have the right to display a banner reading "Coming Soon" (or similar message) during the period between Lease execution and the date that is 30 days after Tenant opens for business to the public. Tenant shall also be permitted to display professional grade signs/posters and tasteful promotional items in the windows of the Premises consistent with Franchisor's national standards.

~~(b)~~(c) Tenant shall have the right to offer memberships for sale prior to opening, beginning at lease execution. Tenant shall be permitted to have representatives at the Premises to conduct membership sales.

5. **TENANT RIGHT TO ASSIGN OR SUBLEASE.**

Notification. In the event Tenant is permitted to assign or sublease the Lease under any circumstances, Tenant must first obtain Franchisor's written consent and provide Landlord 30 days' prior written notice.

Transfer to Franchisor. Tenant shall have the right to assign the Lease or sublet the Premises, without charge and without Landlord's consent, to Franchisor or its parent, subsidiaries, or affiliates (each, a "Franchisor Entity"). In such event, the Franchisor Entity shall have the right to reassign the Lease, without charge and without Landlord's consent, to a duly authorized franchisee of the Franchisor Entity and to thereupon be released from any further liability under the Lease.

Transfer to Franchisee. Tenant shall also have the right to assign the Lease or sublet the Premises, without charge but with Landlord's consent, not to be unreasonably withheld, to another duly authorized franchisee of a Franchisor Entity.

Options. Any options to extend the Term of the Lease shall automatically transfer to the assignee involved in any transfer made pursuant to this Section.

6. **TENANT DEFAULT.** If Landlord sends Tenant a notice of default, Landlord must simultaneously send a copy of the notice to Franchisor as follows: Join the Pack, Inc., Attention: Francis X. Kole, 3148 University Avenue, San Diego, California 92104.

7. **NOTICE AND CURE.** Franchisor (or its designee) shall have the opportunity, but not the obligation, to enter the Premises to make modifications necessary to protect the equipment, furniture, fixtures and signs, or to cure any default under the Lease or Tenant's franchise agreement as follows:

Cure under the Lease. Landlord agrees to give Franchisor written notice of any Tenant defaults prior to exercising any remedies against Tenant under the Lease. Franchisor shall have Tenant's cure period plus an additional 10 days to cure (at Franchisor's option) any Tenant defaults, and to perform any other acts necessary to keep the Lease in full force and effect.

Cure under the Franchise Agreement. Franchisor (or its designee) shall have the option, upon default, expiration or termination of Tenant's franchise agreement, and upon notice to Landlord to:

(a) assume all of Tenant's rights under the Lease including, but not limited to, the rights to renew the Lease and pay Rent,

(b) assign the Lease or sublet the Premises per the above terms, and

(c) remove equipment, furniture and signs (provided that Franchisor has the authority to do so)

8. **LANDLORD WARRANTIES.** (a) Landlord represents, covenants and warrants that:

(i) It has lawful title to the Shopping Center,

(ii) the Shopping Center is in compliance with the Americans with Disabilities Act,

(iii) it shall maintain throughout the Term of the Lease general liability insurance coverage for the Shopping Center consistent with coverage maintained by prudent owners of properties similar to the Shopping Center,

(iv) so long as Tenant pays all monetary obligations due under the Lease and performs all of its other covenants under the Lease, Tenant shall peacefully and quietly have, hold, occupy and enjoy the Premises, and

(v) Tenant's permitted use does not violate any contracts or agreements to which Landlord is a party.

(b) In addition, Landlord shall indemnify and hold harmless Tenant and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expenses arising out of (i) Landlord's operation of the Shopping Center, (ii) Landlord's negligence or breach in the performance of any of its obligations under the Lease or (iii) any violation of law by Landlord or any other act or omission of Landlord or its contractors, agents or employees. The foregoing indemnification shall survive expiration or termination of the Lease.

9. **LANDLORD WORK AND REPAIRS.** If the Shopping Center is not in compliance with all laws, codes or other regulations, Landlord shall perform necessary remedial work at its sole cost and expense. Landlord covenants and agrees, at its sole cost and expense and without reimbursement or contribution by Tenant, to keep, maintain and replace, if necessary, the foundations, the exterior paint, the plumbing system, the electrical system, the utility and sewer lines and connections to the Premises, the sprinkler mains, if any, structural elements and systems including, without limitation, the roof, roof membrane, roof covering (including interior ceiling if damaged by leakage), load-bearing walls, floor slabs and masonry walls in good condition and repair.

10. **COMMON AREAS.**

(a) Landlord shall not change or alter the Common Area in any manner which would:

(i) alter the dimensions or location of the Premises,

(ii) adversely affect the use, operation or conduct of Tenant's business in the Premises,

(iii) adversely affect the accessibility or visibility of the Premises, or

(iv) reduce the current ratio of parking to rentable square feet in the Shopping Center by more than 10%.

(b) The costs of capital improvements to the Common Areas, defined as any costs that are not fully chargeable to current expenses in the year the expenditure is incurred (calculated in accordance with generally accepted accounting principles) shall be excluded from the calculation of Tenant's Common Areas costs pass through, if any.

11. **REIMAGING/REDECORATING.** Tenant may non-structurally reimage and/or redecorate within the Premises up to $10,000 per project without Landlord's prior consent, so long as the work is performed in a good and workmanlike manner. Tenant may close its business once every 5 years for up to 30 days to reimage and redecorate the Premises.

12. **HAZARDOUS MATERIALS.** Landlord represents and warrants to the best of its knowledge that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "Hazardous Materials").

Tenant shall have no obligation to make any repairs, alternations or improvements to the Premises or incur any costs or expense whatsoever as a result of Hazardous Materials in or about the Shopping Center, the Building or the Premises, other than those Hazardous Materials brought onto such areas by Tenant.

Landlord shall indemnify and hold Tenant harmless from and against all liabilities, loss, costs, damages and expenses which Tenant may incur (including reasonable attorneys' fees) as the result of a breach of Landlord's representation and warranty set forth in this Section or the presence of Hazardous Materials in or about the Shopping Gym Building or the Premises.

13. **TENANT FINANCING.** Tenant shall have the right from time to time to grant and assign a mortgage or other security interest in all of Tenant's personal property and equipment located within the Premises in connection with Tenant's financing arrangements, and any lien of Landlord against Tenant's personal property and equipment (whether by statute or under the terms of the Lease) shall be subject and subordinate to such security interest. Landlord shall execute any documents as Tenant's lenders may reasonably request in connection with any such financing. The parties acknowledge that there may be certain personal property and equipment in the Premises not owned by Tenant, which property and equipment shall not be subject to any lien of Landlord. Upon request, Landlord shall grant the party who owns such property and equipment reasonable access to the Premises for the sole purpose of removing such items, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

14. **THIRD-PARTY BENEFICIARY.** Landlord and Tenant hereby intend, agree and acknowledge that Franchisor (and its affiliates), is an intended third-party beneficiary and shall have the right, at is option, to independently enforce any term, condition or provision of this Addendum, including but not limited to those dealing with exclusive use, assignment, default and termination.

[SIGNATURE ON THE NEXT PAGE]

~~14.~~

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the date and year first written above.

LANDLORD

By: _____

Name: _____

Title: _____

TENANT

By: _____

Name: _____

Title: _____

EXHIBIT 7

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to Join the Pack, Inc. ("Franchisor") that the person(s) signing below ("I," "me," or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Last Real Gym franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	
I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days (10 business dates in Michigan, New York and Rhode Island) before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	
I have made my own independent determination as to whether I have the capital necessary to fun the business and my living expenses, particularly during the start-up phase.	
I have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of my success) except as contained in the FDD or as indicated below. **(write "None" if none provided)**	

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-Terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, not any other person or entity associated with me, is now, or has been listed on:

1. The U.S. Treasury Department's List of Specially Designated Nationals,

2. The U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders,

3. The U.S. State Department's Debarred List or Nonproliferation Sanctions, or

4. The Annex to U.S. Executive Order 13224

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or as been (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legal obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

[SIGNATURE ON THE NEXT PAGE]

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Signature

Print Name _____
Dated: _____

Signature

Print Name _____
Dated: _____

Signature

Print Name _____
Dated: _____

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

_____
Print Name of Legal Entity

Signature

Print Name: _____
Title: _____
Dated: _____

NOTE TO MARYLAND RESIDENTS OR FRANCHISEES WITH A GYM LOCATED IN MARYLAND

This Representations and Acknowledgement Statement is not intended to and shall not waive any liability Franchisor may have under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT B

MULTI-UNIT AGREEMENT

JOIN THE PACK, INC.
MULTI UNIT AGREEMENT

This Multi-Unit Agreement is made this day _____of _____ , 20___ , between Join the Pack, Inc., a California corporation with its principal business located at 3148 University Avenue, San Diego, California 92104 ("we" or "us"), and "Developer" or "you" as identified on the Data Sheet attached as Appendix A (the "Data Sheet"). If the developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to your owners and will be noted.

RECITALS

A. We have developed a unique system for the establishment and operation of a Gym where you will provide various forms of fitness training services, as well as any related services and products that are offered now and in the future,

B. UrbanBody, Inc. an affiliate of Join the Pack, Inc. owns the Last Real Gym Trademark and other trademarks used in connection with the operation of a Last Real Gym,

C. You desire to develop and operate several Last Real Gym, and

D. We have agreed to grant you the right to develop several Last Real Gym subject to the terms and conditions of this Agreement.

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

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. "Gross Sales" includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Gym, including those taken by cash, credit card, debit card, check, trade, barter or exchange, electronic funds transfer, or any other means of credit, which are derived from the operations of your Gym, including the sale of pre-opening memberships, the sale of memberships, fitness services, gift cards which are not sold under our national gift card programs, merchandise, products or any other products or services sold by you, whether sold at your Gym location or from an off-site location. Gross receipts are also include the gross amount of redemptions for gift cards sold under our national gift card program.

B. "Manual" or "Operations Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for your Last Real Gym, all of which we may change from time to time.

C. "Gyms" means the Last Real Gym you develop and operate pursuant to this Agreement.

D. "System" means the Gym established and operated under a comprehensive design that includes, but is not limited to, unique and comprehensive system providing various forms of fitness training, products and equipment; specifications and procedures for operations; quality customer service; management and financial control; training and assistance; and advertising and promotional programs

offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, business techniques, methods and procedures, all of which we may modify and change from time to time.

E. "Trademarks" means the Last Real Gym Trademark that have been filed with the United States Patent and Trademark Office (“USPTO”) and the trademarks, service marks and trade names set forth in each Franchise Agreement, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Gyms. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Gyms from time to time.

GRANT OF DEVELOPMENT RIGHTS

2. 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 (_____) Last Real Gym (the "Gym").

B. You are bound by the development schedule ("Development Schedule") set forth in Appendix B. Time is of the essence for the development of each Gym in accordance with the Development Schedule. Each Gym must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.

C. The rights granted under this Agreement are limited to the right to develop and operate Gyms and do not include any right to (i) provide various forms of fitness training, products and equipment identified by the Trademarks at any location other than the Gyms, (ii) provide various forms of fitness training, products and equipment through alternative channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned Gyms at any time or at any location. You may not use the word Last Real Gym or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity.

You acknowledge and agree that we have the right to operate and franchise others the right to operate Gyms or any other business under the Trademarks or any trademarks other than the Last Real Gym Trademarks without paying you any compensation. We also have the right to offer, sell or distribute any products or services associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without paying you any compensation.

You acknowledge and agree that we have the sole and exclusive right to develop or franchise Last Real Gym at the following locations (1) military bases, (2) public transportation facilities, (3) student unions or other similar buildings on college or university campuses, and (4) community and special events ("Special Sites").

D. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks by virtue of this Agreement. You have no right under this Agreement to sublicense or sub-franchise others to operate a business or Gym or use the System or the Trademarks.

MULTI UNIT FEE

3. You must pay a Multi-Unit Fee as described below:

A. As a Developer, you will pay an Initial Franchise Fee for each Gym you agree to develop under the terms of this Agreement. Specifically, if you agree to develop three Gyms, your Initial Franchise Fee for the first Gym will be $40,000 and $30,000 for the second and third Gym. If you agree to develop five Gyms, your Initial Franchise Fee for each Gym will be $40,000 for the first Gym and $30,000 for Gyms two, three, four and five.

As consideration for the rights granted in this Agreement, you must pay us a "Multi-Unit Fee" based upon the number of Gyms you agree to develop and operate. If you agree to open three Gyms, your Multi-Unit Fee will be $100,000 ($40,000 x 1 and $30,000 x 2). If you agree to open five Gyms, your Multi-Unit Fee will be $160,000 ($40,000 x 1 and $30,000 x 4).

You will pay the total Multi-Unit Fee upon the signing this Agreement. The Multi-Unit Fee is consideration for this Agreement and not consideration for any Franchise Agreement, if fully earned by us upon receipt and is non-refundable.

B. You must submit a separate application for each Gym to be established by you as further described in Section 4. Upon our receipt and review of the application, a separate Franchise Agreement must be executed for each such Gym, at which the Initial Franchise Fee for that Gym will be credited against the Multi-Unit Fee. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Gym

DEVELOPMENT SCHEDULE

4. The following provisions control with respect to your development rights and obligations:

A. You are bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Gyms described under the Development Schedule. You also must comply with the Development Schedule requirements regarding (i) the opening date for each Gym and (ii) the cumulative number of Gyms to be open and continuously operating for business. If you fail to either execute a Franchise Agreement or to open a Gym according to the dates set forth in the Franchise Agreement, we have the right to immediately terminate this Agreement pursuant to Section 7.B.

B. You may not develop a Gym unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requesting that we send you our then current disclosure documents, (b) confirming your intention to develop your next Gym and (c) sending us all information necessary to complete the Franchise Agreement for the particular Gym, and (ii) all of the following conditions have been met (these conditions apply to each Gym to be developed under the terms of this Agreement):

1. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Gym, financial statements and other information regarding you, the operation of any of your other Gym s and the development and operation of the proposed Gym (including, without limitation, investment and financing plans for the proposed Gym) as we may reasonably require.

2. Your Compliance with Our Then-Current Standards for Franchisees. You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Gym. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Gyms, and preserve and enhance the reputation and goodwill of all Last Real Gym and the goodwill of the Trademarks. Our confirmation that you meet our then-current standards for the development of a new Gym, however, does not in any way constitute a guaranty by us as to your success.

3. 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. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Gym s.

4. Execution of Franchise Agreement. You and we must enter into our then-current form of Franchise Agreement for the proposed Gym. 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. 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 Gym must be in accordance with the terms of the applicable Franchise Agreement.

C. Upon the execution of the Franchise Agreement for the proposed Gym, the terms and conditions of the Franchise Agreement regarding site selection and construction will control.

D. You must construct and equip each Gym in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, design and layout of the building. You may not commence construction on any Gym until you have received our written consent to your building plans.

E. You acknowledge that you have conducted an independent investigation of the prospects for the establishment of the Gyms and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees. We expressly disclaim the making of, and you acknowledge that you have not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential gross sales, profits, earnings or the financial success of the Gyms you develop.

F. You recognize and acknowledge that this Agreement requires you to open Gyms in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Gyms likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Gyms on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Gyms, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Gyms.

TERM

5. Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to you will expire on the date that your last Gym is scheduled to be opened under the Development Schedule.

YOUR DUTIES

6. You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of a Last Real Gym and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Gyms. You and your owners, officers, directors, shareholders, partners, members and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us. We may require that you obtain non-disclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees.

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

DEFAULT AND TERMINATION

7. The following provisions apply with respect to default and termination:

A. The rights granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us. 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 remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed), (v) execution is levied against your business or property, (vi) suit to foreclose any lien or mortgage against

the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed, (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix B, (viii) you violate the provisions of Section 10.O (ix) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you, or (x) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Gyms under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us.

B. You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name Last Real Gym or any other Trademark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction.

E. You must within 30 days of the termination or expiration pay all sums owing to us. If at the time of termination you have not signed a Franchise Agreement for a Gym(s) that you agreed to develop under this Agreement, we will not refund any portion of the Multi-Unit Fee you paid to us nor will we charge you any additional fees for these undeveloped Gyms. All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

TRANSFER

9. The following provisions govern any transfer:

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

B. 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 and you transfer all of your rights and interests under all Franchise Agreements for Gyms opened pursuant to this Agreement. Accordingly, the assignment terms and conditions of the Franchise Agreements will apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, 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.

MISCELLANEOUS

10. The parties agree to the following provisions:

A. You agree to indemnify, defend, and hold us and our officers, directors, shareholders and employees harmless from and against any and all claims, losses, damages and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Gyms, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury or property damage (whether caused wholly or in part through our active or passive negligence), latent or other defects in any Gym or your employment practices. In the event a Franchise Claim is made against us, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

B. If one or more clauses of this Agreement are held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach This Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us.

D. This Agreement together with all schedules, addenda and appendices to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

E. Except as otherwise provided in this Agreement, any notice, demand or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

1. If intended for us, addressed to Join the Pack, Inc. 3148 University Avenue, San Diego, CA 92104,

2. If intended for you, addressed to you at the address set forth on the Data Sheet, or, in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

F. Any modification, consent, approval, authorization or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by Developer (or an owner of Developer if Developer is a legal entity) or, if on behalf of us, in writing executed by our President or one of our authorized officers.

G. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 10.N of this Agreement, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state where you are located.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

H. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 10.N must be brought in the state or federal district court located in the county or district encompassing our headquarters. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding, agree to be bound in the manner set forth.

I. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action imitated for the recovery of damages for breach of this Agreement.

J. You and your affiliates and we agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

K. If you are a corporation, partnership, limited liability company or partnership or other legal entity, all of your owners must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner must execute the form of undertaking and guarantee at the end of this Agreement.

L. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

M. In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Except as qualified below, any dispute between you and us or any of your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis, and the parties and arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of clause is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The arbitration must take place in the city where our headquarters is located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters. The decision of the arbitrator will be final and binding on all parties to the dispute, however, the arbitrator may not under any circumstances (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

Before any party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted below), the parties must first meet to mediate the dispute. The mediation will be held in the city in which our headquarters are located at the time of the mediation. Any such mediation will be non-binding and conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes.

Nothing in this Agreement bars either party's right to obtain injunctive relief against threatened conduct that will cause loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Furthermore, we have the right to commence a civil action against you or take other appropriate action for the following reasons to collect sums of money due to us, to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks, to compel you to compile and submit required reports to us, or to permit evaluations or audits authorized by this Agreement.

The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable attorneys' fees and costs.

O. During the term of this Agreement, neither we nor you may employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior six months employed in any type of managerial position by the other party or any of its affiliates, or by any franchisee in the System. In the event that you violate this provision, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 7.B. In addition, any party who violates this provision agrees to compensate the former employer for all costs and expenses incurred in losing and replacing the employee up to a maximum of $25,000, plus attorneys' fees and expenses. This subparagraph will not be violated if (i) at the time we or you employ or seek to employ the person, the former employer has given its written consent or (ii) we employ or seek to employ the person in connection with the transfer of the Gym(s) to us. The parties acknowledge and agree that any franchisee from whom an employee was hired by you in violation of this subparagraph shall be a third-party beneficiary of this provision, but only to the extent that they may seek compensation from you.

P. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement.

Q. You represent and warrant to us that (a) you are not named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the US Treasury Department's Office of Foreign Assets Control currently located at www.treas.gov/offices/enforcement/ofac/; (b) you will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the US Patriot Act (currently located at www. epic.org/privacy/terrorism/hr3162.htmll.) U S Executive Order 13244 (currently located at www treas.gov/offices/enforcement/ofac/sanctions/terrorism.html or any similar laws, and (c) you shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

[SIGNATURE PAGE ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below.

Franchisor: Join the Pack, Inc.

By: _____
Francis X. Kole

Its: Chief Executive Officer

Franchisee: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

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

In consideration of the execution of the Multi-Unit Agreement (the "Agreement") between Join the Pack, Inc. ("we" or "us") and _____(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 arbitration and other 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 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, (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 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 shall 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: _____

PERSONAL GUARANTORS:

_____	_____
Individually	Individually
_____	_____
Print Name	Print Name
_____	_____
Address	Address
_____	_____
City State Zip Code	City State Zip Code
_____	_____
Telephone	Telephone

Individually	Individually
Print Name	Print Name
Address	Address
City State Zip Code	City State Zip Code
Telephone	Telephone

APPENDIX A

DATA SHEET

1. Developer: _____
_____
_____

2. Effective Date: _____

Franchisor: Join the Pack, Inc.

By: _____
Francis X. Kole

Its: Chief Executive Officer

Developer: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

APPENDIX B

DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Multi-Unit Agreement is that the following number of Last Real Gym Gyms must be opened and continuously operating in accordance with the following Development Schedule:

Gym Number	Date by Which Franchise Agreement Must be Signed	Date by Which the Gym Must be Opened and Continuously Operating for Business	Cumulative number of Gyms Required to be Open and Continuously Operating for Business as of the Date in Preceding Column
1	Date of this Agreement		1
2			2
3			3

For purposes of determining compliance with the above Development Schedule, only the Gyms actually open and continuously operating for business as of a given date will be counted toward the number of Gyms required to be open and continuously operating for business.

[Signatures on following page]

Franchisor: Join the Pack, Inc.

By: _____
Francis X. Kole

Its: Chief Executive Officer

Developer: _____

By: _____

Printed Name: _____

Its: _____

By: _____

Printed Name: _____

Its: _____

EXHIBIT C

STATE SPECIFIC APPENDIX

CALIFORNIA ADDENDUM

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 DISCLOSURE DOCUMENT

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.

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

A. The franchisor, any person or franchise broker in Item 2 of the franchise disclosure document is not subject to any current effective order of any national securities association or national securities exchange, as define in the Securities Exchange Act of 1934, 15 U S C A 78a et seq, suspending or expelling such person from membership in such association or exchange.

B. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U S C A See 101 et seq.)

C. 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.

D. The franchise agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

E. The franchise agreement requires binding arbitration. The arbitration will occur in the city where our headquarters are then located (currently, Los Angeles County, California) with the costs being borne by the non-prevailing party.

F. The franchise agreement requires application of the laws of California

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Business Oversight before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516) Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043

G. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov.

JOIN THE PACK, INC.

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (this "Amendment") dated _____, 20__, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Agreement") dated _____, by and between Join the Pack, Inc., a California corporation ("Franchisor"), and _____("Franchisee"). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents to be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 2000 et seq., (collectively, the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law will control.

b. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

c. The Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

e. The Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California. This requirement may be unenforceable under California law.

2. To the extent that Section 8.3 of the Agreement (pertaining to choice of law) conflicts with California law, California law will control.

3. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR	**FRANCHISEE**
Join the Pack, Inc.	_____
A California Corporation	a/an _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

JOIN THE PACK, INC.

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

For purpose of complying with the requirements of Illinois law, including the Illinois Franchise Disclosure Act of 1987, III Rev. Stat. ch. 815 para. 705/1 – 705/44 (1004) (the "Illinois Franchise Act"), Join the Pack, Inc., a California Corporation ("Franchisor") and _____ ("Franchisee"), hereby amend the Franchise Agreement between then dated _____ (the "Agreement") as follows:

1. The following provision hereby supplements Section 10.5:

For purposes of satisfying Section 5(2) of the Illinois Franchise Act, Franchisee further acknowledges that it has received the disclosure document required by the act at least fourteen (14) days prior to the date on which this Agreement was executed.

2. Section 705/19 and 705/20 of the Illinois Franchise Act provides rights to franchisees concerning nonrenewal and termination of a franchise. If the Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.

3. Section 41 of the Illinois Franchise Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control. Any provision that designates jurisdiction or venue or requires Franchisee to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except arbitration may take place outside the state of Illinois.

4. To the extent that Section 8.3 of the Agreement (pertaining to choice of law) conflicts with Illinois law, Illinois law will control.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of Illinois law applicable to the provisions are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

6. All other provisions of the Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR	**FRANCHISEE**
JOIN THE PACK, INC.	_____
A California Corporation	a/an _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

JOIN THE PACK, INC.

MARYLAND AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (this "Amendment") dated _____, 20__, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Agreement") dated _____, by and between Join the Pack, Inc., a California Corporation ("Franchisor"), and _____("Franchisee"). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Any provision requiring you to sign a general release of any and all claims against us shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any provision requiring you to bring an action against us in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Section 14-226 of the Maryland Franchise Registration and Disclosure Law, prohibits us from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which requires a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law, in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Notwithstanding anything to the contrary set forth in the Agreement, any general release the Franchisee is required to assent to is not intended to nor shall it act as a release, estoppel or waiver of any liability we may have incurred under the Maryland Franchise Registration and Disclosure Law.

5. Section 8.1 of the Agreement is amended by the addition of the following language to the original language that appears therein:

> "This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland."

6. Notwithstanding anything to the contrary set forth in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

7. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

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

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
JOIN THE PACK, INC.
A California Corporation

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE

_____
a/an _____

By: _____
Name: _____
Title: _____
Date: _____

JOIN THE PACK, INC.

MINNESOTA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (this "Amendment") dated _____, 20__, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Agreement") dated _____, by and between Join the Pack, Inc., a California Corporation ("Franchisor"), and _____("Franchisee"). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Notwithstanding anything to the contrary set forth in the Agreement, Join the Pack, Inc. will comply with Minn. Stat. Section 80C.12, Subd. 1(g), (the "**Act**"), which requires us to protect your right to use the trademarks, service marks and trade names and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of same.

2. Notwithstanding anything to the contrary set forth in the Agreement, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of the Agreement.

3. Notwithstanding anything to the contrary set forth in the Agreement, any general release you are required to assent to shall not apply to any liability us may have under the Act.

4. Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR	**FRANCHISEE**
JOIN THE PACK, INC.	_____
A California Corporation	a/an _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

JOIN THE PACK, INC.

NEW YORK AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (this "Amendment") dated _____, 20__, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Agreement") dated _____, by and between Join the Pack, Inc., a California Corporation ("Franchisor"), and _____("Franchisee"). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Releases. The following language is added to the end of Section 2.2(d) and Section 5.28(c)(iii) of the Agreement:

> ", provided, however, that all rights Franchisee enjoys and any causes of action arising in Franchisee's 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied."

2. Termination by Franchisee. The following language is added to Section 6:

> "You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York."

3. Assignment. The following language is added to the end of Section 14.3 of the Agreement:

> "However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement."

4. Modification of the System. The following language is added to the end of Sections 5.15 of the Agreement:

> "Modifications to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under this Agreement."

5. Applicable Law. The following language is added to the end of Sections 8.1 and 8.3 of the Agreement:

> "However, the governing choice of law shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York."

6. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional REQUIREMENTS OF THE Act are met independently without reference to this Amendment.

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
JOIN THE PACK, INC.
A California Corporation

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE

_____
a/an _____

By: _____
Name: _____
Title: _____
Date: _____

JOIN THE PACK, INC.

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (this "Amendment") dated _____, 20__, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Agreement") dated _____, by and between Join the Pack, Inc., a California Corporation ("Franchisor"), and _____("Franchisee"). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, (the "**Act**"), it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Agreement does not constitute "reasonable cause," as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.

2. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR	**FRANCHISEE**
JOIN THE PACK, INC.	_____
A California Corporation	a/an _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

JOIN THE PACK, INC.

WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (this "Amendment") dated _____, 20__, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "Agreement") dated _____, by and between Join the Pack, Inc., a California Corporation ("Franchisor"), and _____("Franchisee"). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. The State of Washington has a statute, RCW 19.100.180 (the "**Act**") that may supersede the Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions that may supersede the Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.

3. A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act 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 that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

5. To the extent not preempted by Federal Law, including preemption by the Federal Arbitration Act, in any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. Subject to preemption by Federal Law, in the event of a conflict of state laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

6. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
JOIN THE PACK, INC.
A California Corporation

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE

_____

a/an _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT D

TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[SAMPLE]

Mutual Termination of Franchise Agreement and Release

(SAMPLE RELEASE)

This Mutual Termination of Join the Pack, Inc. Franchise Agreement and Release is entered into by and between _____ (Franchisee) and Join the Pack, Inc. (Franchisor).

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated_____ _____ (the Agreement), governing a Licensed Business located at _____ _____;

WHEREAS Franchisee and Franchisor desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Franchisor and Franchisee; and

WHEREAS Franchisee and Franchisor each desire to be bound by the terms of this Mutual Termination of Join the Pack, Inc. Franchise Agreement and Release,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.

2. Except for any remaining financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3. Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee's operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Mutual Termination of Join the Pack, Inc. Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: _____

Franchisee(s)

_____
Franchisee

_____
Franchisee

Join the Pack, Inc.

By: _____
_____, its _____

EXHIBIT E

TO DISCLOSURE DOCUMENT

CONVERSION AGREEMENT

CONVERSION ADDENDUM TO
JOIN THE PACK, INC.
FRANCHISE AGREEMENT

THIS ADDENDUM (the "Addendum") is made effective as of _____, 20___ (the "Effective Date") between Join the Pack, Inc., a California corporation ("we" "us" or "our"), and _____, a(n) _____ ("you" or "your").

RECITALS

A. WHEREAS, you operate an existing business that is based on model similar to our Franchise System (the "Existing Business") located at _____(the "Gym Location").

B. WHEREAS, you desire to convert your Existing Business to a Join the Pack, Inc., Gym ("Gym") using our Franchise System and the Proprietary Assets in accordance with the terms and conditions of the franchise agreement that you are entering into with us as of even date herewith (the "Franchise Agreement"), and

C. WHEREAS, you and we have agreed to amend certain terms of the Franchise Agreement as set forth below. Capitalized terms that are used but not defined in this Addendum will have the meanings ascribed to them in the Franchised Agreement.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals and the undertakings and commitments set forth in this Addendum, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Franchise. Section 1.1 of the Franchise Agreement is hereby deleted and restated in its entirety as follows:

> Grant of Franchise. We hereby grant to you, and you accept from us, the right to use the Marks and Proprietary Assets to convert your Existing Business into a Gym to be operated at the Gym Location. You agree to use the Marks and Proprietary Assets, and conform to the System Standards, as they are periodically changed, improved and further developed by us and our affiliates, only in accordance with the terms, and subject to the conditions of this Agreement. You do not have any right to sublicense or sub-franchise your Franchise Agreement or the Gym.

2. Territory. Section 2.1 and Exhibit 1 of the Franchise Agreement are hereby deleted in their entirely.

3. Site Selection. The second paragraph of Section 2.2 of the Franchise Agreement is hereby deleted in it's entirely. The first sentence of Section 2.2 of the Franchise Agreement is hereby deleted and restated in its entirety as follows:

> You will operate your Gym from the Gym Location

4. Set-Up, Technology Fee. The first three sentences of Section 4.7 of the Franchise Agreement are hereby deleted and restated in their entirely with the following:

You must use the computer hardware and software we designate in the operation of your Gym. Within thirty (30) days after the Effective Date (or such other date we may approve), you will be required to pay us a computer hardware and software set-up fee $_____ payable by ACH. You must also pay us a monthly technology fee, which is currently $___, payable by ACH on the first day of each calendar month, beginning 2 months prior to the Effective Date.

5. Gym Design. Section 5.5 of the Franchise Agreement is hereby amended by adding the phrase "within 180 days after the Effective Date" to the end of the last sentence.

6. Lease Approval. The first sentence of Section 7.2 of the Franchise Agreement is hereby deleted and restated in its entirety with the following:

You must deliver to us a copy of your lease for your Gym Location on or prior to the Effective Date and obtain our approval of the lease and any sublease amendment to, renewal, or assignment of the lease within 30 days after the Effective Date. Our failure to approve the lease within such period shall be deemed our disapproval.

7. Converting Your Franchise. Section 7.3(a) of the Franchise Agreement is hereby deleted and restated in its entirety as follows:

(a) Conversion of Your Existing Business. You must perform the following actions to convert your Existing Business to your Gym:

1. Prepare (or cause to be prepared) and submit to us for our approval, a site remodeling plan with any proposed modifications to our conceptual designs and specifications (not including construction) including, but not limited to, modifications to our required dimensions, exterior and interior design, materials, layout, equipment, fixtures, furniture, and signs and décor, provided, however, that modifications are permitted only if required to comply with applicable ordinances, building codes and permit requirements and are subject to our prior written approval.

2. Obtain all permits and licenses for the lawful remodeling construction and operation of the Gym (if not previously obtained or maintained), together with all certifications from government authorities having jurisdiction over the Gym Location that all requirements for construction and operations have been met, including, but not limited to, zoning, access, sign, health, fire, and safety requirements, building and other required construction permits, licenses to do business, fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances,

3. Obtain all customary contractors' sworn statements and partial and final lien waivers for remodeling construction, decorating and installation services,

4. Purchase or lease equipment, furniture, fixtures and signs as provided under this Agreement or in the Operations Manual, or retain such items from your Existing Business with our prior written approval,

5. Complete the construction and remodeling of the Gym Location, including installing equipment, fixtures, furniture and signs, and decorating your Gym, in full and strict compliance with the plans and specifications we have approved, and in accordance with all applicable ordinances, building codes and permit requirements, and

6. Remove from the Gym and cease using all signs and marks identified with your Existing Business that we have not authorized, change all telephone directory listing of the name of

your Gym and otherwise complete all other aspects of the conversion of your Existing Business to your Gym as we may reasonably require.

8. Conversion of Operations. Section 7.3(b) of the Franchise Agreement is hereby deleted and restated in its entirety with the following:

(b) Conversion of Operations. You must convert your Existing Business in accordance with our System Standards and Franchise System and pursuant to Section 7.3(a) of this Agreement within 180 days after the Effective Date ("Projected Opening Date").

9. Insurance. The first two sentences of Section 7.4 of the Franchise Agreement are hereby deleted and replaced in their entirety with the following:

Provided you maintain insurance on your Existing Business, within sixty (60) days after the Effective Date, you must purchase insurance coverage from our Approved Supplier, provided, however, you may obtain owned-auto insurance from any reputable insurer and worker's compensation insurance from either your payroll provider or any reputable insurer. For purposes of this paragraph, a "reputable insurer" means an insurer with a minimum rating of A by AM Best. In you do not maintain insurance on your Existing Business, then you must take such action within thirty (30) days of the Effective Date.

10. Insurance. The first sentence of the second paragraph of Section 7.4 of the Franchise agreement is hereby deleted and replaced in its entirety with the following:

Provided you maintain insurance on your Existing Business, within sixty (60) days after the Effective Date, and then annually, you must provide to us a certificate of insurance (including those of each of your employees if required) reflecting the following minimum coverage limits (a) general liability limits not less than $1,000,000 per occurrence ($2,000,000 in the aggregate), (b) professional liability coverage due to errors or omissions in the performance of services at your Gym with limits not less than $1,000,000 per occurrence ($2,000,000 in the aggregate), (c) hired and non-owned auto liability limits not less than $1,000,000 per occurrence, (d) owned-auto combined single liability limits not less than $100,000, (e) sexual abuse and molestation limits not less than $100,000 per occurrence ($300,000 in the aggregate), (f) cyber liability limits not less than $1,000,000 in the aggregate, (g) employment practices liability limits not less than $100,000 in the aggregate, (h) property insurance limits in amounts that adequately protect your business personal property, fixtures, improvements and business interruption and extra expense exposures, and (i) worker's compensation insurance (in compliance with state and local laws). If you do not maintain insurance on your Existing Business, then you must take such action within thirty (30) days of the Effective Date.

11. Initial Marketing Spend Requirement. Section 8.2 of the Franchise Agreement is hereby deleted in its entirety.

12. Gift Cards. Section 8.6 of the Franchise Agreement is hereby amended by adding the following to the end of the Section 8.6:

Notwithstanding the foregoing, your Gym may redeem all Gift Cards purchased from your Existing Business, provided that all Gift Card amounts redeemed on or after the Effective Date shall be treated as gross receipts pursuant to Section 4.4 of this Agreement.

13. Default, Termination. Section 10.1(k) of the Franchise Agreement is hereby deleted and restated in entirety with the following:

(k) Commencement of Operations. If you fail to convert your Existing Business to a Gym pursuant to Section 7.3(a) of this Agreement by the Projected Opening Date,

14. The Recitals of this Addendum are hereby incorporated by referenced herein.

15. The terms of this Addendum form an integral part, and are incorporated into and made a park, of the Franchise Agreement. In the event of a conflict between the terms contained in the Franchise Agreement and this Agreement, the terms and conditions of this Addendum shall govern, control, and supersede any inconsistent or conflicting terms of the Franchise Agreement.

16. Except as amended by this Addendum, the terms and conditions of the Franchise Agreement are hereby confirmed, ratified and approved in their entirety, and shall continue in full force and effect, as amended and modified by this Addendum.

17. This Addendum may be signed in counterparts, each of which be deemed an original but all of which taken together shall constitute one and the same instrument. Signature by facsimile and electronic is hereby authorized and shall have the same force and effect as an original References to the Franchise agreement shall mean the Franchise Agreement as amended and modified by this Addendum.

IN WITNESS WHEREOF, you and we have signed this Addendum effective as of the Effective Date.

d.

FRANCHISOR	**FRANCHISEE**
JOIN THE PACK, INC.	_____
A California Corporation	a/an _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT F

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

EXHIBIT G

TO DISCLOSURE DOCUMENT

OPERATIONS MANUAL

TABLE OF CONTENTS

LAST REAL GYM

OPERATIONS MANUAL

Table of Contents

Chapter	Number of Pages
1. WELCOME TO THE LAST REAL GYM	26
A. THE MAKING OF THE LAST REAL GYM	
B. THE LAST REAL GYM EXPERIENCE	
C. OUR MESSAGE	
D. LRG TEN CORE PRINCIPLES OF MEMBER SERVICE	
E. THE POWER OF THE PACK	
F. MEET YOUR SUPPORT NETWORK	
2. FACILITY LAYOUT AND DESIGN	~~59~~85
A. SITE SELECTION ASSISTANCE	
B. FACILITY LAYOUT ASSISTANCE	
C. ENTRY/RECEPTION AREA	
D. FRONT DESK	
E. ENTERTAINMENT SYSTEM	
F. AUTOMATED EXTERNAL DEFIBRILLATOR (AED)	
G. RETAIL PRO SHOP	
H. COOLER DRINKS	
I. CARDIO AREA	
J. GYM FLOOR	
K. CLASS/MULTI-PURPOSE ROOM	
L. LOCKER ROOMS/RESTROOMS	
M. UTILITY ROOM	
N. FINISHES AND MATERIALS	
O. METAL SIGNAGE PACKAGE	
P. JUICE BAR/CAFE	
3. DAILY OPERATIONS	~~140~~136
A. DAYS AND HOURS OF OPERATION	
B. CLEANLINESS	
C. FRONT DESK PROCEDURES	
D. SERVICING THE CUSTOMER	
E. RETAIL SALES	
F. OFFICE PROCEDURES	
4. HUMAN RESOURCES	40
A. BUILDING YOUR TEAM	
B. PAYROLL	
C. BECOMING AN EMPLOYER	
D. EMPLOYEE ONBOARDING	

LAST REAL GYM

OPERATIONS MANUAL

Table of Contents

5. FITNESS PROGRAMS ~~38~~36

A. PERSONAL TRAINING
B. TEAM TRAINING
C. ORIENTATION

6. SALES AND MARKETING ~~25~~29

A. NO-BARRIER SALES APPROACH
B. PRICING STRATEGY
C. MEMBERSHIPS
D. MARKETING

7. INSURANCE REQUIREMENTS AND RISK MANAGEMENT ~~26~~4

8. APPROVED SUPPLIERS AND PREFERRED SUPPLIERS 4

~~**9. STYLE GUIDE AND BRAND CONSISTENCY** 2~~

Appendix A: Employee Manual 40

TOTAL NUMBER OF PAGES as of ~~December 31, 2017~~December 31, 2018 400

EXHIBIT H

TO DISCLOSURE DOCUMENT

STATE ADMINISTRATORS

AND

AGENTS FOR SERVICE OF PROCESS

DIRECTORY OF FEDERAL,
STATE AND CANADIAN
FRANCHISE REGULATORS

FEDERAL

FEDERAL TRADE COMMISSION

Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W., Room 238
Washington, D.C. 20580
Tel: 202-236-2970

STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

California Department of Business Oversight
Commissioner of Business Oversight
One Sansome Street #600
San Francisco, CA 94104
866-275-2677

CONNECTICUT

Banking Commissioner
44 Capitol Avenue
Hartford, Connecticut 06106
317-232-6685

FLORIDA

State Department of Agriculture and Consumer Services
P.O. Box 6700 Suite 7200
Tallahassee, FL 32314-6700
850-410-3754

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street Room 203
Honolulu, Hawaii 96813
808-586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
217-782-4465

INDIANA

Chief Deputy Commissioner
Securities Divisions
302 West Washington Street Room E-111
Indianapolis, Indiana 46204

MARYLAND

Securities Commissioner
Division of Securities
200 St. Paul Place 20th Floor
Baltimore, Maryland 21202-2020
410-576-6360

MICHIGAN

Franchise Administrator
670 Law Building
Lansing, Michigan 48913
517-373-7117

MINNESOTA
Director of Registration
Minnesota Department of Commerce
133 East Seventh Street
St. Paul, Minnesota 55101
612-296-2284

NEW YORK
~~Principle Attorney~~ State of New York
~~New York State Dept. of Law~~Office of the Attorney General
~~120 Broadway, Room 23-122~~
~~New York, New York 10271~~28 Liberty Street
New York, NY 10005
212-416-~~8000~~8222

NORTH DAKOTA
Franchise Examiner
600 East Boulevard 5th Floor
Bismarck, North Dakota 58505
701-224-4712

OREGON
Department of Insurance and Finance
Division of Finance & Corporate Securities
Securities Section
21 Labor and Industries Building
Salem, Oregon 97310
503-378-4387

RHODE ISLAND
Associate Director and Superintendent of Securities
Division of Securities
233 Richmond Street, Suite 232
Providence, Rhode Island 02903-4232
401-277-3048

SOUTH DAKOTA
Department of Labor and Regulation
Division of Securities
124 South Euclid Suite 104
Pierre, South Dakota 57501
605-773-4823

TEXAS
Secretary of State
P.O. Box 12697
Austin, Texas 78711-2697
1019 Brazos
Austin, Texas 78701
512-463-5701

VIRGINIA
Clerk of the State Corporation Commission
1300 East Main St, 1st Floor
Richmond, Virginia 23219
804-371-9733

State Corporation Commission
1300 East Main St. 9th Floor
Richmond, Virginia 23219
804-371-9051

WISCONSIN
Commissioner of Securities or
Franchise Administrator
101 East Wilson Street
P.O. Box 1768
Madison, Wisconsin 53701
Commissioner 608-266-3431
Franchise Administrator 608-266-8559

WASHINGTON
Securities Administrator
150 Israel Road SW
Tumwater, Washington 98501
360-902-8760

CANADA

Director of Franchises

Alberta Securities Commission Agency

21st Floor

10025 Jasper Avenue

Edmonton, Alberta T5J 3Z5

Director of Franchises

New Brunswick Securities Commission

Suite 300

85 Charlotte Street

Saint John, New Brunswick 32L 2J2

Director of Franchises

Ontario Securities Commission

Suite 1903

20 Queen Street, West

Toronto, Ontario MSH 3S8

(416) 593-8314

Office of the Attorney General

Consumer, Corporate, and Insurance Division

PEI Securities Office

P.O. Box 2000

Charlottetown, Prince Edward Island

C1A 7N8

(902) 368-4569

AGENTS FOR SERVICE OF PROCESS

If a state is not listed, Franchisor has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which Franchisor has appointed an agent for services of process.

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

Alabama
Securities Commission
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
(800) 222-1253
(334) 242 0240 (Fax)

Alaska
Dept. of Community and Economic Development
Div. of Banking, Securities & Corporations
150 Third Street, Room 217
(907) 465-2521
(907) 465-1230 (Fax)

Arizona
Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, AZ 85007
(602) 542-4242
(602) 594-7470 (Fax)

Arkansas
Securities Department
Heritage West Building
201 East Markham, Room 300
Little Rock, AR 72201-1692
(501) 324-9260
(501) 324-9268 (Fax)

California
Department of Business Oversight
Commissioner of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814
1-866-275-2677
(916) 445-7975 (Fax)

Colorado
Division of Securities
1560 Broadway Street, Suite 900
Denver, CO 80202
(303) 894-2320
(303) 861-2126 (Fax)

Connecticut
Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230
(860) 240-8295 (Fax)

Delaware
Department of Justice
Division of Securities
Carvel State Office Building
820 North French Street, 5th Fl.
Wilmington, DE 19801
(302) 577-8424
(302) 577-6987 (Fax)

District of Columbia
Department of Insurance & Securities Regulation
Securities Bureau
810 First Street, NE, Suite 622
Washington, DC 20002
(202) 727-8000
(202) 535-1199 (Fax)

Florida
Financial Services Commission
Office of Financial Regulation
200 East Gaines Street
The Fletcher Building
Tallahassee, FL 32399-0372
(850) 410-9805

~~(850) 410-9748 (Fax)~~

AGENTS FOR SERVICE OF PROCESS

Georgia
Office of the Secretary of State
Division of Business Services and Regulation
Two Martin Luther King, Jr. Drive SE
802 West Tower
Atlanta, GA 30334
(404) 656-3920
(404) 651-6451 (Fax)

Hawaii
Department of Commerce & Consumer Affairs
Division of Business Regulation
335 Merchant Street Room 203
Honolulu, HI 96813
(808) 586-2744
(808) 586-2733 (Fax)

Idaho
Department of Finance
800 Park Boulevard Suite 200
Boise, ID 83712
(208) 332-8004
(208) 332-8099 (Fax)

Illinois
Office of the Attorney General
State of Illinois
Franchise Bureau
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana
Office of the Secretary of State
Securities Division
302 West Washington Room E-111
Indianapolis, IN 46204
(317) 232-6681
(317) 233-3675 (Fax)

Iowa
Insurance Division
Securities Bureau
340 E. Maple Street
Des Moines, IA 50319-0066
(515) 281-4441
(515) 281-3059 (Fax)

Kansas
Office of the Securities Commissioner
618 South Kansas Avenue
Topeka, KS 66603-3804
(785) 296-3307
(785) 296-6872 (Fax)

Kentucky
Department of Financial Institutions
1025 Capital Center Drive Suite 200
Frankfort, KY 40601
(502) 573-3390
(800) 223-2579

Louisiana
Securities Commission
Office of Financial Institutions
8660 United Plaza Blvd. Second Floor
Baton Rouge, LA 70809-7024
(225) 925-4512
(225) 925-4548 (Fax)

Maine
Securities Division
State House Station 121
Augusta, ME 04333
(207) 624-8551
(207) 624-8590 (Fax)

AGENTS FOR SERVICE OF PROCESS

Maryland
Maryland Securities Commissioner
200 Saint Paul Place
Baltimore, MD 21202-2020
(410) 576-6360
(410) 576-6532 (Fax)

Massachusetts
Securities Division
One Ashburton Place Room 1701
Boston, MA 02108
(617) 727-3548
(617) 248-0177 (Fax)

Michigan
Conduct Review & Securities Division
Office of Financial & Ins. Services
Dept. of Labor & Economic Growth
611 West Ottawa St, Third Floor
Lansing, MI 48933
(877)999-6442
(517)241-3953 (Fax)

Minnesota
Commissioner of Commerce
85 7th Place East, Suite 500
Saint Paul, MN 55101
(651) 296-4026
(651) 296-4328 (Fax)

Mississippi
Office of the Secretary of State Business Regulation & Enforcement Division
700 North Street
Jackson, MS 39202
(601) 359-6371

Missouri
Office of the Secretary of State
600 West Main Street
Jefferson City, MO 65101
(573) 751-4136
(573) 526-3124 (Fax)

Montana
Office of the State Auditor
Securities Department
840 Helena Avenue
Helena, MT 59601
(406) 444-2040
(406) 444-5558 (Fax)

Nebraska
Nebraska Department of Banking & Finance
1230 "O" Street, Suite 400
Lincoln, NE 68509-5006
(402) 471-3445

New Hampshire
Bureau of Securities Regulation
State House Annex
Suite 317A 3rd Floor
Concord, NH 03301
(603) 271-1463
(603) 271-7933 (Fax)

New Jersey
Department of Law & Public Safety
Bureau of Securities
153 Halsey Street 6th Floor
Newark, NJ 07102
(973) 504-3600
(973) 504-3601 (Fax)

New Mexico
Regulation & Licensing Department
Securities Division
2550 Cerrillos Road
Santa Fe, NM 87505
(505) 476-4580

New York
Secretary of State
One Commerce Plaza
99 Washington Avenue
Albany, NY 12231-0001
(212) 416-8222

AGENTS FOR SERVICE OF PROCESS

North Carolina
Secretary of State
Securities Division
Old Revenue Complex
2 S. Salisbury Street
Raleigh, NC 27601
(919) 733-3924
(919) 821-0818 (Fax)

North Dakota
Securities Commission
600 East Boulevard
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910
(701) 328-2946 (Fax)

Ohio
Division of Securities
77 South High Street 22nd Floor
Columbus, OH 43215
(614) 644-7381
(614) 466-3316 (Fax)

Oklahoma
Department of Securities
1st National Center, Suite 860
120 N. Robinson
Oklahoma City, OK 73102
(405) 280-7700
(405) 280-7742 (Fax)

Oregon
Department of Consumer
& Business Services
Div. of Finance & Corp. Securities
350 Winter Street, NE
Room 410
Salem, OR 97301-3881
(503) 378-4387
(503) 947-7862 (Fax)

Pennsylvania
Securities Commission
Eastgate Office Building
1010 North 7th Street, 2nd Floor
Harrisburg, PA 17102-1410
(717) 787-8061
(717) 783-5122 (Fax)

Puerto Rico
Commission of Financial Institutions
1492 Ponce de Leon Avenue
Suite 600
San Juan, PR 00907
(787) 723-3131 ext. 2222

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue
Cranston, RI 02920-4407
(401) 462-9588
(401) 462-9645 (Fax)

South Carolina
Office of the Attorney General
Securities Division
Rembert C. Dennis Office Building
1000 Assembly Street
Columbia, SC 29201
(803) 734-4731
(803) 734-0032 (Fax)

South Dakota
Department of Labor and Regulation
Division of Securities
124 South Euclid Suite 104
Pierre, SD 57501-2000
(605) 773-4823
(605) 773-5953 (Fax)

AGENTS FOR SERVICE OF PROCESS

Tennessee
Department of Commerce & Insurance
Securities Division
Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, TN 37243-0575
(615) 741-2947
(615) 532-8375 (Fax)

Virginia
Clerk of the State of Corporation Commission
1300 East Main Street 1st Floor
Richmond, VA 23219
(804) 371-9733

Texas
State Securities Board
208 East 10th Street, 5th Floor
Austin, TX 78701
(512) 305-8300

Washington
Department of Financial Institutions
Securities Division
150 Israel Rd, SW
Tumwater, WA 98501
(360) 902-8760
(360) 902-0524 (Fax)

U.S. Virgin Islands
Division of Banking and Insurance
18 Kongens Gade
Saint Thomas, VI 00802
(340) 774-7166

West Virginia
Office of the State Auditor
Securities Division
Building 1 Room W-100
Charleston, WV 25305-0230
(304) 558-2257
(877) 982-9148
(304) 558-4211 (Fax)

Utah
Department of Commerce
Division of Securities
160 East 300 South 2nd Floor
Salt Lake City, UT 84111
(801) 530-6600
(801) 530-6980 (Fax)

Wisconsin
Department of Financial Institutions
Division of Securities
345 W. Washington Avenue
4th Floor
Madison, WI 53703
(608) 266-1064
(608) 264-7979 (Fax)

Vermont
Department of Banking, Insurance,
Securities & Health Care Administration
89 Main Street
Drawer 20
Montpelier, VT 05620-3101
(802) 828-3420
(802) 828-2896 (Fax)

Wyoming
Secretary of State
Securities Division
State Capitol, Room 109
200 W. 24th Street
Cheyenne, WY 82002-0020
(307) 777-7370
(307) 777-5339 (Fax)

EXHIBIT I

TO DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

AND

LIST OF FORMER FRANCHISEES

LIST OF CURRENT FRANCHISEES

Franchised Outlets Open
As of December 31, ~~2017~~2018

NONE

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE

Franchisees with Signed Franchise Agreement
But Outlet not Open as of December 31, ~~2017~~2018

NONE

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE

Note 1. The term "Outlets" as used in the above franchisee lists is consistent with the term "Outlets" used in the Item 20 charts and is the equivalent of the term "APR" or Area of Primary Responsibility as defined in the franchise agreement.

LIST OF FORMER FRANCHISEES
As of December 31, ~~2017~~2018

NONE

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE

EXHIBIT J

TO DISCLOSURE DOCUMENT

RECEIPTS

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 Join the Pack, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant, Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant.

If Join the Pack, Inc., 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 or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit H. Our registered agents authorized to receive service of process are set forth on Exhibit H.

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Francis X. Kole	3148 University Avenue, San Diego, CA 92104	(619) 795-9712

Issuance Date: ~~February 9~~March 25, 2019~~, 2018~~

I acknowledge receiving this Franchise Disclosure Document dated ~~February 9, 2018~~March 25, 2019, including the following Exhibits:

Exhibit A – Franchise Agreement and Attachments
Exhibit B – Multi-Unit Agreement
Exhibit C – State Specific Appendix
Exhibit D – General Release (Sample Form)
Exhibit E – Nondisclosure and Noncompete Agreement
Exhibit F – Financial Statements
Exhibit G – Operations Manual Table of Contents
Exhibit H – List of State Administrators and List of Agents for Service of Process
Exhibit I – List of Current Franchisees and List of Former Franchisees
Exhibit J – Receipt

Dated: _____

_____
Printed Name

_____
Signed individually and as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

Dated: _____

_____
Printed Name

_____
Signed individually and as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

[KEEP THIS PAGE FOR YOUR RECORDS]

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Join the Pack, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant, Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant.

If Join the Pack Inc., 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 or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit H. Our registered agents authorized to receive service of process are set forth on Exhibit H.

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Francis X. Kole	3148 University Avenue, San Diego, CA 92104	(619) 795-9712

Issuance Date: ~~February 9, 2018~~March 25, 2019

I acknowledge receiving this Franchise Disclosure Document dated ~~February 9, 2018~~March 25, 2019, including the following Exhibits:

Exhibit A – Franchise Agreement and Attachments
Exhibit B – Multi-Unit Agreement
Exhibit C – State Specific Appendix
Exhibit D – General Release (Sample Form)
Exhibit E – Nondisclosure and Noncompete Agreement
Exhibit F – Financial Statement
Exhibit G – Manual Table of Contents
Exhibit H – List of State Administrators and List of Agents for Service of Process
Exhibit I – List of Current Franchisees and List of Former Franchisees
Exhibit J – Receipt

Dated: _____

_____
Printed Name

_____
Signed individually and as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

Dated: _____

_____
Printed Name

_____
Signed individually and as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

Please return this completed form to Join the Pack, Inc. by Email: frank@lastrealgym.com or Regular Mail: 3148 University Avenue, San Diego, CA 92104