

FRANCHISE DISCLOSURE DOCUMENT



Blink Fitness Franchising, Inc.
A Delaware corporation
386 Park Avenue South, 11th Floor
New York, New York 10016
212-359-8780
franchiseinfo@blinkfitness.com
www.blinkfranchising.com

The franchise offered is to operate a health and fitness center under the “BLINK®” name and other trademarks providing cardiovascular and strength training equipment and related products and services.

The total investment necessary to begin operation of a Blink Fitness Gym is \$618,800 to \$2,334,100. This includes \$12,400 that must be paid to the franchisor or affiliate. If you want development rights, you must pay the franchisor a development fee equal to \$20,000 for each Blink Fitness Gym you commit to develop. The total investment necessary to begin operation if you acquire development rights (with a minimum-required commitment of 2 Blink Fitness Gyms) is \$658,800 to \$2,374,100. This includes \$52,400 that must be paid to the franchisor or 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. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Blink Franchise Administration at 386 Park Avenue South, 11th Floor, New York, New York 10016, franchisedevelopment@blinkfitness.com.

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

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

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

Issuance date of this Franchise Disclosure Document: September 29, 2020

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and the development rights agreement require you to resolve disputes with the franchisor by mediation, arbitration, and litigation only in the city and state where the franchisor has its principal business address when the action is commenced (it currently is in New York, New York). Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in its home city and state (currently New York, New York) than in your own state.

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

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED
BY THE MICHIGAN FRANCHISE INVESTMENT LAW**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

- (A) A prohibition on the right of a franchisee to join an association of franchisees.
- (B) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (E) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(H) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(I) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48909
(517) 335-7567

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement and Development Rights Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement and Development Rights Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

TABLE OF CONTENTS

	Page
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	2
ITEM 3 LITIGATION.....	4
ITEM 4 BANKRUPTCY	4
ITEM 5 INITIAL FEES.....	4
ITEM 6 OTHER FEES.....	5
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	13
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	16
ITEM 9 FRANCHISEE'S OBLIGATIONS	22
ITEM 10 FINANCING.....	23
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	23
ITEM 12 TERRITORY	37
ITEM 13 TRADEMARKS	40
ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	43
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	44
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	46
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	47
ITEM 18 PUBLIC FIGURES.....	51
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	52
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION	52

TABLE OF CONTENTS
(continued)

	Page
ITEM 21 FINANCIAL STATEMENTS	56
ITEM 22 CONTRACTS.....	56
ITEM 23 RECEIPTS	56

EXHIBITS

Exhibit A	Financial Statements
Exhibit B	Unit Franchise Agreement
Exhibit C	Development Rights Agreement
Exhibit D	Operations Manual Table of Contents
Exhibit E	List of Franchisees
Exhibit F	List of State Agencies/Agents for Service of Process
Exhibit G	Franchisee Representations Document
Exhibit H	Form of General Release
Exhibit I	State-Specific Additional Disclosures and Agreement Riders

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Blink Fitness Franchising, Inc. (“we,” “us,” or “our”). “You” means the person or entity to whom we grant a franchise and, if applicable, development rights. If you are a corporation, limited liability company, or other legal entity, your owners must sign our “Guaranty and Assumption of Obligations.” This means that all or some of our Franchise Agreement’s provisions (Exhibit B) also will apply to your owners.

We are a Delaware corporation. Our principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016. We conduct business under our corporate name and the trademarks described in Item 13 and no other name.

Our Predecessors and Affiliates

We are a wholly-owned subsidiary of Blink Holdings, Inc. (“Blink Holdings”), which shares our principal business address. Blink Holdings, which owns the trademarks we license to you, was a wholly-owned subsidiary of Equinox Holdings, Inc. (“Equinox”) until December 1, 2016. As of the end of 2019, Blink Holdings is now majority-owned by the owners of Equinox Group LLC (“Equinox Group”). Equinox Group is a high-growth collective of the world’s most influential lifestyle brands that are disruptive leaders in the convergence of fitness, experiences, and community. In addition to Blink Fitness, Equinox Group’s brands currently include Equinox, Equinox Hotels, SoulCycle, Precision Run, Furthermore, PROJECT by Equinox, E by Equinox, Pure Yoga, and Equinox Explore. Equinox Group’s principal business address is 31 Hudson Yards, New York, New York 10001. Our affiliated Blink Fitness Gyms (defined below) are operated by one or more subsidiaries of Blink Holdings. Equinox and Equinox Group have never offered franchises in any line of business or directly operated Blink Fitness Gyms.

We have no predecessors or other parents or affiliates disclosable in this Item 1. If we have an agent in your state for service of process, we disclose that agent in Exhibit F.

The Franchise Offered

We grant franchise rights to develop and operate health and fitness centers identified by the Marks (defined below) that currently provide cardiovascular and strength training equipment and related products and services. In this disclosure document, we call these centers “Blink Fitness Gyms”; we call the Blink Fitness Gym you will operate under the Franchise Agreement the “Gym.” Blink Fitness Gyms operate under the trademarks, service marks and other commercial symbols that we periodically designate, including “BLINK®” (the “Marks”). They operate under our mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for Blink Fitness Gyms (“Brand Standards”).

In certain areas of the country, we grant multi-unit development rights to qualified franchisees, who then will have the right (directly or through “Controlled Affiliates”) to develop multiple Blink Fitness Gyms within a defined geographic area (the “Area”) according to a mandatory development schedule (the “Schedule”). We grant these rights under the

Development Rights Agreement ([Exhibit C](#)). If you sign the Development Rights Agreement, you (or your Controlled Affiliate) will sign our then-current form of franchise agreement for each Blink Fitness Gym developed under the Development Rights Agreement. Each then-current form of franchise agreement may differ from the version of Franchise Agreement attached to this disclosure document.

We have offered franchises and development rights for Blink Fitness Gyms since April 2015. We have no other business activities and have not offered franchises in other lines of business. We have never operated a Blink Fitness Gym (although certain of our affiliates do).

The fitness market is mature and competitive. You will face national, regional and local competition, including company-owned and franchised chains as well as independent fitness centers, other fitness facilities, sports complexes, and gyms, in some cases operated by not-for-profit organizations or governmental organizations. Some competitors may be larger and have better financial resources and name recognition than “BLINK®.” You also might compete with other “BLINK®” company-owned, affiliate-owned or franchisee-owned locations or other businesses. However, we believe that the low cost, value-priced segment of the fitness market that we target has significant room for growth.

The fitness industry can be seasonal, and your business might be impacted by many factors, including the time of year, local economic and market conditions, your experience and business knowledge, competition, and the geographic location of your Gym within your market.

Some states might have laws that apply specifically to the industry in which Blink Fitness Gyms operate. For example, some state laws require postings concerning steroids and other drug use, require certain medical equipment in fitness and health centers, limit the supplements that centers can sell, require bonds if a center sells memberships valid for more than a specified time period, require owners to deposit into escrow certain amounts collected from members before the center opens (so-called “presale” memberships), regulate certain terms of membership agreements and/or impose other restrictions on memberships that centers sell. These laws might apply to Blink Fitness Gyms. You also must comply with laws that apply generally to all businesses. You should investigate these laws.

Item 2 **BUSINESS EXPERIENCE**

Todd Magazine: Chief Executive Officer and Director

Mr. Magazine has been our Chief Executive Officer and the Chief Executive Officer of Blink Holdings, located in New York, New York, since April 2018. He was our President from August 2014 to April 2018 and the Executive Vice President and General Manager of Blink Holdings, located in New York, New York, from April 2012 to August 2014. He has been a Director since our incorporation in August 2014. Mr. Magazine was Executive Vice President, New Businesses of Equinox (which included the Blink Fitness brand), located in New York, New York, from April 2012 to May 2014.

David Collignon: Senior Vice President, Operations

Mr. Collignon has been our Senior Vice President, Operations since April 2018 and also has been the Senior Vice President, Operations of Blink Holdings, located in New York, New York, since June 2016. From October 2011 to May 2016, Mr. Collignon was Vice President of Procurement of Equinox, located in New York, New York.

Lori Gonzalez: Director of Franchise Operations

Ms. Gonzalez has been our Director of Franchise Operations since June 2017. From January 2017 to June 2017, Ms. Gonzalez was Director of Operations for Fantastic Sams Franchise Corporation, located in Beverly, Massachusetts, and served as its Franchise Business Leader from January 2016 to January 2017. From September 2014 to January 2016, Ms. Gonzalez served as International Key Account Executive for SGS North America Inc., located in Rutherford, New Jersey.

William Miller: Vice President, Real Estate

Mr. Miller has been Blink Holdings' Vice President of Real Estate, located in New York, New York, since January 2012.

Marc Benathen: Senior Vice President, Finance

Mr. Benathen has been our Senior Vice President, Finance and the Senior Vice President, Finance for Blink Holdings, located in New York, New York, since April 2017, after serving as our and Blink Holdings' Vice President, Finance from April 2015 to April 2017. From our incorporation in August 2014 to March 2015, he was our Senior Director, Finance. He also served as the Senior Director, Finance of Blink Holdings from January 2014 to March 2015.

Harvey Spevak: Director

Mr. Spevak has been one of our Directors since our incorporation in August 2014. He also has served as a Director of Blink Holdings, located in New York, New York, since June 2010. Mr. Spevak has served as Executive Chairman and Managing Partner of Blink Holdings and Equinox, located in New York, New York, since March 2017 and was Equinox's Chief Executive Officer from January 1999 to March 2017.

Paul Tizik: Director

Mr. Tizik has been one of our Directors since June 2015. He also has served as Blink Holdings' Chief Financial Officer and Treasurer and the Chief Financial Officer and Executive Vice President of Equinox, located in New York, New York, since June 2015, having been Equinox's Senior Vice President, Finance from April 2008 to June 2015.

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

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. The initial franchise fee is \$10,000. We might pay a portion of the initial franchise fee we collect from you to a third-party site consultant we designate (the “Site Consultant”) to assist you by reviewing potential sites for your Gym. The initial franchise fee is not refundable.

You also must pay us a monthly technology and support services fee (currently \$600 per month). The first technology and support services fee is due on the date we specify of the month following the month during which you start the presale of memberships for the Gym. (We estimate 4 monthly technology and support services fee payments before the Gym’s actual opening date.) The technology and support services fee reimburses our costs for dedicated help desk support, vendor coordination and support, and proactive monitoring. These payments are not refundable.

Development Rights Agreement

You must pay us a lump sum development fee when you sign the Development Rights Agreement. The development fee is \$20,000 multiplied by the number of Blink Fitness Gyms you agree to develop under the Schedule, including the first Blink Fitness Gym. We will insert the applicable fee in the Development Rights Agreement before signing it. The development fee is non-refundable. We do not apply the development fee toward any initial franchise fees due for the Blink Fitness Gyms you develop.

We may, in our sole judgment, grant you (and/or your Controlled Affiliates (defined in Item 11)) extensions of any of the deadlines listed on the Schedule for any Blink Fitness Gym. You must request an extension of the applicable deadline at least 60 days before the deadline date. We may consider various factors in deciding whether to grant an extension, including your diligence in developing the Blink Fitness Gyms. You must pay us our then-current lump-sum extension fee for each extension when you request the extension to compensate our costs, expenses, and lost opportunities related to the proposed extension. Currently, the extension fee is \$5,000 per 6-month extension. The extension fee is nonrefundable unless we notify you otherwise on or before the original deadline date. Extensions do not change any date(s) listed on the Schedule other than the specific date(s) adjusted by the extension. We assume for purposes of

this Item 5 (and for the minimum investment amount in Item 7 below) that you will not require any extensions of the opening timelines for any Blink Fitness Gym.

Despite the extension discussion above, if you have complied with the deadline set forth on the Schedule for signing the Franchise Agreement for a particular Blink Fitness Gym and also have signed a lease for that Gym on or before that same deadline, we will not charge you an extension fee if you—though working in good faith toward opening the Gym—need an extension because you will not be able to meet that Gym's opening deadline reflected on the Schedule.

In certain markets and under certain circumstances, we may offer incentives or limited promotions for reduced initial franchise fees and development fees to encourage multi-unit development.

Range of Initial Fees Received

During our most recently-completed fiscal year, franchisees signing a Franchise Agreement paid or committed to pay between \$2,400 and \$12,400 in total pre-opening fees (of the types described above). In addition, franchisees signing Development Rights Agreements during our most recently-completed fiscal year paid or committed to pay between \$72,000 and \$230,000 in total development fees.

Item 6 OTHER FEES

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount ⁽²⁾	Column 3 Due Date	Column 4 Remarks
Royalty ⁽³⁾	5% of Gross Sales ⁽⁴⁾	Due monthly on day we specify ⁽⁵⁾	First Royalty payment is due following the month during which you first open the Gym for business, based on Gross Sales before then (including Gross Sales derived during presale of memberships).

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
New Online Member Fee ⁽⁶⁾	\$5 for each new member who signs an online membership agreement with the Gym and for each former member signing a new online membership agreement	Payable in the month following the month in which the online membership agreement is signed	We charge this fee only for new and former members signing new online membership agreements through the System Website (defined in Item 11). (However, this fee is not due for any new or former member who signs a new membership agreement through the System Website while physically present at the Gym through the kiosk or the MOSO POS System (defined in Item 8) at the Gym's front desk. We may increase the New Online Member Fee on an annual basis (separate and apart from any inflation-based increase), but it will never be greater than the New Online Member Fee we require new Blink Fitness Gym franchisees to pay, as reflected in our then-current form of franchise agreement.
Brand Fund contributions ⁽⁷⁾	2% of Gross Sales	Due monthly on day we specify	We have not yet begun collecting Brand Fund contributions but may do so on 60 days' prior written notice to you. We expect the Brand Fund contribution will be 2% of your Gym's Gross Sales when the Brand Fund first becomes operational. We may increase your Brand Fund contributions to 3% of your Gym's Gross Sales. Item 11 has a detailed discussion about the Brand Fund.
Local Marketing Spending Requirement	See Note 8		
Cooperative contributions ⁽⁹⁾	Amount determined by Cooperative, subject to Local Marketing Spending Requirement ⁽⁸⁾	As Cooperative specifies	We reserve the right to require you to contribute an additional 1% of the Gym's monthly Gross Sales to the Cooperative. We count Cooperative contributions toward the Local Marketing Spending Requirement.
Successor franchise fee ⁽¹⁰⁾	50% of then-current initial franchise fee for single Blink Fitness Gym franchises (i.e., not developed pursuant to a Development Rights Agreement)	Upon signing successor franchise agreement	

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount ⁽²⁾	Column 3 Due Date	Column 4 Remarks
Franchise Agreement Transfer Fee ⁽¹⁰⁾	\$15,000	Upon transfer	No transfer fee if the transferee: (1) is an entity you control; (2) has been a franchisee in good standing for at least 5 years; or (3) has managed a franchised or company-owned Blink Fitness Gym for 5 or more years.
Unauthorized transfer fee	\$25,000	Upon demand	Due if you make any transfer in violation of the Franchise Agreement.
Transfer training fee	Our then-current initial training fee (Currently \$2,000 per person; we may increase this fee and charge up to \$5,000)	Upon transfer	Due for the transferee (or its owner) and each person (e.g., the transferee's management personnel and instructors if different from your management personnel and instructors) who must satisfactorily complete our then-current initial training program upon transfer.
Ongoing and supplemental training	Our then-current fee for continuing and advanced training, plus travel expenses and room and board for our employees if the training occurs locally at or near your Gym (see below) (Currently \$500 per trainer per day, but we may increase this fee and charge up to \$750 per trainer per day)	As incurred	We may charge you for supplemental training courses, programs and conventions and for additional or supplemental training.
Additional Training of Operating Principal or Club Manager	Our then-current training fee (Currently \$2,000 per person; we may increase this fee and charge up to \$5,000)	As incurred	Payable if your Operating Principal or the Club Manager fails to complete the initial training program to our satisfaction, or if we determine after an inspection that the Gym is not operating according to Brand Standards.

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount ⁽²⁾	Column 3 Due Date	Column 4 Remarks
Replacement Operating Principal training	Our then-current training fee (Currently \$2,000 per person; we may increase this fee and charge up to \$5,000)	As incurred	Due for any new Operating Principal who must undergo training.
Local training	Our then-current fee for local training, plus travel expenses and room and board for our employees (Currently \$500 per trainer per day, but we may increase this fee and charge up to \$750 per trainer per day)	As incurred	Payable if you request that any additional or supplemental training occur locally. Subject to the availability of our training personnel.
Testing and evaluation fees	Projected costs of testing (amount of which depends on circumstances, including supplier's location, testing required, and item involved)	As incurred	Covers costs of testing new products or inspecting new suppliers you propose.
Relocation	\$5,000 and reasonable costs we incur	As incurred	Due only if you relocate the Gym.
Audit	Cost of inspection or audit, including legal fees and independent accountants' fees, plus travel expenses, room and board, and compensation of our employees	As incurred	Due only if you fail to report or understate Gross Sales by 2% or more.

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount ⁽²⁾	Column 3 Due Date	Column 4 Remarks
Inspection fee	Our then-current evaluation fee (we may charge up to \$1,000, plus travel expenses and room and board for our employees)	As incurred	Payable to compensate us for our costs and expenses during any follow-up inspection to confirm that you corrected deficiencies and are otherwise complying with the Franchise Agreement and all Brand Standards, or for any evaluation that you request.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	Upon receipt of invoice from us	Our acceptance of interest on overdue amounts is not an indication that we choose to offer financing to you.
Administrative Fee	\$75	Upon receipt of invoice from us	Due for each late or dishonored payment.
Costs and attorneys' fees ⁽¹¹⁾	Will vary under circumstances and depends on nature of your non-compliance	As incurred	Due when you do not comply with the Franchise Agreement or Development Rights Agreement.
Indemnification ⁽¹¹⁾	Will vary under circumstances and depend on nature of third-party claim	As incurred	You must reimburse us for all claims arising out of (i) the Gym's operations, (ii) the business you conduct under the Franchise Agreement, (iii) your breach of the Franchise Agreement, or (iv) non-compliance with any law, ordinance or regulation.
Management Fee	Up to 5% of Gross Sales, plus any out-of-pocket expenses incurred in connection with the Gym's management	As incurred	Due if you abandon or fail to actively operate the Gym for any period and we assume the Gym's management.
Technology and Support Services Fee ⁽⁶⁾	Currently \$600 monthly, but we may increase this fee up to 10% each year	Due monthly on day we specify	Defrays our costs for software support for the kiosks, System Website, and POS System; proactive monitoring and notification of the Gym's network and Wi-Fi outages; dedicated level 1 help desk support; and vendor issue management and coordination support.

Notes:

1. Except for product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are imposed and collected by, and payable to, us. Except as provided above and described in the Notes below, all fees are non-refundable and currently are uniformly imposed. Unless otherwise indicated, the fees described apply only to the Franchise Agreement.
2. We and our affiliates reserve the right to increase the amount of any fixed fee or fixed payment due under the Franchise Agreement based on changes in the Index (defined below) (“Annual Increase”). An Annual Increase may occur only once per calendar year and may not exceed the corresponding cumulative increase in the Index since the Franchise Agreement’s effective date or, if applicable, the date on which the last Annual Increase became effective for the particular fixed fee or payment being increased. Any and all Annual Increases will be made at the same time during the calendar year. “Index” refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. We also reserve the right (i) to increase the New Online Member Fee and, (ii) if any fixed fee or fixed payment due from you under the Franchise Agreement encompasses any third-party charges that we collect from you on a pass-through basis (*i.e.*, for ultimate payment to the third party), to increase the fixed fee or fixed payment, even beyond the Annual Increase, to reflect any increases in the third-party’s charges to us.
3. Because we previously offered certain incentives to franchisees for multi-unit development, certain franchisees signing new Franchise Agreements under earlier-signed Development Rights Agreements will pay stair-cased Royalty fees (ranging from 0% to 5% of Gross Sales) during the initial years they operate their new Blink Fitness Gyms (if they are in compliance with their development deadlines). In limited circumstances, we may in the future grant similar royalty reductions to other franchisees committing to multi-unit development.
4. “Gross Sales” means the aggregate amount of all revenue generated from any source, including revenue generated from the sale of memberships, goods, products, merchandise, services, and advertising, other types of revenue you receive, including the proceeds of business interruption insurance and rental income of any type, and the value of goods, products, merchandise, and services bartered in exchange for memberships or other goods and services. Gross Sales are not reduced by the amount of any discounts on memberships or other services to employees, family members, or other businesses you own or control. However, Gross Sales exclude: (i) federal, state, or municipal sales, use or service taxes collected from members and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities; and (iv) the amount of any credits. Each charge or sale upon credit will be treated as a sale for the full price on the day such charge or sale is made, irrespective of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift cards that we approve for sale at Blink Fitness Gyms is included in Gross Sales when the gift card is used to pay

for products and services. Your Gym may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We may grant or withhold approval as we deem best.

5. You must sign and deliver to us the documents that we periodically require to authorize us to debit your business checking account automatically for the Royalty and other amounts due under the Franchise Agreement or any related agreement. If we institute an automatic debit program for the Gym, we will debit your account for the Royalty and other amounts on or after the payment day we specify, based on the Gross Sales for the previous month. You must make the funds available for withdrawal by electronic transfer before each due date. We may require you (at your expense) to obtain overdraft protection for your business checking account in an amount we specify. You must reimburse us for any “insufficient funds” charges and related expenses that we incur relating to any checks that we receive from you or your failure to maintain sufficient funds in your automatic debit account.

If you fail to report the Gym’s Gross Sales for any month, we may debit your account for 125% of the Royalty that we debited for the previous month. If the amount we debit from your account is less than the amount you actually owe us for the month (once we have determined the Gym’s true and correct Gross Sales for the month), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us for the month (once we have determined the Gym’s true and correct Gross Sales for the month), we will credit the excess, without interest, against the amount that we otherwise would debit from your account during the following month.

Upon notice to you, we may periodically change the timing and terms for payment of Royalties and other amounts payable to us under the Franchise Agreement. For example, we may change the frequency at which we calculate payments to weekly or bi-weekly.

6. In limited circumstances, certain multi-unit franchisees signing new Franchise Agreements will not pay a New Online Member Fee or Technology and Support Services Fees during the initial years they operate their Blink Fitness Gyms.
7. Because we previously offered certain incentives to franchisees for multi-unit development, certain franchisees signing new Franchise Agreements under earlier-signed Development Rights Agreements need not contribute to the Brand Fund (if then operational) during their first 12 months of operation and instead may spend the 2% of Gross Sales on local marketing, advertising, and promotional programs for their Blink Fitness Gyms. In limited circumstances, once we begin collecting Brand Fund contributions, certain multi-unit franchisees need not contribute to the Brand Fund during the initial years they operate certain of their Blink Fitness Gyms.
8. You generally must spend at least 5% of the Gym’s Gross Sales each calendar year on Marketing Materials (defined in Item 11) and advertising, marketing and promotional programs for the Gym (the “Local Marketing Spending Requirement”). We will

administer up to 1% of your Local Marketing Spending Requirement on digital marketing. You will pay us this 1% of the Gym's Gross Sales by the tenth day of each month on the Gym's Gross Sales during the previous month. We will credit your Cooperative contributions (see note 6 below) toward the Local Marketing Spending Requirement. However, we will not count the Presale Marketing Budget or contributions to the Brand Fund toward this minimum obligation. We may review your books and records and require you to submit reports periodically to determine your advertising, marketing and promotion expenses. If you fail to spend (or prove that you spent) the Local Marketing Spending Requirement in any year, then we may require you to contribute the shortfall to the Brand Fund. We may require you to contribute your Local Marketing Spending Requirement to the Brand Fund (unrelated to the shortfall referenced above). Because of the incentive programs described earlier, certain franchisees signing new Franchise Agreements must spend only 3% of their Blink Fitness Gyms' Gross Sales on the Local Marketing Spending Requirement.

9. We may designate a geographic area for an advertising cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of the Blink Fitness Gyms located and operating in that area (including us and our affiliates, if applicable). Under the Franchise Agreement, we may require you to contribute an additional 1% of the Gym's monthly Gross Sales to the Cooperative. However, any Cooperative dues you contribute (including any additional amounts we require you to contribute to the Cooperative) will count toward the Local Marketing Spending Requirement you must spend to promote the Gym, but in no event will amounts you contribute to a Cooperative affect your new opening financial and advertising obligations or your required contributions to the Brand Fund.
10. In limited circumstances, certain multi-unit franchisees (generally described above in other Notes) will pay (i) successor franchise fees equal to the lesser of \$7,500 or 50% of the then-current initial franchise fee for single Blink Fitness Gym franchises; and (ii) transfer fees equal to \$10,000 per Blink Fitness Gym, not to exceed \$50,000, if the transfer involves more than 2 Blink Fitness Gyms.
11. These fees also are due under the Development Rights Agreement.

[Item 7 begins on next page]

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee ⁽¹⁾	\$10,000	Lump sum	When you sign the Franchise Agreement	Us
Training ⁽²⁾	\$2,000 to \$20,000	Out of pocket travel-related expenses, as incurred	During training	Third-party vendors
Presale Marketing Budget ⁽³⁾	\$45,000 to \$120,000	As incurred	Before opening	Outside suppliers
Rent, security deposit, and other real estate services and costs ⁽⁴⁾	See Note 3	As agreed	As agreed	Landlord
Leasehold Improvements: Design Professionals; Project Consultants; Government Fees; General Contractor; Owner-Supplied Materials; and A/V and Security Systems ⁽⁵⁾	\$277,000 to \$1,750,000	As incurred	As incurred	Design Professionals, Consultants, Suppliers, Vendors, Government Agencies, and other third parties
Deposits, leases, and other down payments for fitness equipment, fixtures, and other fixed assets ⁽⁶⁾	\$125,000 to \$175,000	Lump sum	Before opening	Your Lender or Suppliers

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Opening inventory and supplies ⁽⁷⁾	\$20,000 to \$35,000	Lump sum	Before opening	Suppliers
Computer hardware and software ⁽⁸⁾	\$35,000 to \$50,000	Lump sum	Before opening	Us and suppliers
Technology and Support Services Fee ⁽⁹⁾	\$1,800 to \$3,600	Installments	Before opening	Us
Professional fees ⁽¹⁰⁾	\$3,000 to \$10,000	As arranged	Before opening	Accountants, lawyers and other third parties
Insurance deposits	\$0 to \$10,500	As incurred	As incurred	Insurance broker
Additional funds – 3 months ⁽¹¹⁾	\$100,000 to \$150,000	As incurred	As incurred	Employees, suppliers, and other third parties
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs)⁽¹²⁾	\$618,800 to \$2,334,100			

Except for security and utility deposits, none of these expenditures is refundable.

Notes:

1. As described in Item 5, the initial franchise fee is \$10,000 regardless of the number of Blink Fitness Gyms you develop and open. Except for the non-refundable development fee (equal to \$20,000 times the number of Blink Fitness Gyms you commit to develop), there is no initial investment required to begin operating under the Development Rights Agreement, although you of course must build the first Blink Fitness Gym at a cost estimated to range as described in the chart above. Therefore, the total investment necessary to begin operation of your acquired development rights is \$658,800 to \$2,374,100 (if you commit to develop a minimum of 2 Blink Fitness Gyms).
2. We describe training in Item 11. Although we do not impose a fee for the initial training program, this figure estimates your and your personnel's costs for travel and other expenses during training. The costs in the New York City area vary greatly based on the

distance you must travel and the time of year and choices you make for hotels, restaurants, etc.

3. The Presale Marketing Budget depends on whether the Gym opens in an established Blink Fitness Gym market. The Presale Marketing Budget will be towards the higher estimate if the Gym is opening in a new territory with no current Blink Fitness Gym presence.
4. A standard Blink Fitness Gym occupies approximately 12,000 to 20,000 square feet of space. The typical location is on high-traffic streets in metropolitan or suburban areas. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors, varies from market to market, and could be higher in large metropolitan areas than in suburban markets and smaller metropolitan areas. Your landlord likely will require you to pay a security deposit equal to one month's rent or more. Your lease negotiations with your landlord and the size and market area of the Gym's location ultimately will dictate when your rental payments will begin.

We expect you to rent the Gym's location. It is possible, however, that you will choose to buy, rather than rent, real estate on which a building suitable for the Gym already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables affecting the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Gym.

We or a Site Consultant will assist you by reviewing potential sites for the Gym. However, you also will incur costs related to site evaluation, selection, and lease negotiation. You must use a licensed commercial real estate broker during the site selection process, and we have the right to require you to hire a real estate broker we designate who has expertise in your Gym's market area.

5. The estimate includes amounts for construction, remodeling, fixed assets, leasehold improvements, and decorating costs. These figures encompass estimates for different types of premises-delivery conditions, ranging from "Turnkey" to a typical suburban-market "as-is." Leasehold improvement costs—which could include floor covering, wall treatment, millwork, ceilings, painting, window coverings, electrical, plumbing, HVAC, carpentry, and similar work, and labor and contractors' fees—depend on the site's condition, requirements, location, and size. The estimates assume the project is tax-exempt and utilizes non-union labor. It does not, however, include any benefits you might receive from any tenant improvement allowances as part of the lease deal.
6. This estimate assumes you will lease the cardiovascular, strength, and fitness training equipment, fixtures, and other fixed assets from approved vendors or suppliers. This figure covers your down payment under the lease. If you choose to purchase the equipment for your Gym, we estimate you will pay approved vendors or suppliers \$550,000 to \$665,000 for such equipment. These estimates ultimately depend on the

amount of your down-payment on equipment that you finance, the equipment purchase price (should you choose not to finance), your Gym's size, and your financing terms. If you are converting an existing facility to a Blink Fitness Gym, your equipment costs might be less if the existing equipment (both fitness and non-fitness) meets our standards.

7. This includes costs for an initial inventory of supplies for Gym maintenance, cleaning supplies, key tags, and retail and food and beverage items.
8. We describe the required Computer System in Item 11.
9. This includes expenses for proactive monitoring and notification of network and Wi-Fi outages. It also includes expenses for software support for the kiosks, System Website, and POS System; dedicated level 1 help desk support; and vendor issue management and coordination support.
10. This estimates the costs of professional advisors (like an attorney and accountant) for the initial advice consistent with the start-up of a franchised business. We strongly recommend that you seek professional assistance when evaluating this franchise opportunity and our franchise documents. Your professional advisors also should review the lease and other contracts you sign for your Gym.
11. This estimates the funds needed to cover your operating expenses for the first 3 months of operation (other than the items identified separately in the table). These funds could be offset by revenue earned during that period. This is only an estimate, and you might need additional working capital during the first 3 months you operate your Gym and for a longer time period after that. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Gym will break even. Your costs will depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the prevailing wage rate; competition; and your Gym's sales during the initial period. The level of presales you make before you open your Gym will impact your working capital needs.
12. We relied on the experience of our affiliate-owned Blink Fitness Gyms, principally in New York and New Jersey, to compile these estimates (including the estimate of additional funds). You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

Item 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate the Gym according to our Brand Standards. Brand Standards may regulate, among other things, (1) types, models, and brands of required furniture, fixtures, equipment (including components of and required software licenses for the Computer System),

and signs that we periodically require for the Gym and the business you operate under the Franchise Agreement (collectively, “Operating Assets”) and other products and services you use or provide at the Gym; (2) other required, authorized and unauthorized services and products; and (3) designated and approved suppliers of these items and services. You must buy or lease all Operating Assets and other products and services for the Gym only according to our standards and specifications and, if we require, only from suppliers that we designate or approve (which may include or be limited to us or our affiliates) at the prices that those suppliers decide to charge. We currently require that you buy or lease all Operating Assets and other products and services for the Gym only from designated or approved suppliers.

You currently must use our Intranet to operate the Gym. We are the only approved supplier of initial and ongoing IT support for the Gym, including registration and configuration services for the technology platforms; software support for the kiosks, System Website, and POS System; proactive monitoring and notification of the Gym’s network and Wi-Fi outages; dedicated level 1 help desk support; and vendor issue management and coordination support.

To ensure that all Blink Fitness Gyms follow similar practices for billing, payment processing, and customer service standards, you currently must purchase the club and member management software (the “POS System”) from our approved supplier. You will contract with the supplier directly for all Gym billing, payment processing, collections, member services functions, and POS System software licenses.

We are an approved supplier of other products, equipment, and advertising and marketing materials, but currently you can acquire these items from other designated or approved suppliers. While you need not purchase these items from us, we typically offer them to franchisees at lower prices than the prices offered by third-party suppliers because we purchase them in high volume. Brand Standards may cover terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services that you obtain from us and affiliated and unaffiliated suppliers.

You currently must buy fitness equipment, Gym supplies, technology, furniture, fixtures, equipment, retail products, and food and beverage inventory only from suppliers that we designate or approve. None of our officers owns any interest in any current supplier to the franchise system. We restrict your sources of items and services to protect trade secrets and other intellectual property rights, help assure quality, help assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control third parties’ use of the Marks, and monitor the manufacture, packaging, processing, and sale of these items.

Before using them, you must send us, for our approval, Marketing Materials for the Gym that we have not prepared or previously approved, or all materials that we have prepared or already approved and which you propose to change in any way. If we do not notify you in writing of our approval of these materials within 10 days after we actually receive them, they are deemed disapproved. You may not use any Marketing Materials that we have disapproved. You must remove from the Gym or other location any unapproved Marketing Materials at your own cost. You will also prepare a presale marketing program for the Gym that you must implement after approval from us.

You must submit for our acceptance any lease or sublease for the Gym's site before you sign it. You may not relocate the Gym without our prior approval.

You are responsible for developing the Gym at your expense. You must construct, install trade dress and furnish all Operating Assets in, and otherwise develop the Gym according to our standards, specifications, and directions. The Gym must contain all Operating Assets, and only those Operating Assets, that we specify. You must, according to our guidelines, place or display at the Gym (interior and exterior) only the signs, emblems, lettering, logos, and display materials that we approve from time to time. You must purchase or lease only the approved brands, types, and models of Operating Assets according to our standards and specifications and, if we specify, only from one or more suppliers that we designate or approve (which may include or be limited to us and/or our affiliates). "Operating Assets" means all required furniture, fixtures, equipment (including components of and required software licenses for the Computer System), and signs that we periodically require for the Gym.

You must use an architect and engineer we designate to develop the set of construction documents. We also may require you to use a general contractor we designate or pre-approve. We may condition our written approval of an architect and/or contractor on first receiving both notarized AIA A305 and AIA B305 statements and proof that the architect and/or contractor maintains the required licenses, permits, and insurance requirements in the area where you will develop the Gym.

We will give you our prototype design documents, an architectural brand standards manual, and mandatory and suggested specifications and layouts for a Blink Fitness Gym. They will include requirements or recommendations (as applicable) for dimensions, design, interior layout, décor, interior graphics, exterior signage, security, audio/visual, data/IT requirements, and Operating Assets. Any changes that you propose for the Gym are subject to our review and written approval.

You must prepare and submit to us all required construction and remodeling documents and specifications as shown in the prototype design drawings, including all revised or "as built" plans and specifications as they are prepared during the Gym's construction and development. Because our review of the plans and specifications is limited only to reviewing your compliance with design intent, you and your design professionals (i) must ensure that all details and specifications have been accurately transmitted from the prototype drawings and (ii) alone are responsible for complying with federal, state, and local laws, codes, and regulations, including those arising under the Americans with Disabilities Act ("ADA") and similar rules governing public accommodations for disabled persons, zoning regulations, environmental laws and regulations, other applicable ordinances, building codes, and permit requirements, and with lease requirements and restrictions. You may not begin constructing the Gym until we approve the plans and specifications in writing.

In addition to hiring an architect, engineer, and general contractor, you must either assign an individual within your organization or hire a third-party project management firm, in either case to be qualified and approved by us before the Gym's construction begins, to be responsible for overseeing and managing the entire team of professionals. While we may physically inspect the Gym multiple times throughout the construction process, you must confer with us regularly

during the construction process (in the manner we periodically specify) and send us the information, photographs, and other materials we require, as provided in the Operations Manual.

You must develop the Gym in accordance with both the design intent of your plans and specifications that we approved in writing as well as our prototype design drawings. We will conduct a final walk-through of the Gym to inspect the Gym and detect any deficiencies in workmanship, non-conformance to document standards, or incomplete work. You may not open the Gym until we give you a final approval letter.

At our option in the future, we may periodically require you to alter substantially the Gym's appearance, layout and/or design, and/or to replace a material portion of the Operating Assets, to meet our then-current requirements for new Blink Fitness Gyms. You must incur all related costs. We reserve the right to designate or approve the architects and contractors you use. Within 90 days after receiving written notice from us regarding required alterations, you must prepare plans according to our standards and specifications and submit these plans to us for our written approval before commencing any work. You must complete all work according to the approved plans within the time period we specify. If you do not maintain the condition or appearance of the Gym or the Operating Assets as required, we may do so at your expense.

You must obtain and maintain insurance coverage for the Gym containing the minimum liability coverages that we periodically prescribe. This insurance is maintained at your expense, in addition to any other insurance required by applicable law, your landlord, lender or otherwise. We may periodically change the amounts of coverage required under the insurance policies, and require different or additional kinds of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to all franchised Blink Fitness Gyms.

You must obtain your insurance from an insurance company with an "A-" or better rating by A.M. Best and a Financial Size Rating of "VIII" or better. You currently must have the following minimum insurance coverage: (i) Statutory worker's compensation coverage and Employers Liability; (ii) "All Risk" Property Insurance for all equipment, supplies, extended coverage for fire, theft, vandalism and malicious mischief for all equipment, supplies, and other property used in the operation of the Gym, including Business Interruption insurance and coverage for your improvements and betterments; (iii) Commercial General Liability insurance and product liability insurance coverage, including products/completed operation coverage, personal/advertising injury coverage, sexual abuse/molestation coverage, and hired/non-owned auto coverage; (iv) Employee-related practices insurance (sexual harassment, wrongful termination, discrimination, or wrongful failure to employ or promote); and (v) Cyber coverage, including Notification Expense coverage, and Umbrella Liability coverage, the amount of which will vary based on the number of Blink Fitness Gyms you open and operate.

At least 30 days before you open the Gym or begin any construction, you must send us a certificate of insurance issued by an approved insurance company showing compliance with the insurance requirements and a paid receipt showing the certificate number. Each certificate of insurance must include a statement by the insurer that the policy will not be canceled, subject to non-renewal, or materially altered without at least 30 days' written notice to us. Each insurance policy must name us and entities and persons affiliated with us as additional insureds. We may

require that some or all of your insurance policies provide for waiver of subrogation in favor of us and our affiliates. On our request, you must provide us with copies of all insurance policies together with proof of payment for insurance. You must send us current certificates of insurance and copies of all insurance policies on an annual basis.

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Gym that you currently must buy or lease from us (or our affiliate) or from designated or approved suppliers. In the future, we may designate other products and services that you must buy only from us, our affiliates, or designated or approved suppliers. To maintain the quality of the products and services that Blink Fitness Gyms offer and sell and our franchise network's reputation, all Operating Assets and other products and services that your Gym uses or sells (besides those described above that you may obtain only from us, our affiliates and/or approved suppliers) must meet our minimum standards and specifications. We issue and modify standards and specifications based on our and our franchisees' experience in operating Blink Fitness Gyms. Standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. Our Operations Manual and other technical manuals or other communications will identify our standards and specifications for you and, where appropriate, you may provide those standards and specifications to suppliers.

If you want to use any products or services for or at the Gym that we have not yet evaluated or purchase any product or service from a supplier that we have not yet approved (for products and services that we require you to purchase only from designated or approved suppliers), you first must submit sufficient information and specifications (through a Request for Variance form) and samples for us to determine whether the product or service complies with our standards and specifications or the supplier meets our criteria. We may charge you a reasonable fee and will decide within a reasonable time (no more than 30 days). We may condition our written approval of a supplier on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, member relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria. We may inspect the proposed supplier's facilities and require the proposed supplier to deliver product samples or items, at our option, either directly to us or to any third party we designate for testing. We may periodically re-inspect the facilities and products of any approved supplier and revoke our approval of any supplier, product or service that does not continue to meet our criteria by notifying you and/or the supplier. We do not make our criteria for approving suppliers available to our franchisees. Despite these procedures, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of the Blink Fitness network. If we approve of any supplier or distributor recommended by you, from which you purchase or lease any Operating Assets or other products or services, we are authorized to allow other Blink Fitness Gyms to purchase or lease any Operating Assets or other products or services from these suppliers or distributors without compensation to you.

We and/or our affiliates may derive revenue or other material consideration based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts and other payments that designated, approved or recommended suppliers make to us and our affiliates. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes that we and our affiliates deem appropriate.

Collectively, the purchases and leases that you must make from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent about 80% to 90% of your overall purchases and leases in establishing and operating the Gym. During 2019, we received a total of \$329,582 from franchisees' direct purchases or leases from us, which is 25.6% of our total 2019 revenue of \$1,284,923. This information is from our audited financial statements. In addition, we received a total of \$741,581 from unaffiliated vendors during 2019 on account of those vendors' sales of equipment and other items to our franchisees.

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for the items and services described earlier in this Item that you may obtain only from designated sources. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

The Development Rights Agreement does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating your business under the Development Rights Agreement. However, you must give us information and materials we request concerning each site at which you propose to operate a Blink Fitness Gym so that we can assess that site, which is subject to our written acceptance.

[Item 9 begins on next page]

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	4.A and 4.B of Franchise Agreement; 3 and 6 of Development Rights Agreement	5, 7, 8, 11, and 12
b. Pre-opening purchases/leases	4.C and 4.D of Franchise Agreement	5, 7, 8, and 11
c. Site development and other pre-opening requirements	4.C of Franchise Agreement; 3 of Development Rights Agreement	5, 7, 8, and 11
d. Initial and ongoing training	6.A, 6.B, 6.C, 6.D, 6.E, and 6.F of Franchise Agreement	6, 7, and 11
e. Opening	4.E of Franchise Agreement	8, 11 and 12
f. Fees	5, 6.C, 6.D, 6.E, 6.F, 13.B, 13.D, 13.E, 15.B, 16.C, and 17 of Franchise Agreement; 2 and 3 of Development Agreement	5, 6, 7 and 8
g. Compliance with standards and policies/operating manual	7.B and 7.C of Franchise Agreement	8 and 11
h. Trademarks and proprietary information	8 and 9 of Franchise Agreement	13 and 14
i. Restrictions on products/services offered	7.E of Franchise Agreement	11, 12, and 16
j. Warranty and customer service requirements	7.B and 7.C of Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	1, 3 and 6 of Development Rights Agreement	12
l. On-going product/service purchases	7.E and 7.F of Franchise Agreement	6 and 8
m. Maintenance, appearance and remodeling requirements	7.A of Franchise Agreement	8, 11, 16, and 17
n. Insurance	20.D of Franchise Agreement	7
o. Advertising	13 of Franchise Agreement	5, 6, 7, 8, and 11
p. Indemnification	20.E of Franchise Agreement; 12 and 13 of Development Rights Agreement	6

Obligation	Section in agreement	Disclosure document item
q. Owner's participation/management/staffing	4.E, 7.C, and 7.D of Franchise Agreement	11 and 15
r. Records and reports	14 of Franchise Agreement	6
s. Inspections and audits	15 of Franchise Agreement	6
t. Transfer	16 of Franchise Agreement; 10 of Development Rights Agreement	6 and 17
u. Renewal	17 of Franchise Agreement	6 and 17
v. Post-termination obligations	19 of Franchise Agreement	17
w. Non-competition covenants	12 and 19.E of Franchise Agreement	15 and 17
x. Dispute resolution	21.F, 21.G, and 21.I of Franchise Agreement; 11 of Development Rights Agreement	17
y. Presale of Memberships	4.D of Franchise Agreement	11 and 16
z. Reciprocal Memberships	7.H of Franchise Agreement	16
aa. Membership Agreements	7.I of Franchise Agreement	16

Item 10 **FINANCING**

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

Item 11 **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

Pre-Opening Assistance

Before you begin operating the Gym, we or another representative we authorize will:

1. Provide your Operating Principal and one manager for the Gym (the "Club Manager") with initial orientation and training, which we describe in detail later in this Item. (Franchise Agreement – Section 6.A)
2. Provide up to 5 days of local in-market training and opening support for the Gym upon successful completion of the initial training program and during the Gym's initial opening period (which may begin before and continue after the Gym's actual opening date). (Franchise Agreement – Section 6.B)

3. Provide, or designate a Site Consultant who will provide, assistance in reviewing potential sites for the Gym you identify within the Site Selection Area (defined in Item 12) after you sign the Franchise Agreement or a Development Rights Agreement covering the proposed location. We, our affiliates, and our designated suppliers (including the Site Consultant, if you use one) will not provide assistance, recommendations, or written acceptance of any particular site or lease for any site unless (a) you and we, at our respective sole options, first sign a Franchise Agreement, or (b) a previously signed Development Rights Agreement covers that site. You must use a licensed commercial real estate broker during the site selection process, and we have the right to require you to hire a real estate broker we designate who has expertise in your Gym's market area. We may physically visit your proposed sites. We may condition our making a proposed site visit and our acceptance of a proposed site on your first sending us complete site reports and other materials (including photographs and video recordings) we request. We or the Site Consultant will provide you with our then-current criteria for sites for Blink Fitness Gyms (including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to assist you in selecting and identifying your site. Even if we or the Site Consultant gives you information regarding a potential site or site criteria, you acknowledge that (i) the Site Consultant is solely responsible for its activities, its communications, and the information it shares with you, and (ii) we have made and will make no representations or warranties of any kind, express or implied, about the suitability of the site for a Blink Fitness Gym or any other purpose, or of the likelihood that we ultimately will accept that site for the Gym's location. (Franchise Agreement – Section 4.A; Development Rights Agreement – Section 3)

4. Provide written acceptance of sites you propose which meet our criteria. You have 6 months after the Franchise Agreement's effective date to obtain our written acceptance of a site at which to operate the Gym. If you do not, we may terminate the Franchise Agreement. You must use a licensed commercial real estate broker during the site selection process, and we have the right to require you to hire a real estate broker we designate who has expertise in your Gym's market area. You will submit all information that we request when you propose a site. We will use reasonable efforts to review and accept or reject the sites you propose within 30 days after we receive all requested information and materials (including photographs and video recordings). We will not unreasonably withhold our acceptance of a site that meets our then-current criteria. However, we have the absolute right to reject any site that does not meet these criteria. Our acceptance of a site indicates only that we believe that the site meets, or has the potential to meet, or that we have waived, our then-current criteria for site suitability. Our application of criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and]/or other factors included in or excluded from our criteria could change, altering a site's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a particular site fails to meet your expectations. Upon accepting a proposed site, we will list the accepted site's location as the Gym's address in Exhibit A of the Franchise Agreement. Deadlines for finding acceptable sites under the Development Rights Agreement are determined by the development schedule we and you negotiate before

signing. (Franchise Agreement – Section 4.A; Development Rights Agreement – Section 5)

5. Accept or reject the lease for the Gym. You must present to us for our acceptance any lease or sublease (and any renewals and amendments of the lease or sublease) that will govern your occupancy and lawful possession of the Gym before you intend to sign it. These obligations apply even if we have accepted the Gym's site before signing the Franchise Agreement. We may (but have no obligation to) provide you guidance or assistance relating to the lease or sublease but will not negotiate the lease on your behalf or provide any legal advice. You must receive our acceptance of the lease before you sign it. The lease or sublease must either (i) include the lease rider attached to the Franchise Agreement, or (ii) provide in the body of the lease or sublease the terms and conditions found in the lease rider. Our guidance and assistance (if we choose to provide it) and/or acceptance of the lease is not a guarantee or warranty, express or implied, of the success or profitability of a Blink Fitness Gym operated at the site or the suitability of the lease for your business purposes. (Franchise Agreement – Section 4.B)

6. We will give you our prototype design documents, an architectural brand standards manual, and mandatory and suggested specifications and layouts for a Blink Fitness Gym. They will include requirements or recommendations (as applicable) for dimensions, design, interior layout, décor, interior graphics, exterior signage, security, audio/visual, data/IT requirements, and Operating Assets. Any changes to our requirements that you propose for the Gym are subject to our review and written approval. The specifications and layouts we provide or recommend might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the ADA, zoning regulations, environmental laws and regulations, other applicable ordinances, or building codes or permit requirements, or any lease requirements or restrictions.

You must prepare and submit to us all required construction and remodeling documents and specifications as shown in the prototype design drawings, including all revised or "as built" plans and specifications as they are prepared during the Gym's construction and development. Because our review of the plans and specifications is limited only to reviewing your compliance with design intent, you and your design professionals (i) must ensure that all details and specifications have been accurately transmitted from the prototype drawings and (ii) alone are responsible for complying with federal, state, and local laws, codes, and regulations, including those arising under the ADA and similar rules governing public accommodations for disabled persons, zoning regulations, environmental laws and regulations, other applicable ordinances, building codes, and permit requirements, and with lease requirements and restrictions. You may not begin constructing the Gym until we approve the plans and specifications in writing.

In addition to hiring an architect, engineer, and general contractor, you must either assign an individual within your organization or hire a third-party project management firm, in either case to be qualified and approved by us before the Gym's construction begins, to be responsible for overseeing and managing the entire team of professionals. While we may physically inspect the Gym multiple times throughout the

construction process, you must confer with us regularly during the construction process (in the manner we periodically specify) and send us the information, photographs, and other materials we require, as provided in the Operations Manual. (Franchise Agreement – Section 4.C)

7. As discussed in Item 8, identify the Operating Assets, inventory, supplies, and other products and services that you must use to develop and operate the Gym, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease items and services (which may be limited to or include us and/or our affiliates). We or our affiliate will provide some items, and we will provide names of approved suppliers for some other items. We refer to the items provided by approved suppliers as “owner-supplied items.” Our Operations Manual provides specifications for some items. As noted in Item 8, we will configure certain hardware and software for the Gym and either ship or deliver the hardware and software to you at the Gym. (Franchise Agreement – Sections 4.C, 6.G and 7.E)

8. Authorize you to engage in the presale of memberships and other rights to participate in the services at the Gym if you meet our requirements. We will not authorize your presale activities unless: (i) we have authorized you to offer or sell memberships or those rights to the public; (ii) you in good faith expect to open the Gym for business within the 120-day period following the offer or sale; (iii) your Operating Principal and the Gym’s Club Manager have completed to our satisfaction the initial training program; and (iv) you have secured all financing and permits necessary to develop, build and fully equip the Gym. You are responsible for ensuring that your membership agreements and presale activities comply with all applicable laws and other legal requirements. (Franchise Agreement – Sections 4.D and 7.I)

9. Provide you access to our operating manual and other technical manuals (collectively, the “Operations Manual”). The Operations Manual may include written or electronic materials that we may make available to you by various means, including hardcopy or access through the Intranet. The Operations Manual contains Brand Standards and information on your other obligations under the Franchise Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but these modifications will not alter your fundamental rights or status under the Franchise Agreement. You must keep your copy of the Operations Manual current and communicate all updates to your personnel in a timely manner. You must keep all parts of the Operations Manual in a secure location and restrict access to any passwords for accessing the Operations Manual. If there is a dispute over its contents, our master copy of the Operations Manual controls. The contents of the Operations Manual are confidential and you may not disclose any part of the Operations Manual to any person other than Gym employees and others who need to know that part and who agree to maintain its confidentiality by signing a confidentiality agreement. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual.

While we may designate the form of confidentiality agreement you must use with employees having access to our Confidential Information (defined below) in order to

protect that Confidential Information, under no circumstances will we control the forms or terms of your employment agreements or otherwise be responsible for your labor relations. In addition, the Brand Standards do not include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Operations Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations at the Gym. We neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of Gym employees, members, guests, and visitors. You must hire and train all Gym employees.

At our option, we may post the Operations Manual on the Intranet or another restricted website to which you will have password access. If we do so, you must periodically monitor the website for any updates to the Operations Manual or Brand Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website are part of the Confidential Information. The Operations Manual currently contains approximately 419 total pages and its current table of contents is Exhibit D. (Franchise Agreement – Section 6.G)

10. Consult and jointly prepare with you a presale marketing program that contemplates spending an agreed amount on the initial promotion of the Gym (the “Presale Marketing Budget”) that we will approve. At least 45 days before you intend to implement the presale marketing program, you must submit it to us for our approval. If we do not accept the presale marketing program in writing within 15 days after receiving it, it will be deemed rejected. You must implement the approved program according to our requirements. You will use the Presale Marketing Budget to pay providers of products and services according to the approved presale marketing program. (Franchise Agreement – Section 13.A)

If you sign the Development Rights Agreement, then before you begin operating under that Agreement, we will complete the Schedule which designates a specific number of Blink Fitness Gyms that you (or a Controlled Affiliate) must open at acceptable sites within your Area. (Development Rights Agreement – Sections 1, 3 and 6) “Controlled Affiliate” means any corporation, limited liability company or other business entity of which you or one or more of your majority owners owns at least 51% of the total authorized ownership interests, as long as you or such owners have the right to control the entity’s management and policies.

Ongoing Assistance

During your operation of your Gym, we or another representative we authorize will:

1. Advise you regarding the Gym’s operation based on your reports or our evaluations and inspections. We may guide you on standards, specifications, operating procedures and methods that Blink Fitness Gyms use; purchasing required or recommended Operating Assets and other products, supplies and materials; methods of providing advice to Gym members; instructor and employee training methods and procedures (although you are responsible for hiring the Gym’s employees and for the

terms and conditions of their employment); and accounting, advertising, and marketing. We may guide you in our Operations Manual, in bulletins or other written materials, by electronic media, by telephone consultation, and/or at our office or the Gym. (Franchise Agreement – Section 6.G)

2. Establish a restricted website providing communications among us, our affiliates, you, other Blink Fitness franchisees, and other persons and entities to whom we (in our judgment) periodically determine to give access (the “Intranet”). We may make the Intranet part of the System Website, which we describe in more detail later in this Item. The Intranet will provide the features, services and functionality that we periodically specify.

You must comply with the requirements that we periodically specify concerning connecting to the Intranet and using the Intranet in operating your Gym. This includes entering the information concerning each person who registers for a membership that the Gym offers and all Gross Sales of the Gym using the Intranet in the manner that we periodically specify. We will own all intellectual property and other rights in the Intranet and all information it contains, including its domain name or URL, the log of “hits” by visitors, any personal or business data that visitors (including you) supply, and all information relating to the members and other patrons of the Gym, whether that information is contained on your Computer System or our (or our designee’s) computer system (collectively, the “Data”). We may implement and periodically modify Brand Standards relating to the Intranet and, at our option, may discontinue the Intranet, or any services offered through the Intranet, at any time. (Franchise Agreement – Sections 7.G, 10, and 13.G)

3. Give you, at your request and expense (and our option), additional or special guidance, assistance, and training. Any specific ongoing training, conventions, advice or assistance we provide does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which we may discontinue and modify at any time. (Franchise Agreement – Section 6.D)

4. Continue to provide you access to our Operations Manual. (Franchise Agreement – Section 6.G)

5. Issue and modify Brand Standards. Because of our periodic modification of the Brand Standards (including to accommodate changes to the required Computer System for Blink Fitness Gyms and the Marks), you might need to invest additional capital in and otherwise improve and develop the Gym and incur higher operating costs. You must comply with those obligations within the time period we specify. Although we may establish and periodically modify Brand Standards that you must follow, you retain the responsibility for the Gym’s day-to-day management and operation and implementing and maintaining Brand Standards at the Gym. (Franchise Agreement – Section 7.C)

6. Let you use our Marks. (Franchise Agreement – Section 8)

7. Let you use certain confidential information, some of which constitutes trade secrets under applicable law, relating to the development and operation of Blink Fitness Gyms (the “Confidential Information”) (Franchise Agreement – Section 9)

8. At our option, establish and administer a Brand Fund for the advertising, marketing and public relations programs and materials that we deem appropriate. We describe the Brand Fund and other aspects of our advertising, marketing and promotional programs later in this Item. (Franchise Agreement – Section 13.B)

If you sign the Development Rights Agreement, then during your operation under that Agreement, we will grant you (or a Controlled Affiliate) franchises for Blink Fitness Gyms if we approve of your (or the Controlled Affiliate’s) financial and operation ability and proposed site. We describe our site acceptance process and criteria earlier in this Item. After you sign the Development Rights Agreement and the Franchise Agreement for the Gym, we or a Site Consultant will assist you by reviewing potential sites for the Gym you are to develop under the Franchise Agreement. We may physically visit your proposed sites. We may condition our making a proposed site visit and our acceptance of a proposed site on your first sending us complete site reports and other materials (including photographs and video recordings) we request. You or the approved Controlled Affiliate (and your or the Controlled Affiliate’s owners) must sign our then-current form of franchise agreement and related documents for each Blink Fitness Gym (the “Franchise Documents”), the terms of which may differ substantially from those in the Franchise Agreement attached to this disclosure document. If you or the Controlled Affiliate does not timely sign the Franchise Documents, or is unable to obtain lawful possession of the proposed site within a reasonable time after we accept it, we may withdraw our acceptance. Neither you nor any Controlled Affiliate may sign any lease or sublease for a site without our written acceptance and first signing, and complying with, our Franchise Documents. (Development Rights Agreement – Sections 1, 3 and 6)

Advertising and Marketing Programs

Brand Fund

We may, upon 60 days’ prior written notice to you, establish and then administer and maintain a fund for advertising, marketing, and public relations programs and materials, the purpose of which is to enhance, promote, and protect the Blink Fitness brand and franchise system (the “Brand Fund” or “Fund”). You must contribute the amount that we periodically specify to the Brand Fund, not to exceed 3% of your Gym’s Gross Sales. (We expect your Brand Fund contribution will be 2% of your Gym’s Gross Sales when the Brand Fund first becomes operational.) Blink Fitness Gyms that we or our affiliates own will contribute to the Brand Fund on the same percentage basis as franchisees, but certain franchisees that signed Development Rights Agreements before this disclosure document’s issuance date may contribute to the Brand Fund at different rates.

We will direct all programs financed by the Brand Fund, with sole control over all creative and business aspects, but we will consult periodically with the franchisee advertising council (or its successor, if any) when established concerning the Fund’s significant advertising programs and expenditures. The Brand Fund may pay for preparing, producing, and placing

video, audio and written materials, electronic media and social media; developing, maintaining, and administering one or more System Websites, including online membership capabilities, lead management and member retention programs; administering national, regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; establishing regional and national promotions and partnerships and hiring spokespersons to promote the Blink Fitness brand; and supporting public and member relations, market research, and other advertising, promotion, marketing and brand-related activities. The Brand Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, whatever we think best. We and/or an outside national or regional advertising agency will produce all advertising and marketing. The Brand Fund periodically will make available samples of advertising, marketing and promotional formats and materials at no cost and will sell you multiple copies of these materials at its direct cost of producing them, plus any related shipping, handling and storage charges.

We will account for the Brand Fund separately from our other funds and not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer the Brand Fund or otherwise provide assistance or services to the Brand Fund, the Brand Fund's administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to the Brand Fund's business, and other expenses that we and they incur in administering or directing the Brand Fund and its programs, including conducting market research, preparing advertising, promotional and marketing materials, collecting and accounting for Brand Fund contributions and any other costs or expenses we incur in operating the Brand Fund or as a consequence of the Fund. We will not use the Brand Fund's resources to develop materials and programs to solicit new franchise sales. Because the Brand Fund does not yet exist, it has no operating history.

The Brand Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing, or administering the Brand Fund or 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. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and give you the statement upon written request. We may (but need not) have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

We intend the Brand Fund to maximize recognition of the Marks and patronage of Blink Fitness Gyms, and to enhance, promote, and protect the Blink Fitness brand and franchise system. Although we will try to use the Brand Fund in the aggregate to develop advertising and marketing materials and programs, and implement programs that will benefit all Blink Fitness Gyms, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions by Blink Fitness Gyms operating in that geographic area or that any Blink Fitness Gym benefits directly or in proportion to its Brand Fund contribution from the development of advertising and marketing materials or

implementation of programs. (In other words, the Brand Fund need not spend any specific amount in your market area.) We have the right, but no obligation, to 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. We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We may at any time defer or reduce the Brand Fund contributions of a Blink Fitness Gym franchisee and, upon 60 days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the balance remaining in the Fund on advertising programs and expenditures or (ii) distribute all unspent funds to our then existing franchisees, and to us and our affiliates, in proportion to their respective Brand Fund contributions during the preceding 12-month period. (Franchise Agreement – Section 13.B)

Local Marketing

You generally must spend at least 5% of the Gym's Gross Sales each calendar year on approved Marketing Materials and other approved advertising, marketing and promotional programs for the Gym. We will administer up to 1% of your Local Marketing Spending Requirement on digital marketing. You will pay us this 1% of the Gym's Gross Sales by the tenth day of each month on the Gym's Gross Sales during the previous month. You must prepare a written local marketing plan for the expenditure of your Local Marketing Spending Requirement and submit the plan to us for our approval in accordance with our approval process. (Franchise Agreement – Section 13.D) We may require you to contribute your Local Marketing Spending Requirement to the Brand Fund. If we do so, we will direct the Brand Fund to spend the Local Marketing Spending Requirement, less our costs or expenses in operating the Brand Fund or as a consequence of the Fund (as described above), on advertising, marketing, and promotional programs in or for the Gym's local market.

Advertising Councils

There currently are no franchisee advertising councils that advise us on advertising and marketing policies and programs.

Advertising Cooperatives

There currently are no advertising cooperatives. We may designate a geographic area for an advertising cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of all Blink Fitness Gyms located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine. We may change, dissolve, and merge Cooperatives. Each Cooperative's purpose is, with our approval, to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Cooperative covers. You must sign the documents that we require to become a member of the Cooperative we specify and participate in the Cooperative as those documents require. We

reserve the right to require you to contribute an additional 1% of the Gym's monthly Gross Sales to the Cooperative. Any Cooperative dues you contribute (including any additional amounts we require you to contribute to the Cooperative) will count toward the Local Marketing Spending Requirement for the Gym, but in no event will your amounts contributed to a Cooperative affect your new store opening financial and advertising obligations or your required contributions to the Brand Fund.

All material decisions of the Cooperative, including contribution levels (which also require our approval), will require the affirmative vote of at least 2/3^{rds} of all Blink Fitness Gyms operating within the Cooperative's area, including, if applicable, those that we or our affiliates operate. Each Blink Fitness Gym will receive one vote. (Franchise Agreement – Section 13.E)

Approval of Advertising

All advertising, promotion, marketing and public relations activities you conduct ("Marketing Materials") must be legal and not misleading and conform to the policies in the Operations Manual as we periodically specify. At least 14 days before using them, you must send us for our approval samples of all Marketing Materials that we have not prepared or previously approved or materials that we have approved but that you intend to change in any way. If you do not receive written notice of approval from us within 10 days after we receive these materials, they are deemed disapproved. You may not use any Marketing Materials that we have not approved or have disapproved. We may upon 14 days' prior written notice require you to discontinue the use of any approved Marketing Materials. You must remove from the Gym or other location any unapproved Marketing Materials at your own cost. (Franchise Agreement – Section 13.C)

System Website and Electronic Advertising

We or one or more of our designees may establish a website or series of websites for the Blink Fitness network: (1) to advertise, market and promote Blink Fitness Gyms and the products and services they offer, and/or the Blink Fitness franchise opportunity; (2) to function as the Intranet; and/or (3) for any other purposes that we determine are appropriate for Blink Fitness Gyms (collectively, the "System Website"). If we include information about the Gym on the System Website, you must give us the information and materials that we periodically request concerning the Gym and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights.

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website, the log of "hits" by visitors, and any Data and other personal or business data that visitors (including you) supply. We may use the Brand Fund's assets to develop, maintain and update the System Website. We may implement and periodically modify Brand Standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

All Marketing Materials that you develop for the Gym must contain notices of the URL of the System Website in the manner that we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes the Gym or displays any of the Marks without our prior written approval. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. We have the right to maintain websites other than the System Website and to offer and sell products and services under the Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to you. (Franchise Agreement – Section 13.G)

You may not establish an independent website or register any URL containing the Blink Fitness name, Marks or any derivation. You may not advertise your Gym or reference the Marks on any independent website or through social media without our prior written approval. (Franchise Agreement – Sections 13.G and 13.H)

Computer System

You must obtain and use the computer hardware and software that we periodically specify, including self-service kiosks to be located within the Gym and other hardware components, dedicated telephone and power lines, modems, printers, and other computer-related accessories and peripheral equipment (the “Computer System”). You currently will use the Computer System to access the Intranet and to input and access information about your members, sales and operations, and for the self-service use of members. The Computer System will store some Consumer Data and Gym Lists and information about the Gym’s finances and operations based on information you input. The Computer System will permit 24 hours per day, 7 days per week electronic communications between us, including access to the Internet and Intranet (but excluding matters relating to your labor relations and employment practices). We will have unlimited access to all information maintained on the Computer System (excluding matters relating to your labor relations and employment practices) and to the content of any Blink e-mail accounts we may provide to you.

The Computer System includes hardware, software, and network access and requires an initial investment ranging from \$35,000 to \$50,000. This cost includes all technology requirements except for telephony, Internet access, and structured cabling installed during construction. The Computer System includes:

- Front desk technology: Hardware, including 3 front-desk computers, tablet computers with secure enclosures, membership touch screen systems, network laser printer, bar code scanners, magnetic stripe reader, receipt printers, web cameras and mounts, and computer software licenses and pre-configuration for membership touch screen systems.
- Environmental technology: Up to 2 digital media players/screens, content licenses, and music player source.
- Back office computer and printer.

- Managed network switches, firewall, wireless access points with mounting hardware, uninterruptible power supply, and cables.
- Remote configurations of the point-of-sale system, franchise operations system (the Intranet), network monitoring, firewall, digital media players, and in-Gym Wi-Fi.

You must purchase the POS System from our approved supplier. You will contract with the supplier directly for all Gym billing, payment processing, collections, member services functions, and POS System software licenses. The supplier will charge you a fee for such services and licenses equal to a percentage of the Gym's Gross Sales. All functions performed by our approved supplier are Payment Card Industry ("PCI")-compliant.

The third parties whose computer-related products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product.

We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System, and/or other technological developments or events, may require you to purchase, lease and/or license new or modified computer hardware, software and other components and to obtain service and support for the Computer System. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse your costs. We anticipate that the fees for Computer System maintenance, support, software upgrades, and related licenses may increase up to 3% annually.

We and our affiliates may condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us (including the Intranet), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates require to regulate your use of the software or technology. We and our affiliates may charge you up-front and ongoing fees for any required or recommended proprietary software or technology that we or our affiliates license to you and for other Computer System maintenance and support services provided during the Franchise Agreement's term.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third-party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. (Franchise Agreement – Section 7.F)

Opening

It could take up to 16 months after you sign the Franchise Agreement before you begin operating your Gym. The specific timetable for opening depends on how quickly you find the Gym's site and finalize the Gym's lease; the Gym's condition and the extent to which you must

upgrade or remodel it; the construction schedule; the delivery schedule for Operating Assets and supplies; schedule for completing training; and complying with local laws and regulations.

You may not begin operating the Gym (except for approved presale activities, as described above) until: (1) we have inspected and approved the Gym as having been developed in accordance with our specifications and standards; (2) your Operating Principal and the Gym's Club Manager have completed the initial training program to our satisfaction; (3) you have sufficient employees to manage and operate your Gym on a day-to-day basis, and the employees have been trained by you or the Club Manager; (4) your Operating Principal, the Club Manager, and your Gym's employees have completed all required third-party certifications, including cardiopulmonary resuscitation ("CPR"), automated external defibrillator ("AED"), and first aid as dictated by local legislation; (5) you have obtained a certificate of occupancy and all required licenses and permits to operate the Gym; (6) you have paid all amounts owed to us and our affiliates and principal suppliers; (7) you are not in default under the Franchise Agreement or any other agreement with us, our affiliates, or principal suppliers; (8) you have given us copies of all required permits, licenses, and insurance policies; and (9) you have met all other opening requirements as established in our Operations Manual.

You must open the Gym and otherwise conduct business at the Gym under the Franchise Agreement on or before the opening deadline listed in the Franchise Agreement. We will determine the opening deadline for each situation depending on the factors described above that impact the timetable for opening. The opening deadline will not be longer than 16 months after you sign the Franchise Agreement. (Franchise Agreement – Sections 4.C and 4.E)

Training

Initial Orientation and Training Programs

If this is your first Blink Fitness Gym, your Operating Principal must attend an initial orientation session on the Blink Fitness Gym system at our principal business address within 120 days after the Franchise Agreement's effective date. Before you sell any memberships (including through presale), advertise, or open the Gym to the public, your Operating Principal and the Gym's Club Manager must attend and complete our initial training program to our satisfaction. The initial training program may include training at our designated training facility or through a web-based platform. We plan to be flexible in scheduling training to accommodate our personnel, your Operating Principal, and the Club Manager. Our Operations Manual and other handouts comprise the instructional materials for our training program. We will provide the initial orientation and training programs for no additional fee. You will be responsible for the compensation, travel and living expenses of the Operating Principal and Club Manager during orientation and training.

The following chart describes our current initial training program, which may be increased, decreased, or otherwise modified to address the particular needs and qualifications of trainees:

TRAINING PROGRAM

Column 1	Column 2		Column 3
	Hours of Training		
Subject	Classroom	On-the-job	Location
Blink Orientation (includes Real Estate, Construction & Design, Operations, Marketing, Finance, Technology, Member Services, and Procurement)	12	3	New York, New York Metro Market
Presale (includes Marketing, Operations, and Technology)	5	15	New York, New York Metro Market
In-Gym Training (includes Marketing, Operations, Personal Training, and Technology)	6	45	New York, New York Metro Market
Grand Opening (includes Marketing, Operations, Personal Training, and Technology)	7	30	New York, New York Metro Market
Technology & Reporting	3	0	New York, New York Metro Market
TOTAL	33	93	

Lori Gonzalez supervises franchisee training. Ms. Gonzalez, our Director of Franchise Operations since June 2017, has over 30 years of experience in the franchise operations industry.

After your Operating Principal and the Club Manager successfully complete the initial training program and during the first week following the opening of the Gym, we will provide up to 5 days of local in-market training and opening support for your Gym (which may begin before and continue after the Gym's actual opening date).

Additional Training

If your Operating Principal or the Club Manager fails to complete the initial training program to our satisfaction, or if we determine after an inspection that the Gym is not operating according to Brand Standards, we may require that he or she attend additional training sessions. You must pay our then-current training fee for anyone attending the additional training session. You also will be responsible for the attendees' compensation and travel and living expenses during training.

Training for Replacement Club Managers

In the event the Club Manager is no longer employed by you at the Gym, you must appoint a new manager (the “Replacement Manager”) to act as the manager for the Gym within 45 days after the last day of the former Club Manager’s employment. The Operating Principal will serve as the Gym’s manager until you appoint a Replacement Manager. The Replacement Manager, and any subsequent Replacement Managers, must be properly trained by the Operating Principal within 10 days after being hired.

Training for Gym Employees

All Gym employees must be properly trained by you or the Club Manager within 10 days after being hired to competently perform the tasks for their respective positions. We will develop and make available training tools and recommendations for you to implement in training the Gym’s employees. We may periodically update these training materials to reflect changes in our training methods and procedures.

We may require that employees of the Gym be retrained by you or your Club Manager if we determine during a review of your Gym’s performance that you are not operating your Gym according to our Brand Standards.

Ongoing and Supplemental Training

We may require your Operating Principal and/or the Club Manager to attend and satisfactorily complete various training courses, programs and conventions that we or third parties offer periodically at the times and locations that we designate. You will be responsible for the compensation, travel and living expenses for your Operating Principal and the Club Manager during training. We may charge our then-current daily per-trainer training fee for continuing and advanced training. If you request that the training courses or programs occur locally, and subject to the availability of our training personnel, you must pay our then-current training fee and the travel and living expenses for our training personnel.

Item 12 TERRITORY

Franchise Agreement

If the Gym’s address is unknown when we and you sign the Franchise Agreement, then within 6 months after the Franchise Agreement’s effective date, you must obtain our written acceptance of a site at which to operate the Gym within the particular geographic area identified in the Franchise Agreement (the “Site Selection Area”). The time period during which you must search for, propose, and obtain our written acceptance of a site within the Site Selection Area (the “Site Selection Period”) will expire upon the earliest of (i) our accepting a site for the Gym and sending you an amended and restated Exhibit A of the Franchise Agreement, (ii) the Franchise Agreement’s termination, or (iii) 6 months after the effective date of the Franchise Agreement.

You may operate the Gym only at an accepted site and may not relocate without our approval, which we may grant or deny as we deem best. Whether or not we would allow relocation depends on the circumstances at the time and what is in the Gym's and our system's best interests. Factors include, for example, the new site's market area, its proximity to other Blink Fitness Gyms, whether you are in compliance with your Franchise Agreement, and how long it will take you to open at the new site. We may condition our approval of your relocation request on (1) the new site and its lease being acceptable to us, (2) your paying us a \$5,000 relocation fee, (3) your reimbursing any costs we incur during the relocation process, (4) your confirming that your Franchise Agreement remains in effect and governs your operation of the Gym at the new site with no change in the term or, at our option, your signing our then-current form of franchise agreement to govern your operation of the Gym at the new site for a new franchise term (in either case, we may change the definition of the Protected Area), (5) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) your continuing to operate the Gym at the original premises until we authorize its closure, and (7) your taking, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Gym's former premises so that it no longer is associated in any manner (in our opinion) with the franchise system.

The Franchise Agreement will grant you an exclusive territory we call the "protected area" (the "Protected Area"). We will describe your Protected Area in the Franchise Agreement before we and you sign it (if you already have found an acceptable site for the Gym). If you have not found an acceptable site for the Gym before signing the Franchise Agreement, we will describe the Protected Area in the Franchise Agreement after the Gym's site is found. The Protected Area surrounding the Gym generally will be bound by straight lines and encompass a living population of at least 50,000 people. With 2 exceptions, we may not change the Protected Area's size or boundaries during the franchise term. One exception is if the population encompassed within the Protected Area doubles in size, in which case we may, at our sole option upon delivery of written notice to you, change the Protected Area's boundary lines to encompass a smaller population. We also may modify the Protected Area during the franchise term if the Gym relocates. Otherwise, we may not alter your Protected Area or territorial rights.

If you are fully complying with the Franchise Agreement, we and our affiliates will not during the franchise term own or operate, or allow another franchisee or licensee to own or operate, another Blink Fitness Gym that has its physical location within the Protected Area. Your rights under the Franchise Agreement otherwise are non-exclusive. We and our affiliates retain all rights with respect to Blink Fitness Gyms, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate, whether inside or outside the Protected Area, including:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, Blink Fitness Gyms at any locations outside the Protected Area (including at the boundary of the Protected Area) and on any terms and conditions we deem appropriate;

(2) to provide, offer and sell, and to grant others the right to provide, offer and sell, products or services that are identical or similar to and/or competitive with those provided at Blink Fitness Gyms, whether identified by the Marks or other trademarks or service marks,

through similar or dissimilar distribution channels and on any terms and conditions we deem appropriate (including by providing products, fitness advice and other services through the Internet);

(3) to establish and operate, and to grant others the right to establish and operate, businesses offering similar products and services under trademarks and service marks other than the Marks; and

(4) to establish and operate, and to grant to others the right to establish and operate, businesses offering similar or dissimilar products and services under the Marks and on any terms and conditions we deem appropriate.

We need not compensate you if we engage in these activities.

Equinox Group's brands currently include Equinox, Equinox Hotels, SoulCycle, Blink Fitness Precision Run, Furthermore, PROJECT by Equinox, E by Equinox, Pure Yoga, and Equinox Explore. As described in Item 1, Equinox and its subsidiaries own and operate membership-based luxury fitness clubs in the United States under the "EQUINOX®" brand. SoulCycle owns and operates indoor cycling studios in the United States under the "SOULCYCLE®" brand. Pure Yoga owns and operates membership-based yoga studios in the United States under the "PURE YOGA®" brand. There may be other affiliated operations and franchise programs in the future. You will compete with the gyms and studios operated by our affiliates (and, if applicable, their franchisees or licensees) that are located near your Gym. The principal business address of Equinox and Pure Yoga is 31 Hudson Yards, New York, New York 10001. SoulCycle's principal business address is 609 Greenwich Street, New York, New York 10014. We have no formal process in place for resolving conflicts that might arise between your Gym and the gyms/studios owned and operated (now and in the future) by our affiliates (and, if applicable, their franchisees or licensees) in terms of area of operation, customers, and franchisor support. However, because all brands are affiliated, we will strive to resolve any conflict in the best interests of all brands.

Unless you sign a Development Rights Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises.

You may not develop, maintain or authorize any website, other online presence or other electronic medium that mentions or describes the Gym or displays any of the Marks without our prior written approval. We may regulate, without restriction, your advertising, promotional, marketing, and related activities outside the Protected Area, or directed to individual members or customers located outside the Protected Area, to protect what we consider to be the best interests of other Blink Fitness Gym franchisees, Blink Fitness Gyms we and our affiliates operate, or the Franchise System. You may use other channels of distribution, such as catalog sales, telemarketing, or other direct marketing, to solicit members inside and outside the Protected Area only if we approve the materials and programs at the time.

Development Rights Agreement

If you sign a Development Rights Agreement, you (and your Controlled Affiliates) will develop multiple Blink Fitness Gyms within the Area. We and you will identify the Area in the

Development Rights Agreement before signing it. Sizes and boundaries for Areas will vary widely depending on factors like economic conditions in the market you are developing, the number of Blink Fitness Gyms that you agree to develop, demographics, and site availability. There is no minimum size for Areas. We will describe the Area using streets or other natural boundaries or, in some markets, city or county boundaries. We and you will negotiate the Schedule describing the number of Blink Fitness Gyms that you must develop to keep your development rights and the dates by which you must obtain possession of the sites and open them. We and you then will complete the Schedule in the Development Rights Agreement before signing it.

If you and your Controlled Affiliates are in full compliance with the Development Rights Agreement and other agreements (including Franchise Documents), then, during the Development Rights Agreement's term, neither we nor our affiliates will operate, or authorize any other party to operate, a Blink Fitness Gym that has its physical location within the Area. We may exercise in the Area all of the rights that we now reserve in the Franchise Agreement (as described above). After the Development Rights Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Area without any restrictions whatsoever, subject only to your (or any Controlled Affiliate's) rights under franchise agreements with us then in effect.

There are no other restrictions on us or our affiliates under the Development Rights Agreement. You may not develop or operate Blink Fitness Gyms outside the Area. We may terminate the Development Rights Agreement (but not Franchise Documents with you or your Controlled Affiliates) if you do not satisfy your development obligations according to the Schedule.

We may delay your development and/or opening of additional Blink Fitness Gyms within the Area for the time period we deem best if we believe in our sole judgment, when you submit your application for another Gym, or after you (or your Controlled Affiliate) have developed and constructed but not yet opened a particular Gym, that you (or your Controlled Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Blink Fitness Gym in full compliance with our standards and specifications. We may delay additional development and/or a Gym's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

Except as described above, continuation of your territorial rights in the Area does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Area or your territorial rights.

Item 13 **TRADEMARKS**

You may use certain Marks in operating the Gym. Blink Holdings owns and has registered the following principal Marks with the United States Patent and Trademark Office (the "USPTO"):

MARK	REGISTER	REGISTRATION (OR APPLICATION) NUMBER	REGISTRATION DATE (OR APPLICATION DATE)
BLINK	Principal	4,016,817	08/23/2011
	Principal	4,951,490	05/03/2016
	Principal	4,020,320	08/30/2011
BLINK FITNESS	Principal	4,932,641	04/05/2016
BLINK FITNESS	Principal	87/698117 (Application)	11/27/2017 (Application) Allowed on 06/26/2018
	Principal	88/072660 (Application)	08/09/2018 (Application) Allowed on 09/17/2019
BLINK	Principal	88/140549 (Application)	10/02/2018 (Application) Allowed on 05/05/2020
	Principal	5,120,970	01/10/2017
FEEL GOOD EXPERIENCE	Principal	5,032,545	08/30/2016
MOOD ABOVE MUSCLE	Principal	5,038,085	09/06/2016
MOOD LIFTERS	Principal	4,947,261	04/26/2016

Blink Holdings has filed, or intends to file, all required maintenance affidavits (Sections 8 & 15) for the registered Marks that are relevant to the franchise system. Blink Holdings also

intends to renew when due all registrations for the Marks that are still relevant to the franchise system.

The Marks in the table above for which applications have been filed (based on intent to use), but for which registrations have not yet been secured, do not have many legal benefits and rights as a federally-registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Blink Holdings licenses us to use the above Marks and related intellectual property and to sublicense them to franchisees to use in operating Blink Fitness Gyms under a Trademark, Copyright, and Know-How License Agreement effective April 1, 2015 (the “License Agreement”). The License Agreement’s term is 20 years, which we have the right to renew for 3 successive 10-year terms. We may terminate the License Agreement at any time. Blink Holdings may terminate the License Agreement immediately if we breach the License Agreement and fail to cure the breach within 30 days after receiving written notice from Blink Holdings. When the License Agreement terminates or expires, we must stop using and sublicensing the Marks and related intellectual property, but any Blink Fitness Gym franchisee who has been authorized to use the Marks for its Blink Fitness Gym franchise may continue using the Marks until that franchisee’s franchise agreement, and any permitted successor franchise agreement, expire or are terminated, but only on the condition that the franchisee continues to comply with its obligations in the franchise agreement and in any permitted successor franchise agreement during their remaining terms. No other agreement limits our right to use or sublicense any of the Marks (whether we own them or Blink Holdings licenses them for use in the operation of Blink Fitness Gyms).

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition, or cancellation proceedings or material federal or state court litigation, involving the principal Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our rules and other Brand Standards when using the Marks. If we believe at any time that it is advisable for us and/or you to modify, discontinue using and/or replace any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs that you incur in changing the signs or replacing supplies for the Gym), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

You must notify us immediately of any actual or apparent infringement or challenge to your use of any Mark or of any person’s claim of any rights in any Mark (or any identical or confusingly similar trademark) or claim of unfair competition relating to any Mark. You may not communicate with any person other than us and Blink Holdings, our respective attorneys, and your attorneys, regarding any infringement, challenge or claim. We and Blink Holdings may take the action that we or Blink Holdings deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding or other administrative proceeding arising from

any infringement, challenge or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions that, in our or Blink Holdings' attorneys' opinion, are necessary or advisable to protect and maintain our and Blink Holdings' interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our and Blink Holdings' interests in the Marks.

We will reimburse you for all damages and expenses you incur in any trademark infringement proceeding disputing your authorized use of any Mark, provided your use has been consistent with the Franchise Agreement, the Operations Manual, and Brand Standards communicated to you and if you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from or relating to your use of any Mark.

The Development Rights Agreement does not grant you rights to use the Marks. These rights arise only under the Franchise Agreement.

Item 14 **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents or pending patent applications are material to the franchise. We and our affiliates claim copyrights in the Operations Manual (which contains our trade secrets and Confidential Information), Gym blueprints and other design features, signage, advertising and marketing materials, our System Website, and similar items used in operating Blink Fitness Gyms. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Gym (and must stop using them at our direction). Our right to use many of the copyrighted materials described above and much of the Confidential Information described below arises from the License Agreement described in Item 13.

Our Operations Manual and other materials contain our and our affiliates' Confidential Information (some of which constitutes trade secrets under applicable law). Confidential Information includes things like layouts, designs, and other plans and specifications for Blink Fitness Gyms; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating Blink Fitness Gyms; marketing research and promotional, marketing and advertising programs for Blink Fitness Gyms; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, materials and supplies that Blink Fitness Gyms use and sell; knowledge of the operating results and financial performance of Blink Fitness Gyms other than your Gym; member solicitation, communication and retention programs, along with data and information used or generated in connection with those programs; information generated by, or used or developed in, the operation of your Gym, including Consumer Data and Gym Lists, and any other information contained in the Computer System or that visitors (including you) provide to the System Website. "Consumer Data" means the names, addresses, telephone numbers, employers, gender, photographs, e-mail addresses, dates of birth, demographic or related information, attendance records, lifestyle and fitness goals and interests, device and network data, location information, social media account information, credit card information, and order histories of customers and previous, current and prospective members. "Gym Lists" means all

member lists and membership records for the Gym, which include the names, addresses, phone numbers, and membership numbers of previous, current, and prospective members.

You may use our Confidential Information under the Franchise Agreement. You and your owners may not use any Confidential Information in any other business or capacity; must keep the Confidential Information absolutely confidential; must not make unauthorized copies of any Confidential Information; must adopt and implement all reasonable procedures that we periodically specify to prevent unauthorized use or disclosure (including limiting disclosure to your personnel and using confidentiality agreements we specify with those having access); and must not sell, trade or otherwise profit in any way from the Confidential Information (including Consumer Data and Gym Lists), except during the Franchise Agreement's term using methods that we have approved. We are the sole owners of the Gym Lists; you may not distribute the Gym Lists to any third party without our prior written consent. During the franchise term, we may communicate with and provide notifications to members and other individuals listed on the Gym Lists. When the franchise term ends, you and your affiliates may not use the Gym Lists, and we and our affiliates may use the Gym Lists in any manner we or they deem necessary or appropriate.

You must promptly disclose to us all ideas, concepts, techniques or materials relating to a Blink Fitness Gym ("Innovations"), whether or not protectable intellectual property and whether created by or for you or your owners, employees or contractors. Innovations are our sole and exclusive property and works made-for-hire for us. If any Innovation does not qualify as a "work made-for-hire" for us, then you assign ownership of that item, and all related rights to that item, to us and must sign (and cause your owners, employees and contractors to sign) whatever assignment or other documents that we periodically request to evidence our ownership and to help us obtain intellectual property rights in the item. You may not use any Innovation in operating the Gym or otherwise without our prior written approval.

The Development Rights Agreement does not grant you rights to use the Confidential Information. These rights arise only under the Franchise Agreement.

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

Franchise Agreement

You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Gym. Brand Standards may regulate the Gym's staffing levels, and employee training, dress, and appearance. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustments of grievances and complaints, and working conditions. Gym employees are under your control at the Gym. You must communicate clearly with Gym employees in your employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of Blink Fitness Gyms, are not their employer and do not engage in any

employer-type activities (including those described above) for which only franchisees are responsible.

Only you or your operating principal (the “Operating Principal”) are authorized to operate the Gym. You may designate yourself as the Operating Principal, or you may designate one of your owners or (subject to the next sentence) another individual with no equity ownership in you as the Operating Principal. We may require that the individual you designate as your Operating Principal own, directly or indirectly, at least 10% of your ownership interests and live full-time within 30 miles of the Gym or the development area (if you have development rights). The Operating Principal must be approved by us in writing, and you must obtain our written approval to change the individual designated as the Operating Principal. The Operating Principal is responsible for the day-to-day management of your business, and, without our prior written consent, may not engage in any business activity other than the development and operation of the Gym. The Operating Principal may serve as the Gym’s Club Manager or may designate another individual to serve as the Club Manager. If you sign the Development Rights Agreement, however, each Blink Fitness Gym that you develop and operate must have a Club Manager, and the individual you designate and retain to serve as the Operating Principal of the Gym may not serve as the Club Manager for any other Blink Fitness Gym you open and operate. The Operating Principal will remain fully responsible for the performance of the Club Manager (and, if you sign the Development Rights Agreement, all Club Managers of the Blink Fitness Gyms you operate). The Operating Principal must successfully complete our initial training program before you sell any memberships (including through presale), advertise, or open the Gym to the public. The Operating Principal, the Club Manager, and your officers, directors, and managers must sign confidentiality and non-competition agreements we require. Our right to review and approve the forms of these agreements is solely to protect Confidential Information and the competitiveness of Blink Fitness Gyms. Under no circumstances will we control the forms of employment agreements you use with Gym employees or otherwise be responsible for your labor relations.

If you propose to change the Operating Principal, you must designate a new individual (the “Replacement Operating Principal”) to act as the Gym’s operating principal within 45 days after the former Operating Principal’s last day. You or one of your owners must serve as the operating principal until you designate, and we approve in writing, a Replacement Operating Principal. The Replacement Operating Principal, and any subsequent Replacement Operating Principals, must satisfactorily complete our initial training program within 45 days after we approve him or her. (Item 6 describes related costs.)

You may not delegate or assign any of your rights or obligations under the Franchise Agreement or any aspect of the Gym’s management or operation.

Each owner of any of your ownership interests must personally guarantee all of your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This “Guaranty and Assumption of Obligations” is Exhibit B of the Franchise Agreement.

Development Rights Agreement

You must develop the number of Blink Fitness Gyms in your Area according to the Schedule. We do not require, but do recommend, that you personally supervise your development of Blink Fitness Gyms. You must hire sufficient personnel to manage and supervise the development of your Blink Fitness Gyms. The personnel need not have an equity interest in your business or attend our training program. If you are a business entity, your owners need not sign any personal guarantees of your obligations under the Development Rights Agreement.

Item 16 **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The Gym must offer for sale all products and services that we periodically specify, including all products (whether or not branded under the Marks) for sale. Before you sell any memberships (including through presale), advertise, or open the Gym, your Operating Principal and the Club Manager must successfully complete our initial training program to our satisfaction. You may not offer, sell or otherwise distribute at the Gym or any other location any products or services or offer any courses that we have not authorized. There are no limits on any of our rights to modify the products and services that your Gym may or must provide.

You may not engage in presale activities without our prior written approval. Brand Standards may regulate minimum and maximum pricing (if the law allows) and the standards, procedures and requirements for reciprocity programs, transferring-membership programs, and other programs designed to enhance member satisfaction with the Blink Fitness network, including revenue and cost sharing requirements for these programs. For example, you must participate fully in any reciprocal-access program and/or customer-loyalty program(s) we establish and modify from time to time and comply with all related policies and procedures. If members of other Blink Fitness Gyms operated by us, our affiliates, or other franchisees use your Gym under a reciprocal-access program that we and/or our affiliates have established, or otherwise redeem any membership benefits or other customer-loyalty program benefits at your Gym, you are not entitled to any reimbursement, payment, or sharing of the membership fees on account of the cost of goods or services your Gym provides to those members.

You must ensure that every membership agreement your Gym uses complies with all Brand Standards and applicable laws, including those relating to billing, refunds, cancellations, bonding, and escrow requirements. You must send us (1) copies of all membership agreements you intend to use at least 60 days before you begin offering memberships and (2) copies of any revisions to any membership agreements at least 30 days before those changes become effective. We may review and approve or disapprove such agreements, although our review will be limited to verifying your compliance with our Brand Standards. We will not evaluate your compliance with applicable laws (which is solely your responsibility). You may not use (and must discontinue using) any membership agreements that we do not approve or that violate applicable laws.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	3.B of Franchise Agreement	10 years from the date the Gym opens for business.
b. Renewal or extension of the term	17 of Franchise Agreement	If you give timely notice, have complied with obligations during the Franchise Agreement's term, and (at our option) either remodel/upgrade or relocate Gym, you may acquire a successor franchise for a 10-year term.
c. Requirements for franchisee to renew or extend	17 of Franchise Agreement	Sign then-current franchise agreement and releases (if state law allows) and pay successor franchise fee. "Renewal" means signing our then-current franchise agreement for the 10-year successor franchise term, which could contain materially different terms (including fees and territory), except that successor franchise fee is 50% of then-current initial franchise fee for single Blink Fitness Gym franchises (i.e., not developed pursuant to a Development Rights Agreement).
d. Termination by franchisee	18.A of Franchise Agreement	You may terminate the Franchise Agreement on 30 days' written notice if you are fully complying with, and we materially fail to comply with, the Franchise Agreement, and we do not correct the failure within 30 days after notice (or, if failure cannot reasonably be corrected in 30 days, we must give you reasonable evidence of our effort to correct the failure within a reasonable time).
e. Termination by franchisor without cause	18.B of Franchise Agreement	We cannot terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	18.B of Franchise Agreement	We may terminate the Franchise Agreement if you commit one of several violations.
g. "Cause" defined — curable defaults	18.B of Franchise Agreement	You have 15 days to cure material law, ordinance or regulation violations; 5 days to cure monetary defaults and 5 days to cure failure to maintain insurance; and 30 days to cure other defaults not listed in (h) below. We also may assume the Gym's management if you default.

Provision	Section in franchise or other agreement	Summary
h. “Cause” defined — non-curable defaults	18.B of Franchise Agreement	Non-curable defaults under the Franchise Agreement are material misrepresentations or omissions, failing to complete mandatory training satisfactorily, failing to obtain our site acceptance in writing within 6 months after signing the Franchise Agreement, failing to open on time, abandonment or failing to operate for 3 or more consecutive days or for 5 or more days within any period of 12 consecutive months, losing rights to the Gym, conviction of or pleading no contest to a felony, dishonest, unethical or illegal conduct, unauthorized transfer, breach of non-compete, unauthorized use or disclosure of the Confidential Information, failure to pay taxes, understating Gross Sales, entry of judgment in excess of \$100,000, repeated defaults (even if cured), and bankruptcy-related events.
i. Franchisee’s obligations on termination/nonrenewal	19 of Franchise Agreement	You must pay outstanding amounts, stop using Marks and our other intellectual property, deliver advertising material, signs and other proprietary items to us, de-identify, stop using and maintain confidentiality of all Confidential Information and return the Operations Manual and other confidential materials, and allow us to notify members and customers (also see (o) and (r) below).
j. Assignment of contract by franchisor	16.A of Franchise Agreement	No restriction on our right to assign or transfer ownership interests without your approval.
k. “Transfer” by franchisee — defined	16.B of Franchise Agreement	Includes transfer of interest in the Franchise Agreement, the Gym or its profits or losses, all or substantially all of the Operating Assets, or any ownership interest in you or your owner (if that owner is an entity), or a controlling ownership interest in an entity with an ownership interest in you. If a business entity owns an interest in you, individual(s) must own that business entity.
l. Franchisor approval of transfer by franchisee	16.B of Franchise Agreement	No transfers without our prior written consent.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor approval of transfer	16.C of Franchise Agreement	We will approve transfer of non-controlling interest in you if transferee (and each owner) qualifies and is not (and has no affiliate which is) in a competitive business. We will approve control transfer if transferee (and each owner) qualifies; you pay us and our affiliates all amounts due, submit all reports and are otherwise not in violation of any provision; transferee, its owners and affiliates are not in a competitive business; training completed and training fee paid; transferee signs our then-current franchise agreement and other documents (which may have materially different terms); transfer fee paid; transferee agrees to upgrade and remodel; you (and transferring owners) sign general release (if state law allows); we determine that sale terms will not adversely affect Gym's operation; you subordinate amounts due to you; and you stop using Marks and our other intellectual property (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	16.G of Franchise Agreement	We may match any offer for the Gym or the Operating Assets or controlling ownership interest in you.
o. Franchisor's option to purchase franchisee's business	19.F of Franchise Agreement	We may buy the Gym's assets at fair market value after Franchise Agreement is terminated or expires.
p. Death or disability of franchisee	16.E of Franchise Agreement	Must transfer to approved party within 6 months. We may operate the Gym if it is not being properly managed.
q. Non-competition covenants during the term of the franchise	12 of Franchise Agreement	No owning interest in, performing services for, loaning money or guaranteeing loan to, or diverting business, customers or members to competitive business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	19.E of Franchise Agreement	For 2 years after the Franchise Agreement terminates or expires, no owning interest in or performing services for a competitive business at the Gym or 10 miles from the Gym or any other Blink Fitness Gym (same restrictions apply after transfer).
s. Modification of the agreement	21.N of Franchise Agreement	No modifications without signed writing, but we may change Operations Manual and Brand Standards.
t. Integration/merger clause	21.N of Franchise Agreement	Only the Franchise Agreement's terms are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

Provision	Section in franchise or other agreement	Summary
u. Dispute resolution by arbitration or mediation	21.F and 21.G of Franchise Agreement	We and you must mediate, and then arbitrate, all disputes within 10 miles of where we have our principal business address at the time the demand is filed (it currently is in New York, New York), subject to state law.
v. Choice of forum	21.I of Franchise Agreement	Subject to mediation and arbitration requirements, litigation generally must be where we have our principal business address at the time the action is commenced (it currently is in New York, New York), subject to state law.
w. Choice of law	21.H of Franchise Agreement	Except for Federal Arbitration Act and other federal law, New York law governs (subject to state law).

Development Rights Agreement

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	8 of Development Rights Agreement	Expires on date when last Blink Fitness Gym under Schedule opens or is scheduled to open (whichever is earlier).
b. Renewal or extension of the term	Not applicable	You have no right to renew or extend.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable.
d. Termination by franchisee	Not applicable	You may not terminate (except as the law allows).
e. Termination by franchisor without cause	Not applicable	We may not terminate without cause.
f. Termination by franchisor with cause	9 of Development Rights Agreement	We may terminate if you commit one of several violations.
g. "Cause" defined — curable defaults	Not applicable	You have no right to cure defaults.
h. "Cause" defined — non-curable defaults	9 of Development Rights Agreement	Non-curable defaults are failure to meet Schedule, breach of any obligation, and termination of any franchise agreement with you or Controlled Affiliate.
i. Franchisee's obligations on termination/nonrenewal	Not applicable	Not applicable. Upon termination, you will lose all rights to develop Blink Fitness Gyms in the Area.
j. Assignment of contract by franchisor	10 of Development Rights Agreement	No restriction on our right to assign or transfer ownership interests without your approval.
k. "Transfer" by franchisee — defined	10 of Development Rights Agreement	Includes transfer of interest in the Development Rights Agreement or any ownership interest in you or your owner (if that owner is an entity).
l. Franchisor approval of	10 of Development	No transfers without our prior written consent.

Provision	Section in franchise or other agreement	Summary
transfer by franchisee	Rights Agreement	
m. Conditions for franchisor approval of transfer	10 of Development Rights Agreement	We may grant or withhold consent for any or no reason.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable. However, we may exercise our right of first refusal under the Franchise Agreement.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	Not applicable	Not applicable.
q. Non-competition covenants during the term of the franchise	Not applicable	There is no non-competition covenant under the Development Rights Agreement, but the covenant under the Franchise Agreement applies.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	There is no non-competition covenant under the Development Rights Agreement, but the covenant under the Franchise Agreement applies.
s. Modification of the agreement	11 of Development Rights Agreement	No modifications without signed writing.
t. Integration/merger clause	11 of Development Rights Agreement	Only the Development Rights Agreement's terms 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	11 of Development Rights Agreement	We and you must mediate, and then arbitrate, all disputes within 10 miles of where we have our principal business address at the time the demand is filed (it currently is in New York, New York), subject to state law.
v. Choice of forum	11 of Development Rights Agreement	Subject to mediation and arbitration requirements, litigation generally must be where we have our principal business address at the time the action is commenced (it currently is in New York, New York), subject to state law.
w. Choice of law	11 of Development Rights Agreement	Except for Federal Arbitration Act and other federal law, New York law governs (subject to state law).

Item 18 **PUBLIC FIGURES**

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Blink Fitness Franchising, Inc., Attn: Marc Benathen, 386 Park Avenue South, 11th Floor, New York, New York 10016, (212) 359-8780, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

All figures in the tabular charts below are as of December 31st of each year. The "Company-Owned" outlets referenced in tables 1 and 4 below are owned by one or more of our affiliates. However, please see the asterisked update appearing following Table 1.

Table No. 1

**Systemwide Outlet Summary
For years 2017 to 2019**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2017	0	0	0
	2018	0	3	+3
	2019	3	11	+8
Company-Owned	2017	51	63	+12
	2018	63	76	+13
	2019	76	95	+19
Total Outlets	2017	51	63	+12
	2018	63	79	+16
	2019	79*	106*	+27

*Due to the COVID-19 pandemic and the decisions by governmental and health officials to mandate the closing of fitness centers, we and our affiliates were forced to temporarily close all corporate and franchised locations in Mid-March. As gyms reopened, they opened in accordance with state and local guidelines and with reduced capacity. Blink Fitness Gyms began reopening in late May with our largest markets reopening in late August/early September. As of this disclosure document's issuance date, only select California Blink Fitness Gym locations remain closed following reclosure in July.

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2017 to 2019**

Column 1		Column 2		Column 3	
State		Year		Number of Transfers	
All States		2017		0	
		2018		0	
		2019		0	
Total		2017		0	
		2018		0	
		2019		0	

Table No. 3

**Status of Franchised Outlets
For years 2017 to 2019**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Illinois	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Massachusetts	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Michigan	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
New York	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	3	0	0	0	0	5

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
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
Virginia	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Totals	2017	0	0	0	0	0	0	0
	2018	0	3	0	0	0	0	3
	2019	3	8	0	0	0	0	11

Table No. 4

Status of Company-Owned Outlets
For years 2017 to 2019

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
California	2017	0	1	0	0	0	1
	2018	1	3	0	0	0	4
	2019	4	3	0	0	0	7
Florida	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
Illinois	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	4	0	0	0	4
New Jersey	2017	8	1	0	0	0	9
	2018	9	6	0	0	0	15
	2019	15	0	0	0	0	15
New York	2017	43	6	0	0	0	49
	2018	49	4	0	0	0	53
	2019	53	4	0	0	0	57

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Pennsylvania	2017	0	4	0	0	0	4
	2018	4	0	0	0	0	4
	2019	4	0	0	0	0	4
Texas	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	7	0	0	0	7
Totals	2017	51	12	0	0	0	63
	2018	63	13	0	0	0	76
	2019	76	19	0	0	0	95

Table No. 5

Projected Openings as of December 31, 2019

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
California	1	0	1
Florida	1	1	0
Illinois	0	0	1
Massachusetts	1	0	0
New York	0	0	1
Virginia	1	0	0
Total	4	1	3

Exhibit E is a list of all of our franchisees as of December 31, 2019, and the addresses and telephone numbers of their Blink Fitness Gyms. Exhibit E also lists the franchisees who, during our last fiscal year, had their Blink Fitness Gyms terminated, canceled, or not renewed or otherwise voluntarily or involuntarily ceased doing business under our Franchise Agreement or Development Rights Agreement, or who have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Blink Fitness Gym franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations associated with the Blink Fitness Gym franchise system.

Item 21
FINANCIAL STATEMENTS

Exhibit A contains our audited balance sheets as of December 31, 2019 and 2018, and the related statements of operations, stockholder's deficit, and cash flows for each of the fiscal years in the three-year period ended December 31, 2019. In addition, it contains our balance sheet as of June 30, 2020, and statements of operations and cash flows for the 6-month periods ended June 30, 2020, and 2019, which have not been audited or reviewed by a certified public accountant.

Item 22
CONTRACTS

The following contracts/documents are exhibits:

1. Unit Franchise Agreement (Exhibit B)
2. Development Rights Agreement (Exhibit C)
3. Franchisee Representations Document (Exhibit G)
4. Form of General Release (Exhibit H)
5. State-Specific Agreement Riders (Exhibit I)

Item 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A
FINANCIAL STATEMENTS



BLINK FITNESS FRANCHISING, INC.
Financial Statements
December 31, 2019 and 2018
(With Independent Auditors' Report Thereon)

BLINK FITNESS FRANCHISING, INC.

Table of Contents

	Page
Independent Auditors' Report	1
Balance Sheets at December 31, 2019 and 2018	2
Statements of Operations for the years ended December 31, 2019, 2018 and 2017	3
Statements of Stockholder's Deficit for the years ended December 31, 2019, 2018 and 2017	4
Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017	5
Notes to Financial Statements	6



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors and Stockholder
Blink Fitness Franchising, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Blink Fitness Franchising, Inc. (the Company), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, stockholders' deficit, and cash flows for the years ended December 31, 2019, 2018, and 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blink Fitness Franchising, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years ended December 31, 2019, 2018, and 2017 in accordance with U.S. generally accepted accounting principles.

As discussed in Note 2(a) to the financial statements, in 2019 the Company adopted new accounting guidance Accounting Standards Update 2014-09, Revenue from Contracts with Customers. Our opinion is not modified with respect to this matter.

KPMG LLP

New York, New York
March 25, 2020

BLINK FITNESS FRANCHISING, INC.
Balance Sheets
As of December 31,
(In thousands, except for shares)

Assets	2019	2018
Current assets:		
Cash	\$ 60	\$ 507
Prepays and other current assets (note 3)	907	376
Total current assets	967	883
Property and equipment, net (note 4)	568	524
Total assets	<u>\$ 1,535</u>	<u>\$ 1,407</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued payroll expenses (note 5)	\$ 225	\$ 255
Due to affiliates (note 7)	2,040	196
Deferred revenue (note 8)	2	9
Total current liabilities	<u>2,267</u>	<u>460</u>
Non-current liabilities:		
Deferred revenue	1,527	-
Total long term liabilities	<u>1,527</u>	<u>-</u>
Total liabilities	<u>3,794</u>	<u>460</u>
Stockholders' equity:		
Common stock, no par value; 200 shares authorized, issued and outstanding	-	-
Paid-in capital	8,236	8,236
Accumulated deficit	(10,495)	(7,289)
Total stockholders' equity	<u>(2,259)</u>	<u>947</u>
Total liabilities and stockholders' equity	<u>\$ 1,535</u>	<u>\$ 1,407</u>

See accompanying notes to financial statements

BLINK FITNESS FRANCHISING, INC.
Statements of Operations
For the years ended December 31,
(In thousands)

	2019	2018	2017
Revenue:			
Development and franchise fees	\$ 54	\$ 370	\$ 597
Royalties	145	57	-
Rebates and commissions	742	215	-
Other income	344	-	-
Total revenue	<u>1,285</u>	<u>642</u>	<u>597</u>
Expenses:			
Compensation and related expenses	1,875	1,839	1,332
General and administrative	1,727	766	867
Depreciation	205	160	134
Total operating expenses	<u>3,807</u>	<u>2,765</u>	<u>2,333</u>
Loss from Operations	(2,522)	(2,123)	(1,736)
Income taxes	-	-	-
Net loss	<u><u>\$ (2,522)</u></u>	<u><u>\$ (2,123)</u></u>	<u><u>\$ (1,736)</u></u>

See accompanying notes to financial statements

BLINK FITNESS FRANCHISING, INC.
Statements of Stockholder's Deficit
For the years ended December 31, 2019, 2018, and 2017
(In thousands, except for shares)

	Common Stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Value			
Balance at December 31, 2016	200	\$ -	\$ 4,531	\$ (3,430)	\$ 1,101
Contribution from Parent	-	-	1,455	-	1,455
Net loss	-	-	-	(1,736)	(1,736)
Balance at December 31, 2017	200	-	\$ 5,986	\$ (5,166)	\$ 820
Contribution from Parent	-	-	2,250	-	2,250
Net loss	-	-	-	(2,123)	(2,123)
Balance at December 31, 2018	200	\$ -	\$ 8,236	\$ (7,289)	\$ 947
Cumulative effect adjustment (note 2a)	-	-	-	(684)	(684)
Net loss	-	-	-	(2,522)	(2,522)
Balance at December 31, 2019	<u>200</u>	<u>\$ -</u>	<u>\$ 8,236</u>	<u>\$ (10,495)</u>	<u>\$ (2,259)</u>

See accompanying notes to financial statements

BLINK FITNESS FRANCHISING, INC.
Statements of Cash Flows
For the years ended December 31, 2019, 2018 and 2017
(in thousands)

	2019	2018	2017
Cash flows from operating activities:			
Net loss	\$ (2,522)	\$ (2,123)	\$ (1,736)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	205	160	134
Due to affiliates	1,844	(86)	282
Changes in operating assets and liabilities:			
Prepays and other current assets	(161)	(364)	154
Accounts payable and accrued expenses	(29)	91	(56)
Deferred revenue	465	(1)	(10)
Deferred Liabilities	-	-	(70)
Net cash used in operating activities	<u>(198)</u>	<u>(2,323)</u>	<u>(1,302)</u>
Cash flows from investing activities:			
Purchases of property and equipment	(249)	(171)	(102)
Net cash used in investing activities	<u>(249)</u>	<u>(171)</u>	<u>(102)</u>
Cash flows from financing activities:			
Contribution from parent	-	2,250	1,455
Net cash provided provided by financing activities	<u>-</u>	<u>2,250</u>	<u>1,455</u>
Net (decrease) increase in cash	(447)	(244)	51
Cash at beginning of period	507	751	700
Cash at end of period	<u>\$ 60</u>	<u>\$ 507</u>	<u>\$ 751</u>

See accompanying notes to financial statements

BLINK FITNESS FRANCHISING, INC.

Notes to Financial Statements

December 31, 2019 and 2018

(1) Description, Organization and Development of Business

Blink Fitness Franchising, Inc. (the "Company") is a wholly owned subsidiary of Blink Holdings, Inc. (BHI). The Company was capitalized on September 15, 2014 through a transfer of cash in the amount of \$0.8 million from BHI to the Company in return for 100% of the shares of the Company. In 2018 and 2017, respectively, there were additional capital contributions in the amount of \$2.3 million and \$1.5 million from BHI to the Company. There were no capital contributions made from BHI during 2019.

The Company grants franchise rights to develop and operate health and fitness centers that currently provide cardiovascular and strength training equipment and related products and services. Franchised Blink Fitness Gyms will operate under mandatory and suggested specifications, standards, operating procedures and rules specified by the Company.

In addition, the Company grants multi-unit development rights to qualified franchisees, who then will have the right to develop a number of Franchised Blink Fitness Gyms within a defined geographic area, according to a mandatory development schedule. As of December 31, 2019, the Company has entered into thirteen of such multi-unit development agreements (see note 2)

As of December 31, 2019, the Company has 11 franchise locations. Three locations were opened during 2018 and eight locations were opened during 2019.

(2) Summary of Significant Accounting Policies

(a) Revenue Recognition

In 2019, the Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective method and recognized \$0.7 million as the cumulative effect of applying the revenue standard as an increase to the opening balance of accumulated deficit, which is reflected as an adjustment to January 1, 2019 stockholders' deficit. The adjustment reflects an increase to accumulated deficit of \$1,054,000 which reflects a change in how the Company recognizes revenue for development rights. This was partially offset by a decrease to accumulated deficit of \$0.4 million relating to contract costs which were previously expensed and are now recorded to prepaids and other current assets.

The Company records commission expense relating to its employees who assist with the sale of a new franchise location. The Company also records legal expenses related to the execution of franchise agreements. The Company has determined upon adoption of Topic 606, that these costs are an incremental cost of obtaining a contract and that these cost would not have been incurred if the contract had not been obtained. As a result, the Company began to defer these costs and recognize them over the term of the franchise agreement in conjunction with Topic 606, whereas previously these costs were expensed as incurred. These costs were recorded to prepaids and other current assets.

For the year ended December 31, 2019, 2018 and, 2017 the Company recorded the sale of forty-seven units comprised of 3 development rights agreements, forty-one units comprised of 4 development rights agreements, and forty-five units comprised of 6 development agreements, respectively.

BLINK FITNESS FRANCHISING, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Contract liabilities

Contract liabilities consist of deferred revenue resulting primarily from development rights revenue and franchise fee revenue which are deferred and recognized on a straight-line basis over the term of the franchise agreement which is typically 10 years from the date of each franchise unit opening. We classify these contract liabilities as deferred revenue in our consolidated balance sheets. The following table reflects the change in contract liabilities between the date of adoption (January 1, 2019) and December 31, 2019.

	2019
	(In thousands)
Balance at January 1, 2019	\$ 1,063
Revenue recognized that was included in the contract liability at the beginning of the year	(54)
Increase, excluding amounts recognized as revenue during the period	520
Balance at December 31, 2019	<u><u>\$ 1,529</u></u>

Contract assets

Contract assets consists of deferred commissions expenses and deferred legal expenses resulting from sales of new franchise units which are recognized on a straight-line basis over the term of the franchise agreement. We classify these contract assets as part of prepaid expenses in our consolidated balance sheets. The following table reflects the change in contract assets between the date of adoption (January 1, 2019) and December 31, 2019.

	2019
	(In thousands)
Balance at January 1, 2019	\$ 370
Expense recognized that was included in the contract asset at the beginning of the year	(3)
Increase, excluding amounts recognized as expense during the period	158
Balance at December 31, 2019	<u><u>\$ 525</u></u>

The below describes the streams of revenue recognized by the Company including any changes as a result of the adoption of Topic 606.

Franchise Fee

Upon signing of a Franchise agreement document, the Franchisee is required to pay an upfront initial franchisee fee. This fee can only be recognized as revenue upon substantial completion of the Franchisor's obligation to the Franchisee, which we define as the opening of the Franchisee's gym.

BLINK FITNESS FRANCHISING, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Until opening, the initial franchise fee is recorded to deferred revenue and then amortized over the life of the franchise agreement from the date of each franchise unit opening. No changes were made in how revenue is recognized as a result of the adoption of Topic 606.

Development Rights Revenue

Franchisees contractually enter into a development rights agreement ("DRA") to secure the exclusive right to open franchise gyms within a defined geographical area. DRA's are only available for franchisees that contractually commit to the development of three or more units. Pursuant to a DRA, a franchisee is required to pay an initial nonrefundable development fee. Prior to the adoption of Topic 606, the Company recognized the initial nonrefundable development fee as revenue upon receipt from the franchisee. The Company has determined upon adoption of ASC Topic 606, development rights revenue should be deferred and recognized over the term of the franchise agreement, which is typically 10 years from the date of each franchise unit opening. The Company quantified the effect of this change which resulted in an increase to opening accumulated deficit of \$1.1 million.

Royalties

Franchisees are required to pay us an agreed upon percentage of sales every month that we record as revenue. For the years ended December 31, 2019 and 2018, the Company recorded royalty revenue of \$0.2 million and \$0.1 million, respectively. There was no royalty revenue recorded for 2017. No changes were made to how revenue is recognized from the adoption of Topic 606.

Rebates and commissions

This is comprised of rebates and commissions received by the Company from equipment vendors related to required equipment purchases by the Franchisees. For the years ended December 31, 2019 and 2018, the Company recorded rebates and commissions revenue of \$0.7 million and \$0.2 million, respectively. There was no rebates and commissions revenue for 2017. No changes were made to how revenue is recognized from the adoption of Topic 606.

Other Income

Other Income for the year ended December 31, 2019 is predominately comprised of equipment sales revenue. Other income for the year ended December 31, 2019 was \$0.3 million and none for the years ended December 31, 2018 and 2017.

(b) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

BLINK FITNESS FRANCHISING, INC.

Notes to Financial Statements

December 31, 2019 and 2018

(c) *Property and Equipment, Net*

Property and equipment is initially recorded at cost. Significant additions and improvements to property and equipment are capitalized. Expenditures for maintenance and repairs are charged to current operations as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and fixtures	5 years
Computer equipment and software	5 years

(d) *Income Taxes*

The Company accounts for income taxes under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement and tax bases of existing assets and liabilities and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records the effects of uncertain tax positions, including any accrued interest and penalties, as part of income tax expense.

(e) *Subsequent Events*

The Company will be closely monitoring the impact on the business as a result of the outbreak of the coronavirus disease (COVID-19). The actions being undertaken to reduce the spread of the virus has resulted in the closure of our franchise gyms from March 16, 2020 until a date uncertain. Management is unable to estimate the impact to our revenues, results from operations and operating cash flows at this time.

(3) *Prepays and other current assets*

Prepays and other current assets consist of the following at December 31:

	2019	2018
	(in thousands)	
Receivables	\$ 354	\$ 364
Prepays and other current assets	553	12
Total	\$ 907	\$ 376

BLINK FITNESS FRANCHISING, INC.

Notes to Financial Statements

December 31, 2019 and 2018

(4) Property and Equipment, Net

Property and equipment, net consists of the following at December 31:

	2019	2018
	(In thousands)	
Computer equipment and software	\$ 762	\$ 668
Furniture and fixtures	79	79
Other	294	139
	1,135	886
Less accumulated depreciation	(567)	\$ (362)
Total	\$ 568	\$ 524

Depreciation expense was \$0.2 million for both the years ended December 31, 2019 and 2018.

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued payroll expenses consist of the following at December 31:

	2019	2018
	(In thousands)	
Accounts payable	\$ 169	\$ 89
Payroll, related benefits and payroll taxes	56	166
Total	\$ 225	\$ 255

(6) Income Taxes

The Company is included in the consolidated tax return of BHI, however, the tax provision of the Company is calculated on a separate return basis.

A reconciliation of the benefit from income tax is computed by applying the federal statutory rate to loss from operations on the accompanying Statements of Operations as follows:

	2019	2018	2017
	(In thousands)		
Federal statutory benefit	\$ (530)	\$ (445)	\$ (608)
Tax reform	-	-	581
Miscellaneous	5	(82)	2
NOL Valuation allowance	772	720	(89)
State and local taxes, net of federal effect	(247)	(193)	114
Income taxes	\$ -	\$ -	\$ -

BLINK FITNESS FRANCHISING, INC.

Notes to Financial Statements

December 31, 2019 and 2018

For the year ended December 31, 2019, the significant differences between the reported amount of income tax benefit and the expected amount of income tax benefit that would result from applying federal statutory income tax rate of 21.0% to the pretax loss is primarily for state and local income taxes and a valuation allowance against net deferred tax assets.

As of December 31, 2019, the Company has Federal net operating losses of \$9.9 million. The post-2017 federal net operating losses of \$4.4 million will never expire; the remaining losses of \$5.5 million begin to expire in 2034 and will completely expire in 2037. Other deferred taxes primarily relate to timing differences for depreciation. The Company has generated both book and tax losses since inception resulting in significant net deferred tax assets related to its net operating losses. Due to the history of losses, the Company has determined that it is not more likely than not that it can realize its net deferred tax assets and therefore has established a full valuation allowance against its net deferred tax assets.

As of December 31, 2019, the Company has no unrecognized tax benefits. The Company's uncertain tax positions, if any, are reviewed and adjusted as events occur that affect the estimated liability for additional taxes, such as the lapsing of applicable statutes of limitations, the conclusion of tax audits, the measurement of additional estimated liabilities based on current calculations, the identification of new tax contingencies, the release of administrative tax guidance affecting the Company's estimates of tax liabilities, or the rendering of court decisions affecting its estimates of tax liabilities.

(7) Due to Affiliates

BHI pays expenses on the Company's behalf, which are reimbursed by the Company. These reimbursements may be before or after the period to which the expenses relate, in which case an asset or liability is recorded by the Company. As of December 31, 2019 and 2018, the Company recorded a liability of \$2.0 million and \$0.2 million, respectively.

(8) Deferred Revenue

As of December 31, 2019 and 2018, the Company has recorded deferred revenue primarily related to development and franchise fees of \$1.5 million and \$.01 million, respectively. Please see note 2 for the deferred revenue activity during 2019.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT OR QUARTERLY REVIEW BY KPMG. INVESTORS IN OR SELLERS OF F
RANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS O
PINION WITH REGARD TO THEIR CONTENTS OR FORM.

BLINK FITNESS FRANCHISING, INC.

FINANCIAL STATEMENTS QUARTERLY REPORT (Period: June 30, 2020)

(Unaudited and Not Reviewed)

**386 PARK AVENUE SOUTH, 11th FL
NEW YORK, NEW YORK 10016
TELEPHONE: (212) 359-8800**

(ADDRESS, ZIP CODE, AND TELEPHONE NUMBER, INCLUDING
AREA CODE, OF PRINCIPAL EXECUTIVE OFFICES.)

TABLE OF CONTENTS

	<u>Page</u>
Quarterly Financial Statements of Blink Fitness Franchising, Inc.	
Statements of Operations for the six months ended June 30, 2019 and 2019	3
Statements of Cash Flows for the six months ended June 30, 2020 and 2019	4
Balance Sheets at June 30, 2020 and December 31, 2019	5

BLINK FITNESS FRANCHISING, INC.

Statements of Operations

For the six months ended June 30,

(In thousands)

(Unaudited and Not Reviewed)

	2020	2019
Revenue:		
Development and Franchise Fees	\$ 149	\$ 4
Royalties	38	67
Rebates and commissions	44	116
Other Income	16	41
Total revenue	<u>247</u>	<u>228</u>
Expenses:		
Compensation and related	932	947
General and administrative	405	569
Depreciation	111	113
Total operating expenses	<u>1,448</u>	<u>1,629</u>
Loss from operations	(1,201)	(1,401)
Income tax benefit	-	-
Net loss	<u><u>\$ (1,201)</u></u>	<u><u>\$ (1,401)</u></u>

BLINK FITNESS FRANCHISING, INC.
 Statements of Cash Flows
 For the six months ended June 30,
 (In thousands)
 (Unaudited and Not Reviewed)

	2020	2019
Cash flows from operating activities:		
Net loss	\$ (1,201)	\$ (1,401)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	111	113
Due to affiliates	1,029	279
Changes in operating assets and liabilities		
Receivables and other assets	264	212
Accounts payable and accrued payroll expenses	(69)	46
Deferred revenue	(178)	483
Net cash used in operating activities	(44)	(268)
Cash flows from investing activities:		
Purchases of property and equipment	(16)	(156)
Net cash used in investing activities	(16)	(156)
Cash flows from financing activities:		
Contribution from parent	-	-
Net cash provided by financing activities	-	-
Net (decrease) increase in cash	(60)	(424)
Cash at beginning of period	60	507
Cash at end of period	\$ 0	\$ 83

BLINK FITNESS FRANCHISING, INC.

Balance Sheets

For the periods ended

(In thousands, except for shares)

(Unaudited and Not Reviewed)

Assets	June 30, 2020	December 31, 2019
Current assets:		
Cash	\$ -	\$ 60
Prepays and other current assets	<u>644</u>	<u>907</u>
Total current assets	<u>644</u>	<u>967</u>
Property and equipment, net	<u>473</u>	<u>568</u>
Total assets	<u>\$ 1,117</u>	<u>\$ 1,535</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable and accrued payroll expenses	\$ 153	\$ 225
Due to affiliates	<u>3,069</u>	<u>2,040</u>
Deferred revenue	<u>4</u>	<u>2</u>
Total liabilities	<u><u>3,226</u></u>	<u><u>2,267</u></u>
Non-current liabilities:		
Deferred revenue	<u>1,347</u>	<u>1,527</u>
Other liabilities	<u>4</u>	<u>-</u>
Total long term liabilities	<u><u>1,351</u></u>	<u><u>1,527</u></u>
Total liabilities	<u><u>4,577</u></u>	<u><u>3,794</u></u>
Stockholder's equity:		
Common stock, no par value; 200 shares authorized, issued and outstanding	<u>-</u>	<u>-</u>
Paid-in capital	<u>7,552</u>	<u>8,236</u>
Accumulated deficit	<u>(11,012)</u>	<u>(10,495)</u>
Total stockholder's equity	<u>(3,460)</u>	<u>(2,259)</u>
Total liabilities and stockholder's equity	<u>\$ 1,117</u>	<u>\$ 1,535</u>

EXHIBIT B
UNIT FRANCHISE AGREEMENT

BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT

FRANCHISEE NAME

EFFECTIVE DATE OF AGREEMENT

ADDRESS OF GYM

GYM NAME

BLINK FITNESS GYM NUMBER

TABLE OF CONTENTS

SECTION	PAGE
1. PREAMBLES	1
2. ACKNOWLEDGEMENTS	1
3. GRANT OF FRANCHISE	2
A. GRANT OF FRANCHISE	2
B. TERM	3
C. TERRITORIAL RIGHTS	3
D. RESERVATION OF RIGHTS	3
E. GUARANTY	4
4. SITE SELECTION, LEASE, AND DEVELOPING THE GYM.....	4
A. SITE SELECTION AND ACCEPTANCE	4
B. LEASE ACCEPTANCE.....	6
C. DEVELOPMENT OF GYM.....	6
D. PRESALE OF MEMBERSHIPS.....	8
E. OPENING	9
5. FEES	10
A. INITIAL FRANCHISE FEE.....	10
B. ROYALTY	10
C. NEW ONLINE MEMBER FEE	11
D. PAYMENT METHOD AND TIMING	11
E. INTEREST ON LATE PAYMENTS	12
F. APPLICATION OF PAYMENTS AND RIGHT OF SET-OFF	12
G. ANNUAL INCREASE IN FIXED FEES.....	12
6. TRAINING, GUIDANCE, AND ASSISTANCE	12
A. INITIAL ORIENTATION AND TRAINING.....	12
B. OPENING SUPPORT	13
C. ADDITIONAL TRAINING	13
D. ONGOING AND SUPPLEMENTAL TRAINING.....	13
E. TRAINING FOR REPLACEMENT CLUB MANAGERS	13
F. TRAINING FOR GYM EMPLOYEES.....	14
G. GENERAL GUIDANCE AND THE OPERATIONS MANUAL	14
H. DELEGATION	15
7. GYM OPERATION AND BRAND STANDARDS.....	15
A. CONDITION AND APPEARANCE OF GYM.....	15

TABLE OF CONTENTS

SECTION	PAGE
B. COMPLIANCE WITH APPLICABLE LAWS AND GOOD BUSINESS PRACTICES	16
C. COMPLIANCE WITH BRAND STANDARDS	17
D. OPERATING PRINCIPAL	19
E. APPROVED PRODUCTS AND SUPPLIERS	20
F. COMPUTER SYSTEM	21
G. INTRANET	22
8. MARKS	23
A. OWNERSHIP AND GOODWILL OF MARKS	23
B. LIMITATIONS ON USE OF MARKS	23
C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS	24
D. DISCONTINUANCE OF USE OF MARKS	24
E. INDEMNIFICATION FOR USE OF MARKS	24
9. CONFIDENTIAL INFORMATION	24
10. CONSUMER DATA AND GYM LISTS	26
11. INNOVATIONS	27
12. EXCLUSIVE RELATIONSHIP	27
13. ADVERTISING AND MARKETING	28
A. PRESALE MARKETING PROGRAM	28
B. BRAND FUND	28
C. APPROVAL OF MARKETING AND OTHER EXTERNAL COMMUNICATIONS	30
D. LOCAL MARKETING	30
E. REGIONAL ADVERTISING COOPERATIVES	31
F. ADVERTISING ALLOCATION	31
G. SYSTEM WEBSITE	31
H. YOUR WEBSITE AND SOCIAL MEDIA ACTIVITIES	32
14. RECORDS, REPORTS AND FINANCIAL STATEMENTS	32
15. INSPECTIONS AND AUDITS	33
A. INSPECTIONS	33
B. OUR RIGHT TO AUDIT	34
16. TRANSFER	34
A. TRANSFER BY US	34

TABLE OF CONTENTS

SECTION	PAGE
B. TRANSFER BY YOU AND DEFINITION OF TRANSFER	34
C. CONDITIONS FOR APPROVAL OF TRANSFER.....	35
D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY	38
E. DEATH OR DISABILITY	38
F. EFFECT OF CONSENT TO TRANSFER.....	38
G. OUR RIGHT OF FIRST REFUSAL	39
17. EXPIRATION OF THIS AGREEMENT	40
18. TERMINATION OF AGREEMENT	41
A. TERMINATION BY YOU.....	41
B. TERMINATION BY US	41
C. ASSUMPTION OF GYM'S MANAGEMENT	43
D. OTHER REMEDIES UPON DEFAULT	44
19. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT	44
A. PAYMENT OF AMOUNTS OWED	44
B. DE-IDENTIFICATION	45
C. CONFIDENTIAL INFORMATION	45
D. NOTIFICATION TO MEMBERS AND CUSTOMERS.....	46
E. COVENANT NOT TO COMPETE	46
F. OPTION TO PURCHASE OPERATING ASSETS.....	47
G. CONTINUING OBLIGATIONS.....	49
20. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.....	49
A. INDEPENDENT CONTRACTORS	49
B. NO LIABILITY FOR ACTS OF OTHER PARTY	49
C. TAXES.....	50
D. INSURANCE.....	50
E. INDEMNIFICATION.....	50
21. ENFORCEMENT	51
A. SEVERABILITY	51
B. WAIVER OF OBLIGATIONS AND FORCE MAJEURE	52
C. COSTS AND ATTORNEYS' FEES	53
D. YOU MAY NOT WITHHOLD PAYMENTS	53

TABLE OF CONTENTS

SECTION	PAGE
E. RIGHTS OF PARTIES ARE CUMULATIVE	53
F. MEDIATION	53
G. ARBITRATION	54
H. GOVERNING LAW	55
I. CONSENT TO JURISDICTION	55
J. WAIVER OF PUNITIVE DAMAGES	56
K. WAIVER OF JURY TRIAL	56
L. WAIVER OF CLASS ACTION LITIGATION	56
M. BINDING EFFECT	56
N. LIMITATIONS OF CLAIMS	56
O. CONSTRUCTION	57
P. THE EXERCISE OF OUR BUSINESS JUDGMENT	58
22. COMPLIANCE WITH ANTI-TERRORISM LAWS	58
23. NOTICES AND PAYMENTS	59
24. ELECTRONIC MAIL	59

EXHIBITS

Exhibit A – Basic Terms

Exhibit B – Guaranty and Assumption of Obligations

Exhibit C – Franchisee and Its Owners

Exhibit D – Lease Rider

Exhibit E – Form of Confidentiality Agreement

BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT

THIS UNIT FRANCHISE AGREEMENT (this “**Agreement**”) is made effective as of _____, 20__ (the “**Effective Date**,” regardless of when the parties execute and date this Agreement), by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“**we**,” “**us**,” or “**our**”), and _____, a(n) _____ (“**you**” or “**your**”).

1. PREAMBLES

We and our affiliates have designed and developed a method of developing and operating health and fitness centers identified by the Marks (defined below) that currently provide cardiovascular and strength training equipment and related products and services (“**Blink Fitness Gyms**”).

We and our affiliates have developed, and use, promote and license, certain trademarks, service marks and other commercial symbols in operating Blink Fitness Gyms, including “**BLINK®**,” and we may from time to time create, use and license other trademarks, service marks and commercial symbols for Blink Fitness Gyms (collectively, the “**Marks**”).

We offer franchises to own and operate a Blink Fitness Gym using our business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications and Marks, all of which we may improve, further develop and otherwise modify periodically (collectively, the “**Franchise System**”).

You have applied for a franchise to own and operate a Blink Fitness Gym, and we wish to grant you such a franchise on the terms and conditions contained in this Agreement.

2. ACKNOWLEDGEMENTS

You acknowledge that:

- i. You have independently investigated the Blink Fitness franchise opportunity and recognize that, like any other business, the nature of the business a Blink Fitness Gym conducts may, and probably will, evolve and change over time;
- ii. An investment in a Blink Fitness Gym involves business risks that could result in the loss of a significant portion or all of your investment;
- iii. Your business abilities and efforts are vital to your success;
- iv. Attracting members for your Blink Fitness Gym will require you to make consistent marketing efforts in your community through various methods, such as media advertising, direct mail advertising, and display and use of in-store promotional materials;

- v. Retaining members for your Blink Fitness Gym will require you to have a well-maintained facility, a high level of customer service, and strict adherence to the Franchise System and our Brand Standards (defined in Section 6.G below);
- vi. You are committed to maintaining Brand Standards;
- vii. Other than any disclosures in our franchise disclosure document, you have not received from us and are not relying upon any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Blink Fitness Gym;
- viii. In all of their dealings with you, our officers, directors, employees, consultants, lawyers and agents act only in a representative, and not in an individual, capacity and business dealings between you and them as a result of this Agreement are deemed to be only between you and us;
- ix. You have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and you have made no misrepresentations or material omissions in obtaining the franchise;
- x. You have read this Agreement and our franchise disclosure document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Blink Fitness Gym, and to protect and preserve the goodwill of the Marks;
- xi. We have not made any representation, warranty, or other claim regarding this Blink Fitness franchise opportunity, other than those made in this Agreement and our franchise disclosure document, and you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement;
- xii. You have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Blink Fitness franchise opportunity; and
- xiii. You have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney or another professional advisor.

3. GRANT OF FRANCHISE

A. GRANT OF FRANCHISE

Subject to the terms of this Agreement, we grant you the right, and you undertake the obligation, to operate a Blink Fitness Gym at the address identified on Exhibit A (the "Gym") and to use the Franchise System and Marks in its operation. (If the address of the Gym is

unknown as of the Effective Date, the address will be determined in accordance with Section 4.A and listed on an amended and restated Exhibit A that we will provide to you.) Your right to operate a Blink Fitness Gym is limited to the services provided at the Gym and does not include the right to distribute goods and services over the Internet or to engage in other channels of supply or distribution.

B. TERM

The term of the franchise (the “**Term**”) begins on the Effective Date and will end ten (10) years from the date on which the Gym opens to the public for business under the Marks, unless sooner terminated as provided in this Agreement.

C. TERRITORIAL RIGHTS

During the Term, we and our affiliates will not own or operate, or allow another franchisee or licensee to own or operate, another Blink Fitness Gym that has its physical location within the geographical area described on Exhibit A (the “**Protected Area**”), which we may modify only as provided in Exhibit A. If the Gym’s address is unknown as of the Effective Date, we will describe the Protected Area on an amended and restated Exhibit A that we will send you once we accept a site for the Gym in accordance with Section 4.A. However, you acknowledge that our affiliates operate other fitness facilities using different brand names and trademarks and service marks, some of which may operate and have facilities within the Protected Area, and otherwise in close proximity to the Gym, which may compete directly with the Gym. You may engage in advertising, promotional, marketing, and related activities we authorize within the Protected Area. However, we have the unrestricted right to regulate all such activities conducted outside the Protected Area, or directed to individual members or customers located outside the Protected Area, in order to protect what we consider to be the best interests of other Blink Fitness Gym franchisees, Blink Fitness Gyms operated by us and our affiliates, or the Franchise System.

D. RESERVATION OF RIGHTS

Except for your location exclusivity described in Section 3.C above, we and our affiliates retain all rights with respect to Blink Fitness Gyms, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, whether inside or outside the Protected Area. Specifically, but without limitation, we reserve the following rights:

- i. the right to own and operate, and to allow other franchisees and licensees to own and operate, Blink Fitness Gyms at any locations outside the Protected Area (including at the boundary of the Protected Area) and on any terms and conditions we deem appropriate;
- ii. the right to provide, offer and sell, and to grant others the right to provide, offer and sell, products or services that are identical or similar to and/or competitive with those provided at Blink Fitness Gyms, whether identified by the Marks or other trademarks or service marks, through similar or dissimilar distribution channels and on any terms and conditions we deem appropriate (including by providing products, fitness advice and other services through the Internet);

- iii. the right to establish and operate, and to grant others the right to establish and operate, businesses offering similar products and services under trademarks and service marks other than the Marks;
- iv. the right to establish and operate, and to grant to others the right to establish and operate, businesses offering similar or dissimilar products and services under the Marks and on any terms and conditions we deem appropriate;
- v. the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Blink Fitness Gyms, and operating, franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; and
- vi. the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by a business providing products and services similar to those provided at Blink Fitness Gyms, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses (defined in Section 12 below).

E. GUARANTY

The Guarantors must fully guarantee all of your financial and other obligations to us under this Agreement or otherwise arising out of the relationship established by this Agreement, and agree personally to comply with this Agreement's terms, by executing the form of Guaranty attached hereto as Exhibit B. “**Guarantors**” means each owner having an ownership interest in you, or in any entity directly or indirectly owning a controlling ownership interest in you, and any other owner designated by us as a Guarantor in Exhibit B of this Agreement. The name of each owner and his, her or its percentage ownership interest in you are set forth in Exhibit C. Subject to our rights and your obligations in Section 16, you will notify us of any change in the information in Exhibit C within ten (10) days after the change occurs.

4. SITE SELECTION, LEASE, AND DEVELOPING THE GYM

A. SITE SELECTION AND ACCEPTANCE

If the address of the Gym is unknown as of the Effective Date, then this Section 4.A will govern the site selection and acceptance process. Within six (6) months after the Effective Date, you must obtain our written acceptance of a site at which to operate a Blink Fitness Gym within the particular geographic area listed in Exhibit A (the “**Site Selection Area**”). The time period during which you must search for, propose, and obtain our written acceptance of a site for the Gym within the Site Selection Area (the “**Site Selection Period**”) will expire upon the earliest of (i) our accepting a site for the Gym and providing an amended and restated Exhibit A to you, (ii) this Agreement's termination, or (iii) six (6) months after the Effective Date.

It is your responsibility to locate, evaluate and select the site for your Gym. We or a designated third-party supplier of site evaluation, leasing and related services (the “**Site Consultant**”) will assist you by reviewing potential sites for the Gym you identify within the

Site Selection Area. You must use a licensed commercial real estate broker during the site selection process, and we have the right to require you to hire a real estate broker we designate who has expertise in your Gym's market area. We may, but have no obligation to, physically visit your proposed sites. We may condition our making a proposed site visit and our approval of a proposed site on your first sending us complete site reports and other materials (including, without limitation, photographs and video recordings) we request. We or the Site Consultant will provide you with our then current criteria for sites of Blink Fitness Gyms (including, but not limited to, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to assist you in selecting and identifying your site. However, even if we or the Site Consultant gives you information regarding a potential site or site criteria, you acknowledge that (i) the Site Consultant is solely responsible for its activities, its communications, and the information it shares with you, and (ii) we have made and will make no representations or warranties of any kind, express or implied, about the suitability of the site for a Blink Fitness Gym or any other purpose, or of the likelihood that we ultimately will accept that site for the Gym's location.

You must propose a site for the Gym's location and obtain our written acceptance of the proposed site within six (6) months after the Effective Date. You must submit all information that we request when you propose a site, including a signed letter of intent specifying the key terms of the proposed lease or purchase transaction. We agree to use reasonable efforts to review and accept or reject each site that you propose within thirty (30) days after we receive all requested information and materials. If we have not accepted the site in writing within thirty (30) days after we receive all requested information and materials, then the site will be deemed rejected. We will not unreasonably withhold our acceptance of a site that meets our then current criteria. We have the absolute right to reject any site that does not meet our criteria. Our acceptance of a site indicates only that we believe that the site meets or has the potential to meet, or that we have waived, our then current criteria for site suitability. Our application of criteria that have appeared effective with other sites might not accurately reflect the potential for all sites, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a particular site fails to meet your expectations. Upon accepting a proposed site, we will list the accepted site's location as the Gym's address in Exhibit A.

You may not relocate the Gym to a new site without our prior consent, which we may grant or deny as we deem best. We may condition our approval of your relocation request on (1) the new site and its lease being acceptable to us, (2) your paying us a Five Thousand Dollar (\$5,000) relocation fee, (3) your reimbursing any costs we incur during the relocation process, (4) your confirming that this Agreement remains in effect and governs your operation of the Gym at the new site with no change in the Term or, at our option, your signing our then current form of franchise agreement to govern your operation of the Gym at the new site for a new franchise term (in either case, we may change the definition of the Protected Area), (5) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) your continuing to operate the Gym at its original site until we authorize its closure, and (7) your taking, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Gym's

former premises so that it no longer is associated in any manner (in our opinion) with the Franchise System.

B. LEASE ACCEPTANCE

You must present to us for our acceptance, which we will not unreasonably withhold, any lease or sublease (and any renewals and amendments of the lease or sublease) that will govern your occupancy and lawful possession of the Gym at least thirty (30) days before you intend to sign it. The lease or sublease must either (i) include the lease rider attached hereto as Exhibit D and made a part hereof, or (ii) provide in the body of the lease or sublease the terms and conditions found in the lease rider. You may not sign any lease or sublease (or any renewal or amendment of the lease or sublease) that we have not accepted. We may (but have no obligation to) provide you guidance or assistance relating to the lease or sublease but will not negotiate the lease on your behalf or provide any legal advice. If we have not accepted the lease or sublease within thirty (30) days after we receive a complete copy of the lease or sublease, then the lease or sublease will be deemed rejected. You acknowledge that our guidance and assistance (if we choose to provide it) and acceptance of the lease or sublease (or renewal or amendment) are not a guarantee or warranty, express or implied, of the success or profitability of the Gym or of the suitability of the lease or sublease for your business purposes.

C. DEVELOPMENT OF GYM

Notwithstanding any other deadline with respect to obtaining our acceptance of the site or signing an accepted lease or sublease, you must, within sixteen (16) months after the Effective Date (the “**Opening Deadline**”), (i) secure all financing required to develop and operate the Gym; (ii) obtain all permits and licenses required to construct and operate the Gym; (iii) construct all required improvements to the site and decorate the Gym in compliance with our approved plans and specifications; (iv) purchase or lease and install all required Operating Assets (as defined below); (v) purchase an opening inventory of required, authorized, and approved products, materials, and supplies; and (vi) open your Gym in accordance with all the requirements of this Agreement.

You are responsible for developing the Gym at your expense. You agree to construct, install trade dress and furnish all Operating Assets in, and otherwise develop the Gym according to our standards, specifications, and directions. The Gym must contain all Operating Assets, and only those Operating Assets, that we specify. You agree to place or display, according to our guidelines, at the Gym (interior and exterior) only the signs, emblems, lettering, logos, and display materials that we approve from time to time. You agree to purchase or lease only the approved brands, types, and models of Operating Assets according to our standards and specifications and, if we specify, only from one or more suppliers that we designate or approve (which may include or be limited to us and/or our affiliates). “Operating Assets” means all required furniture, fixtures, equipment (including components of and required software licenses for the Computer System (defined in Section 7.F)), and signs that we periodically require for the Gym and the business you operate under this Agreement.

For your Gym, you must use an architect and engineer we designate to develop the set of construction documents. We also may require you to use a general contractor we designate or

pre-approve. We may condition our written approval of an architect and/or contractor on first receiving both notarized AIA A305 and AIA B305 statements and proof that the architect and/or contractor maintains the required licenses, permits, and insurance requirements in the area where you will develop the Gym.

We will give you our prototype design documents, an architectural brand standards manual, and mandatory and suggested specifications and layouts for a Blink Fitness Gym. They will include requirements or recommendations (as applicable) for dimensions, design, interior layout, décor, interior graphics, exterior signage, security, audio/visual, data/IT requirements, and Operating Assets. Any changes to our requirements that you propose for the Gym are subject to our review and written approval. The specifications and layouts we provide or recommend might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act (“ADA”), zoning regulations, environmental laws and regulations, other applicable ordinances, or building codes or permit requirements, or any lease requirements or restrictions.

You must prepare and submit to us all required construction and remodeling documents and specifications as shown in the prototype design drawings, including all revised or “as built” plans and specifications as they are prepared during the Gym’s construction and development. Because our review of the plans and specifications is limited only to reviewing your compliance with design intent, you and your design professionals (i) must ensure that all details and specifications have been accurately transmitted from the prototype drawings and (ii) alone are responsible for complying with federal, state, and local laws, codes, and regulations, including those arising under the ADA and similar rules governing public accommodations for disabled persons, zoning regulations, environmental laws and regulations, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. You may not begin constructing the Gym until we approve the plans and specifications in writing.

In addition to hiring an architect, engineer, and general contractor, you must either assign an individual within your organization or hire a third-party project management firm, in either case to be qualified and approved by us before the Gym’s construction begins, to be responsible for overseeing and managing the entire team of professionals. While we may physically inspect the Gym multiple times throughout the construction process, you must confer with us regularly during the construction process in the manner we periodically specify, and send us the information, photographs, and other materials we require, as provided in the Operations Manual.

You must develop the Gym in accordance with both the design intent of your plans and specifications that we approved in writing as well as our prototype design drawings. We will conduct a final walk-through of the Gym to inspect the Gym and detect any deficiencies in workmanship, non-conformance to document standards, or incomplete work. You may not open the Gym (including for preview) until we give you a final approval letter.

At our option in the future, we may periodically require you to alter substantially the Gym’s appearance, layout and/or design, and/or to replace a material portion of the Operating Assets, to meet our then-current requirements for new Blink Fitness Gyms. You must incur all related costs. We reserve the right to designate or approve the architects and contractors you use. Within ninety (90) days after receiving written notice from us regarding required alterations, you

must prepare plans according to our standards and specifications and submit those plans to us for our written approval before commencing any work. You must complete all work according to the approved plans within the time period we specify. If you do not maintain the condition or appearance of the Gym or the Operating Assets as required, we may do so at your expense.

Our services under this Agreement do not include assisting you in securing financing for the Gym's development.

D. PRESALE OF MEMBERSHIPS

No memberships or other rights to participate in the services at the Gym may be offered or sold prior to opening the Gym to the general public, unless: (i) we have authorized you to offer or sell memberships or those rights to the public; (ii) you in good faith expect to open the Gym for business within the one hundred twenty (120)-day period following the offer or sale; (iii) your Operating Principal and the Gym's Club Manager (defined in Sections 7.D and 6.A, respectively) have completed to our satisfaction the initial training program described in Section 6.A; and (iv) you have secured all financing and permits necessary to develop, build and fully equip the Gym.

You must propose a temporary site at or near the Gym from which you will conduct the presale of memberships and obtain our written acceptance of the site at least thirty (30) days prior to opening the temporary site. We may physically inspect the site or require you to send us pictures and images (including video recordings). Your temporary site may be at the Gym (if legally permissible) or in an available retail space in a high traffic location that meets our then current criteria. You are prohibited from conducting any presale of memberships from your or your Operating Principal's home or other residence. You may not use, or allow any other party to use, any part of the temporary site for any purpose other than the presale of memberships and other pre-marketing activities as described in Section 13.A. You agree to equip the temporary site with adequate furnishings, computer software and hardware, and place or display, according to our guidelines, signs, logos, and advertising materials that we periodically specify for use in temporary sites. You may not begin offering or selling memberships at the temporary site until we have reviewed and approved the site in writing as having been developed in accordance with our specifications and standards for temporary sites. We may physically inspect the temporary site or require you to send us pictures and images (including video recordings) of the interior and/or exterior of the temporary site. You agree to maintain the condition and appearance of the temporary site in accordance with Brand Standards. You must hire a Club Manager and adequate employees to conduct the presale of memberships at the temporary site in compliance with our standards and specifications. You must (i) close the temporary site and cease conducting the presale of memberships on or before the Opening Deadline and (ii) de-identify the temporary site within one (1) week after the Opening Deadline by making alterations that we specify to distinguish the temporary site from its former appearance, including by removing all signs, sign faces, advertising, marketing and promotional materials, forms, and other materials containing any Mark.

You alone are responsible for ensuring that your membership agreements and presale of memberships comply with all applicable laws and other legal requirements. You will be liable to

the applicable legal authorities if you fail to do so (and also will be liable to us if we are brought into the matter because of your failure).

E. OPENING

On or before the Opening Deadline listed on Exhibit A, you must open the Gym for business; provided, however, you may not open the Gym for business until:

- i. we have inspected and approved the Gym as having been developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Gym, we may require you to send us pictures and images (including video recordings) of the Gym. You must give us at least thirty (30) days' prior written notice of the Gym's planned opening date and also notify us in writing when the Gym is ready for inspection or review. If we do not inspect or review the Gym within twenty-five (25) business days after you deliver notice that the Gym is ready for inspection or review, or if we do not deliver written comments to you within seven (7) business days after our inspection or review, then the Gym is deemed approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Gym complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the ADA, as compliance with such laws is your responsibility. We will not unreasonably withhold our approval of the Gym;
- ii. your Operating Principal and the Gym's Club Manager, as applicable, have completed the initial orientation and training programs described in Section 6.A to our satisfaction;
- iii. the Gym has sufficient employees to manage and operate the Gym on a day-to-day basis in compliance with Brand Standards, and the employees have been trained by you or the Club Manager;
- iv. your Operating Principal, the Club Manager, and the Gym's employees have completed all required third party certifications (including certifications required under applicable law (e.g., cardiopulmonary resuscitation ("CPR"), automated external defibrillator ("AED"), and first aid as dictated by local legislation));
- v. you have satisfied all state and federal permitting, bonding, licensing, and other legal requirements for the lawful operation of your Gym, including, without limitation, by ensuring that your planned membership offerings following the Gym's opening and your forms of membership agreement comply with applicable law;
- vi. all amounts due to us, our affiliates, and principal suppliers have been paid;

- vii. you are not in default under any agreement with us, our affiliates or principal suppliers;
- viii. we have received copies of the certificate of occupancy and all required permits, licenses, and insurance policies required by this Agreement; and
- ix. you have met all other opening requirements as established by us in our Operations Manual.

5. **FEES**

A. INITIAL FRANCHISE FEE

You must pay us an initial franchise fee in the amount of Ten Thousand Dollars (\$10,000) in a lump sum upon the execution of this Agreement (the “**Initial Franchise Fee**”). The Initial Franchise Fee is non-refundable.

B. ROYALTY

You agree to pay us, on or before the day of each month that we periodically specify (the “**Payment Day**”), a royalty (“**Royalty**”) in an amount equal to five percent (5%) of the Gross Sales of the Gym. The first Royalty payment is due on the Payment Day of the month following the month during which you first open the Gym for business, based on the Gross Sales during the period beginning when the first Gross Sales were recognized (including Gross Sales derived during any presale of memberships or other services) and ending on the last day of the previous month.

In this Agreement, “**Gross Sales**” means the aggregate amount of all revenue generated from any source, including, without limitation, revenue generated from the sale of memberships, goods, products, merchandise, services, and advertising, other types of revenue you receive, including the proceeds of business interruption insurance and rental income of any type, and the value of goods, products, merchandise, and services bartered in exchange for memberships or other goods or services. Gross Sales are not reduced by the amount of any discounts on memberships or other services to employees, family members, or other businesses you own or control. However, Gross Sales exclude: (i) federal, state, or municipal sales, use or service taxes collected from members and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities; and (iv) the amount of any credits provided in accordance with the terms and conditions set forth in the Operations Manual. Each charge or sale upon credit will be treated as a sale for the full price on the day during which such charge or sale is made, irrespective of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift cards that we approve for offer and sale at Blink Fitness Gyms is included in Gross Sales when the gift card is used to pay for products and services. Your Gym may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless we first have approved in writing their form and content and your proposed issuing and honoring/redemption procedures, which approval we may grant or withhold as we deem best.

C. NEW ONLINE MEMBER FEE

You agree to pay us a non-refundable new online member fee (the “**New Online Member Fee**”) in the amount equal to Five Dollars (\$5.00) for each new or former member who signs a new online membership agreement with the Gym through the System Website. The New Online Member Fee is payable in the month following the month in which the online membership agreement is signed. We may increase the New Online Member Fee on an annual basis (separate and apart from the inflation-based increase permitted under Section 5.G below), but in no event will the New Online Member Fee payable by you be greater than the New Online Member Fee we require new Blink Fitness Gym franchisees to pay, as reflected in our then current form of Franchise Agreement. For the avoidance of doubt, no New Online Member Fee will be due for any new or former member who signs a new membership agreement through the System Website while physically present at the Gym’s premises, including, without limitation, through a kiosk or the point-of-sale system at the Gym’s front desk.

D. PAYMENT METHOD AND TIMING

You agree to sign and deliver to us the documents that we periodically require to authorize us to debit your business checking account automatically for the Royalty and other amounts due under this Agreement or any related agreement between us (or our affiliates) and you. If we institute an automatic debit program for the Gym, we will debit your account for the Royalty and other amounts on or after the Payment Day, based on the Gross Sales for the previous month. You agree to make the funds available for withdrawal by electronic transfer before each due date. In connection with the automatic debit program, we may require you to procure, at your expense, overdraft protection for your business checking account in an amount that we specify. You agree to reimburse us for any “insufficient funds” charges and related expenses that we incur in connection with your failure to maintain sufficient funds in your automatic debit account.

If you fail to report the Gym’s Gross Sales for any month, we may debit your account for one hundred twenty-five percent (125%) of the Royalty that we debited for the previous month. If the amount we debit from your account is less than the amount you actually owe us for the month (once we have determined the Gym’s true and correct Gross Sales for the month), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us for the month (once we have determined the Gym’s true and correct Gross Sales for the month), we will credit the excess, without interest, against the amount that we otherwise would debit from your account during the following month.

We have the right, at our sole option upon notice to you, to change from time to time the timing and terms for payment of Royalties and other amounts payable to us under this Agreement.

You may not subordinate to any other obligation your obligation to pay Royalties or any other fee or charge under this Agreement.

E. INTEREST ON LATE PAYMENTS

In addition to all other remedies we have, including, without limitation, the right to terminate this Agreement pursuant to Section 18, if you fail to pay (or make available for withdrawal from your account) any amounts you owe us or our affiliates, including, without limitation, amounts for Royalties or New Online Member Fees, whether such amounts are reflected as due on any report you submit to us or are subsequently determined by verification, examination or audit to have been due, those amounts will bear interest, accruing as of their original due date, at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. In addition, you must pay us a Seventy-Five Dollar (\$75) administrative fee for each payment which you do not make to us when due (or for each dishonored payment) to cover the increased costs and expenses we will incur as a result of your failure to pay the amounts when due.

F. APPLICATION OF PAYMENTS AND RIGHT OF SET-OFF

Notwithstanding any designation that you make, we may apply any of our debits or your payments to any of your past due indebtedness to us or our affiliates. We may set-off any amounts you or your owners owe us or our affiliates against any amounts that we or our affiliates owe you or your owners, whether in connection with this Agreement or otherwise.

G. ANNUAL INCREASE IN FIXED FEES

We and our affiliates reserve the right to increase the amount of any fixed fee or fixed payment due under this Agreement based on changes in the Index (defined below) (“**Annual Increase**”). An Annual Increase to such fees and payments may occur only once during any calendar year and may not exceed the corresponding cumulative increase in the Index since the Effective Date or, as the case may be, the date on which the last Annual Increase became effective for the particular fixed fee or payment being increased. Any and all Annual Increases will be made at the same time during the calendar year. “Index” refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. Notwithstanding this Section, we also reserve the right (i) to increase the New Online Member Fee as provided in Section 5.C above and, (ii) if any fixed fee or fixed payment due under this Agreement encompasses any third party charges that we collect from you on a pass-through basis (*i.e.*, for ultimate payment to the third party), to increase the fixed fee or fixed payment, even beyond the Annual Increase, to reflect any increases in the third party’s charges to us.

6. TRAINING, GUIDANCE, AND ASSISTANCE

A. INITIAL ORIENTATION AND TRAINING

If this is your first Blink Fitness Gym, your Operating Principal must attend an initial orientation session on the Blink Fitness Gym system at our principal business address within one-hundred-twenty (120) days after the Effective Date. We also will furnish without additional charge at our designated training facility and/or through a web-based platform an initial training

program on the operation of a Blink Fitness Gym for your Operating Principal and one (1) manager for the Gym (the “**Club Manager**”). Before you sell any memberships (including, without limitation, through presale), advertise, or open the Gym to the public, your Operating Principal and the Club Manager must complete our training program to our satisfaction. You will be responsible for the compensation, travel and living expenses for your Operating Principal and the Club Manager during training.

B. OPENING SUPPORT

Upon successful completion of the initial training program and during the Gym’s initial opening period (which may begin before and continue after the Gym’s actual opening date), we will provide up to five (5) days of local in-market training for supervisory employees and opening support for the Gym.

C. ADDITIONAL TRAINING

If your Operating Principal or the Club Manager fails to complete the initial training program to our satisfaction, or we determine after an inspection that additional training is necessary because the Gym is not operating according to Brand Standards, we may require that he or she attend an additional training session. You must pay our then current training fee (as set forth in the Operations Manual) for anyone attending the additional training session. You also will be responsible for the attendees’ compensation and travel and living expenses during training. We may terminate this Agreement if your Operating Principal or the Club Manager fails to attend the initial training program and/or does not complete the initial training program to our satisfaction.

D. ONGOING AND SUPPLEMENTAL TRAINING

We may require your Operating Principal and/or the Club Manager to attend and satisfactorily complete various training courses, programs and conventions offered periodically by us or by third parties at the times and locations that we designate. You will be responsible for the compensation, travel and living expenses for your Operating Principal and the Club Manager during training. We may charge our then current fee for continuing and advanced training (as set forth in the Operations Manual). If you request that any training courses and programs be provided locally, then subject to the availability of our training personnel, you must pay our then current training fee (as set forth in the Operations Manual) and the travel and living expenses for our training personnel.

E. TRAINING FOR REPLACEMENT CLUB MANAGERS

In the event the Club Manager is no longer employed by you at the Gym, you must appoint a new manager (the “**Replacement Manager**”) to act as the manager for the Gym within forty-five (45) days after the last day of the former Club Manager’s employment. The Operating Principal will serve as the Gym’s manager until you appoint a Replacement Manager. The Replacement Manager, and any subsequent Replacement Managers, must be properly trained by the Operating Principal within ten (10) days after they are hired.

F. TRAINING FOR GYM EMPLOYEES

All Gym employees must be properly trained by you or the Club Manager within ten (10) days after being hired to competently perform the tasks required of their respective positions. We will develop and make available training tools and recommendations for you to implement in training the Gym's employees. We may periodically update these training materials to reflect changes in our training methods and procedures.

We may periodically and without prior notice review the Gym's performance to determine if the Gym meets our Brand Standards. If we determine that the Gym is not operating according to Brand Standards, in addition to the other rights provided in this Agreement, we may require that you or the Club Manager retrain one or more employees of the Gym.

G. GENERAL GUIDANCE AND THE OPERATIONS MANUAL

We will periodically advise you regarding the operation of the Gym based on your reports or our inspections with respect to:

- i. standards, specifications, operating procedures and methods that Blink Fitness Gyms use;
- ii. purchasing required or recommended Operating Assets and other products, supplies and materials;
- iii. supervisory employee training methods and procedures (although you are solely responsible for the terms and conditions of employment of all Gym employees); and
- iv. accounting, advertising, and marketing.

We may guide you by means of our operating manual and other technical manuals (“**Operations Manual**”), in bulletins or other written materials, by electronic media, by telephone consultation, and/or at our office or the Gym. If you request and we agree to provide additional or special guidance, assistance or training, you agree to pay our then applicable charges, including reasonable training fees and our personnel's per diem charges and any travel and living expenses. Any specific ongoing training, conventions, advice or assistance that we provide does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which we may discontinue and modify at any time.

We will provide you access to one (1) copy of our Operations Manual, which may include written or electronic materials and which we may make available to you by various means, including hardcopy or access through the Intranet. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically prescribe for operating a Blink Fitness Gym (“**Brand Standards**”) and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but these modifications will not alter your fundamental rights or status under this Agreement. You agree to keep your copy of the Operations Manual current and communicate all updates to your employees in a timely manner.

You agree to keep all parts of the Operations Manual in a secure location and restrict access to any passwords provided to or developed by you for accessing the Operations Manual. If there is a dispute over its contents, our master copy of the Operations Manual controls. You agree that the contents of the Operations Manual are confidential and that you will not disclose any part of the Operations Manual to any person other than Gym employees and others who need to know such part and who agree to maintain its confidentiality by signing a confidentiality agreement attached hereto as Exhibit E. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual, with the exception of certain forms as specified in the Operations Manual.

While we may designate the form of confidentiality agreement you must use with Gym employees having access to our Confidential Information (defined in Section 9 below) in order to protect that Confidential Information, under no circumstances will we control the forms or terms of employment agreements you use with Gym employees or otherwise be responsible for your labor relations. In addition, the Brand Standards do not include any personnel policies or procedures or security related policies or procedures that we (at our option) may make available to you in the Operations Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations at the Gym. You and we recognize that we neither dictate nor control labor or employment matters for franchisees and Blink Fitness Gym employees and we are not responsible for the safety and security of Gym employees, members, guests, and visitors.

At our option, we may post the Operations Manual on the Intranet (defined in Section 7.G below) or another restricted website to which you will have password access. If we do so, you agree to periodically monitor the website for any updates to the Operations Manual or Brand Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website will be deemed to be part of Confidential Information.

H. DELEGATION

We have the right, from time to time, to delegate the performance of any portion or all of our obligations under this Agreement to designees, whether they are our affiliates, agents or independent contractors with which we contract to provide such services.

7. GYM OPERATION AND BRAND STANDARDS

A. CONDITION AND APPEARANCE OF GYM

You may not use, or allow any other party to use, any part of the Gym for any purpose other than your operation of a Blink Fitness Gym in compliance with this Agreement. You agree to place or display, according to our guidelines, at the Gym (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we periodically specify. You agree to maintain the condition and appearance of the Gym, the site and the Operating Assets in accordance with the Brand Standards. Without limiting that obligation, you agree to take, at your expense, the following actions during the Term: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Gym at intervals that we may periodically specify and at our direction; (ii) interior and exterior repair of

the Gym and the site as needed; and (iii) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets, or Operating Assets that no longer meet our Brand Standards, at intervals that we periodically specify (or, if we do not specify an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

In addition to your obligations described above, we may from time to time, but not more than two (2) times during the Term (after the Gym's opening), require you to substantially alter the Gym's appearance, branding, layout and/or design, and/or replace a material portion of the Operating Assets, in order to meet our then current requirements for new Blink Fitness Gyms. You acknowledge that this obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Gym, and/or in your spending substantial amounts for new Operating Assets, and you agree to incur, without limitation, any expenditures required in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining Term). Within sixty (60) days after receiving written notice from us, you must have plans prepared according to the standards and specifications that we prescribe and, if we require, using architects and contractors that we designate or approve, and you must submit those plans to us for our written approval. You agree to complete all work according to the plans that we approve within the time period that we reasonably specify and in accordance with this Agreement.

We may also from time to time request and require you to participate in certain testing programs for new services, products, and/or Operating Assets. You acknowledge that this obligation could result in your making expenditures for new Operating Assets and other operating costs associated with the Gym, which you agree to incur and for which we have no obligation to reimburse you. You agree to maintain any records and reports related to the testing programs as we may require and to submit any records and reports to us in a timely manner. We reserve the right to discontinue any testing programs prior to their scheduled completion dates and to choose not to implement any changes to the Franchise System.

B. COMPLIANCE WITH APPLICABLE LAWS AND GOOD BUSINESS PRACTICES

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Gym and must operate the Gym in full compliance with all applicable laws, ordinances and regulations, including government regulations relating to occupational hazards, health, environment, employment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The Gym must in all dealings with its members, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may injure our business and the goodwill associated with the Marks, the Franchise System, and other Blink Fitness Gyms. You acknowledge our right to regulate your advertising and related activities outside the Protected Area, as provided in Section 3.C above. You must notify us in writing within three (3) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your or the

Gym's operation or financial condition and of any notice of violation of any law, ordinance, or regulation relating to the Gym.

C. COMPLIANCE WITH BRAND STANDARDS

You agree to comply with all Brand Standards, as we may periodically modify them, as if they were part of this Agreement. You will not offer, sell, or provide at or from the Gym any goods or services not authorized in the Operations Manual. You must offer, sell, and furnish all those goods and services we prescribe from time to time.

Brand Standards may direct any aspect of the operation and maintenance of the Gym, including any one or more of the following:

- i. sales, marketing, advertising and promotional programs and materials and media used in these programs, including participation in and compliance with the requirements of any special advertising, marketing and promotional programs that we periodically specify;
- ii. adequate staffing levels for the Gym to operate the Gym in compliance with Brand Standards, appearance of instructors and other Gym personnel, practices and procedures for soliciting members, and competent and courteous service to members and other customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustments of grievances and complaints, and working conditions. Gym employees are under your control at the Gym. You must communicate clearly with Gym employees in your employment agreements, human resource manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of Blink Fitness Gyms, are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible;
- iii. standards, procedures and requirements for reciprocity programs, transferring memberships, changing membership programs, and other programs designed to enhance member satisfaction with the Blink Fitness network, including revenue and cost sharing requirements for these programs;
- iv. standards, procedures and requirements for attributing revenue with respect to members who attend and utilize other Blink Fitness Gyms in addition to the Gym;
- v. maximum, minimum or other pricing requirements for products and services that the Gym offers, including requirements for promotions, special offers and discounts in which some or all Blink Fitness Gyms participate, in each case to the maximum extent the law allows;
- vi. standards, requirements and procedures for training your Gym's supervisory personnel;

- vii. use and display of the Marks;
- viii. bookkeeping, accounting, data processing and recordkeeping systems and forms, including, without limitation, document retention requirements and use of the Intranet (but not including any records or information relating to Gym employees, as you control exclusively your labor relations and employment practices);
- ix. terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services that you obtain from us and affiliated and unaffiliated suppliers, including ordering, return and warranty terms and conditions and our and our affiliates' right to sell you any products only on a "cash-on-delivery" or other basis if you are in default, have failed to pay when due amounts owed under any agreement with us or our affiliates, or have insufficient net worth to meet our or our affiliates' credit standards, which we may determine from credit reports you hereby authorize us to order periodically on you and your owners to confirm your and their financial condition and help us assess whether to extend credit to you on items purchased from us;
- x. member and customer satisfaction surveys and programs (the costs of which we may require you to share with us and/or other Blink Fitness Gym franchisees);
- xi. days and hours of operation;
- xii. accepting credit and debit cards, other payment systems and check verification services;
- xiii. standards and procedures for any use of blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools (collectively, "**Social Media**") that in any way reference the Marks or involve the Gym;
- xiv. standards and requirements for processing, collecting and accounting for payments from Gym members;
- xv. relocation conditions and procedures concerning the Gym's new and former premises; and
- xvi. any other aspects of operating and maintaining the Gym that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Blink Fitness Gyms.

Except for the training and qualifications of the Gym's Club Manager and supervisory employees described above, Brand Standards will not include any employment-related policies or procedures and will not dictate or regulate the terms and conditions of employment for your employees. Except as described above, any information we provide (whether in the Operations Manual or otherwise) concerning employment-related policies or procedures, or relating to the terms and conditions of employment for Gym employees, is for your optional use.

We have the right periodically to modify and supplement Brand Standards, which may require you to invest additional capital in the Gym and incur higher operating costs, and such Brand Standards will constitute legally binding obligations upon you when communicated to you. Although we retain the right to establish and periodically modify the Brand Standards that you have agreed to follow, you retain the responsibility for the day-to-day management and operation of the Gym and for implementing and maintaining the Brand Standards at the Gym.

D. OPERATING PRINCIPAL

Upon the execution of this Agreement, you must designate and retain an individual to serve as the operating principal (the “**Operating Principal**”). You must at all times during the Term have an Operating Principal meeting the following qualifications and such other standards as may be set forth from time to time by us in the Operations Manual or otherwise in writing:

- i. If you are an individual, you may designate yourself as the Operating Principal. If you are an entity, you may designate one of your owners or (subject to the next sentence) another individual with no equity ownership in you as the Operating Principal. We reserve the right to require that the individual you designate as your Operating Principal own, directly or indirectly, at least ten percent (10%) of your ownership interests. The Operating Principal must be approved by us in writing prior to the earlier of the Effective Date of this Agreement or the execution of the Development Rights Agreement (if any). We have the right, as we deem best, to approve or disapprove the proposed Operating Principal or any proposed change in the individual designated as the Operating Principal. We may condition our approval on the proposed Operating Principal living in close proximity to the Gym or other Blink Fitness Gyms that you or your affiliates develop and operate.
- ii. If the Operating Principal is not required to execute this Agreement or our Guaranty, the Operating Principal must execute our form of non-competition agreement and form of confidentiality agreement attached hereto as Exhibit E. Our right to regulate the forms of these agreements is solely to protect Confidential Information and the competitiveness of Blink Fitness Gyms. Under no circumstances will we control the forms or terms of employment agreements you use with Gym employees or otherwise be responsible for your labor relations.
- iii. The Operating Principal is responsible for the day-to-day management of your business, and, without our prior written consent, may not engage in any business activity other than the development and operation of the Gym. You agree to vest the Operating Principal with sufficient decision-making authority to make the decisions that are essential to the effective and efficient operation of the Gym and to make such decisions on your behalf. The Operating Principal must communicate directly with us regarding any matters that relate to the Gym (excluding matters relating to labor relations and employment practices).
- iv. The Operating Principal may serve as the Gym’s Club Manager or may designate another individual to serve as the Club Manager, provided that the Operating Principal must take all necessary action to ensure that such designee conducts and

fulfills all obligations in accordance with the terms of this Agreement. The Operating Principal remains fully responsible for the performance of the Club Manager.

- v. The Operating Principal must successfully complete our initial training program before you sell any memberships (including, without limitation, through presale), advertise, or open the Gym to the public. If the Operating Principal fails to complete the initial training program to our satisfaction, we may terminate this Agreement in accordance with Section 18.
- vi. If you propose to change the individual designated as the Operating Principal, you must designate a new individual (the “**Replacement Operating Principal**”) to act as the Gym’s operating principal within forty-five (45) days after the last day the former Operating Principal serves as the Gym’s Operating Principal. One of your owners must serve as the operating principal until you designate, and we approve in writing, the Replacement Operating Principal. The Replacement Operating Principal, and any subsequent Replacement Operating Principals, must satisfactorily complete our initial training program within forty-five (45) days after we approve the individual. You must pay our then current Replacement Operating Principal training fee (as set forth in the Operations Manual) for all Replacement Operating Principals designated during the Term who must attend our initial training program. You will be responsible for the compensation, travel and living expenses of the Replacement Operating Principal during training.

E. APPROVED PRODUCTS AND SUPPLIERS

We may periodically designate and approve standards, specifications, brands, models, manufacturers, suppliers and/or distributors of the Operating Assets and other products and services that we periodically authorize for use at or sale by Blink Fitness Gyms. You must purchase or lease all Operating Assets and other products and services that you use or sell at the Gym only according to our Brand Standards and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us, our affiliates, and/or other restricted sources). We and/or our affiliates may derive revenue based on your purchases and leases, including, without limitation, from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts and other payments made to us and our affiliates by suppliers that we designate, approve or recommend for some or all Blink Fitness Gym franchisees. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees’ prospective or actual dealings with them, without restriction for any purposes that we and our affiliates deem appropriate.

If you wish to purchase or lease any Operating Assets or other products or services from a supplier or distributor which we have not then approved (if we require you to buy or lease the product or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the product or service is of equivalent quality and functionality to the product or service it replaces and that the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product liability claims. Upon request, you must pay any actual expenses we may incur in order to determine whether or not

any such products, services, suppliers or distributors meet these requirements and specifications. We may condition our written approval of a supplier or distributor on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, member relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and/or other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any third party we designate for testing. If we approve any supplier or distributor you recommend from which you purchase or lease any Operating Assets or other products or services, you agree that we are authorized to allow other Blink Fitness Gyms to purchase or lease any Operating Assets or other products or services from these suppliers or distributors, without limitation, and without compensation to you. Notwithstanding the foregoing, we may limit the number of approved suppliers and/or distributors with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including, without limitation, that we have already designated any exclusive source (which might be us or our affiliate) for a particular item or service or if we believe that doing so is in the best interests of the Blink Fitness network.

F. COMPUTER SYSTEM

You agree to obtain and use the computer hardware and software that we periodically specify, including self-service kiosks to be located within the Gym and other hardware components, dedicated telephone and power lines, modems, printers, and other computer-related accessories and peripheral equipment (the "**Computer System**"). At our option, you will use the Computer System to access the Intranet and to input and access information about your members, sales and operations, and for the self-service use of members. You must maintain the continuous operation of the Computer System. We will have unlimited access to all information maintained on the Computer System (excluding matters relating to labor relations and employment practices) and to the content of any Blink Fitness e-mail accounts we may provide to you.

We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System, and/or other technological developments or events, may require you to purchase, lease and/or license new or modified computer hardware, software and other components and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, you agree to incur the costs of obtaining the computer hardware, software and other components comprising the Computer System (and additions and modifications) and required service or support. Within ninety (90) days after we deliver notice to you, you agree to obtain the Computer System components that we designate and ensure that your Computer System, as modified, is functioning properly.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us (including the Intranet), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click through license agreement), that we and our affiliates periodically prescribe to regulate your use of, and our (or our affiliates') and your respective rights and responsibilities with

respect to, the software or technology. We and our affiliates may charge you up front and ongoing fees for any required or recommended proprietary software or technology that we or our affiliates license to you and for other Computer System maintenance and support services provided during the Term of this Agreement.

Notwithstanding your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. The Computer System must permit twenty-four (24) hours per day, seven (7) days per week electronic communications between you and us, including access to the Internet and Intranet (but excluding matters relating to labor relations and employment practices).

G. INTRANET

We will establish a restricted website providing communications among us, our affiliates, you, other Blink Fitness Gym franchisees, and other persons and entities to whom we (in our judgment) periodically determine to give access, including Blink Fitness Gym members (the "**Intranet**"). The Intranet may be part of the System Website (defined in Section 13.G) and will provide the features, services and functionality that we periodically specify. We may implement and periodically modify Brand Standards relating to the Intranet and, at our option, may discontinue the Intranet, or any services offered through the Intranet, at any time.

You agree to comply with the requirements that we periodically specify (whether set forth in the Operations Manual or otherwise) concerning connecting to the Intranet and using the Intranet in the operation of the Gym. Without limiting the foregoing, you agree to enter the information concerning each person who registers for a membership that the Gym offers and all Gross Sales of the Gym using the Intranet in the manner that we periodically specify. We will own all intellectual property and other rights in the Intranet and all information it contains, including its domain name or URL, the log of "hits" by visitors, any personal or business data that visitors supply, and all information relating to the members and other patrons of the Gym, whether that information is contained on your Computer System or our (or our designee's) computer system (collectively, the "**Data**").

H. RECIPROCAL MEMBERSHIP

You must participate fully in any reciprocal-access program and/or customer-loyalty program(s) we establish and modify from time to time and comply with the policies and procedures set forth in the Operations Manual or that we otherwise communicate to you. You acknowledge and agree that if members of other Blink Fitness Gyms operated by us, our affiliates, or other franchisees use your Gym under a reciprocal-access program we and/or our affiliates have established, or otherwise redeem any membership benefits or other customer-loyalty program benefits at your Gym, you are not entitled to any reimbursement, payment, or sharing of the membership fees on account of the cost of goods or services your Gym provides to those members.

I. MEMBERSHIP AGREEMENTS

You must ensure that every membership agreement your Gym uses complies with all Brand Standards and applicable laws, including, without limitation, laws relating to billing, refunds, cancellations, bonding, and escrow requirements. You must send us (1) copies of all membership agreements you intend to use at least sixty (60) days before you begin offering memberships and (2) copies of any revisions to any membership agreements at least thirty (30) days before those changes become effective. We may review and approve or disapprove such agreements, although our review will be limited to verifying your compliance with our Brand Standards. We will not evaluate your compliance with applicable laws (which is solely your responsibility). You may not use (and must discontinue using) any membership agreements that we do not approve or that violate applicable laws. You must follow the policies and procedures regarding membership agreements that we specify from time to time in the Operations Manual or otherwise communicate to you.

8. MARKS

A. OWNERSHIP AND GOODWILL OF MARKS

Your right to use the Marks is derived only from this Agreement and is limited to your operating the Gym according to this Agreement and all mandatory Brand Standards that we prescribe during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our (and our licensor's) rights in the Marks. Any use of the Marks relating to the Gym, and any goodwill established by that use, are for our (and our licensor's) exclusive benefit. We (and our licensor) may take the action necessary to enforce all trademark use obligations under this Agreement. This Agreement does not confer any goodwill or other interests in the Marks upon you, other than the right to operate the Gym according to this Agreement. All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks that we periodically authorize you to use. You may not at any time during or after the Term of this Agreement contest or assist any other person in contesting the validity, or our (or our licensor's) ownership, of the Marks.

B. LIMITATIONS ON USE OF MARKS

You agree to use the Marks as the sole identification of the Gym, subject to the notices of independent ownership that we periodically designate. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos that we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, homepage, electronic address, metatag or otherwise in connection with any website or other online presence without our consent, or (v) in any other manner that we have not expressly authorized in writing. You may not use any Mark in advertising the transfer, sale or other disposition of the Gym or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to give the notices of trademark and service mark registrations that we periodically specify and obtain any fictitious or assumed name registrations that applicable law requires. To the extent you use any Mark in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of employees at the Gym and that we,

as the franchisor of Blink Fitness Gyms, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS

You agree to notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark (or any identical or confusingly similar trademark) or claim of unfair competition relating to any Mark. You agree not to communicate with any person other than us and our licensor, our respective attorneys, and your attorneys regarding any infringement, challenge or claim. We and our licensor may take the action that we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable actions that we and our and our licensor's attorneys deem necessary or advisable to protect and maintain our (and our licensor's) interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our (and our licensor's) interests in the Marks.

D. DISCONTINUANCE OF USE OF MARKS

If we believe at any time that it is advisable for us and/or you to modify, discontinue using and/or replace any Mark, and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs that you incur in changing the signs and panels on equipment in order to remove the Marks or our trade dress, or replacing supplies for the Gym), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

E. INDEMNIFICATION FOR USE OF MARKS

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided your use has been consistent with this Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliate(s) may defend and control the defense of any proceeding arising from or relating to your use of any Mark under this Agreement.

9. CONFIDENTIAL INFORMATION

We and our affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law, relating to the development and operation of Blink Fitness Gyms (the "**Confidential Information**"), which includes, but is not limited to:

- i. information in the Operations Manual and Brand Standards;
- ii. layouts, designs, and other plans and specifications for Blink Fitness Gyms;
- iii. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating Blink Fitness Gyms;
- iv. marketing research and promotional, marketing and advertising programs for Blink Fitness Gyms;
- v. knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, materials and supplies that Blink Fitness Gyms use and sell;
- vi. knowledge of the operating results and financial performance of Blink Fitness Gyms other than the Gym;
- vii. member solicitation, communication and retention programs, along with data and information used or generated in connection with those programs;
- viii. all Data and all other information generated by, or used or developed in, the operation of the Gym, including Consumer Data and Gym Lists (defined in Section 10), and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- ix. any other information that we reasonably designate as confidential or proprietary.

You will not acquire any interest in any Confidential Information, other than the right to use certain Confidential Information as we specify in operating the Gym during the Term of this Agreement and according to the Brand Standards and the other terms and conditions of this Agreement. You acknowledge that your use of any Confidential Information in any other business would constitute an unfair method of competition with us, our affiliates, our suppliers, and our franchisees. You acknowledge and agree that the Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you, your owners, your Operating Principal, and your employees agree, and you and they do agree:

- i. not to use any Confidential Information in any other business or capacity and at all times to keep the Confidential Information absolutely confidential, both during and after the Term of this Agreement (afterward for as long as the information is not generally known in the health and fitness industry);
- ii. not to make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

- iii. to adopt and implement all reasonable procedures that we periodically specify to prevent unauthorized use or disclosure of Confidential Information, including disclosing it only to Gym personnel and others needing to know such Confidential Information to operate the Gym, and using confidentiality and non-disclosure agreements with those having access to Confidential Information. (We have the right to review and approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of Blink Fitness Gyms. Under no circumstances will we control the forms or terms of employment agreements you use with Gym employees or otherwise be responsible for your labor relations or employment practices); and
- iv. not to sell, trade or otherwise profit in any way from the Confidential Information (including by selling or assigning any Consumer Data, Gym Lists, or related information or Data), except during the Term of this Agreement using methods that we have approved.

“Confidential Information” does not include information, knowledge or know-how which is or becomes generally known in the health and fitness industry or which you knew from previous business experience before we provided it to you (directly or indirectly) or before you began training or operating the Gym. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is applicable.

10. CONSUMER DATA AND GYM LISTS

You must comply with any reasonable instruction by us regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, employers, gender, photographs, e-mail addresses, dates of birth, demographic or related information, attendance records, lifestyle and fitness goals and interests, device and network data, location information, Social Media account information, credit card information, and order histories of customers and previous, current and prospective members (“**Consumer Data**”) and, in any event, employ reasonable means to safeguard the confidentiality and security of Consumer Data. You must comply with all applicable laws governing the use, protection, and disclosure of Consumer Data. If there is a suspected or actual breach of security or unauthorized access involving Consumer Data, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Consumer Data was compromised or disclosed.

Subject to any applicable state or federal laws, you will provide to us at our request and in a manner we designate all member lists and membership records for the Gym, which include the names, addresses, phone numbers, and membership numbers of previous, current, and prospective members (the “**Gym Lists**”). You acknowledge and agree that we are the sole owners of the Gym Lists and that you may not distribute, in any form or manner, the Gym Lists to any third party without our prior written consent. During the Term of this Agreement, we and our affiliates reserve the right to communicate with and provide notifications to members and other individuals listed on the Gym Lists. Upon termination of this Agreement, you agree that you and your affiliates may not use the Gym Lists in any form or manner, and we and our

affiliates reserve the right to make any and all disclosures and use the Gym Lists in any manner that we or they deem necessary or appropriate.

11. INNOVATIONS

All ideas, concepts, techniques or materials relating to a Blink Fitness Gym (“**Innovations**”), whether or not protectable intellectual property and whether created by or for you or your owners, employees or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any Innovation does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to sign (and to cause your owners, employees and contractors to sign) whatever assignment or other documents that we periodically request to evidence our ownership and to help us obtain intellectual property rights in the item. You may not use any Innovation in operating the Gym or otherwise without our prior written approval.

12. EXCLUSIVE RELATIONSHIP

You acknowledge that we have granted you the rights under this Agreement in consideration of and reliance upon your and your owners’ agreement to deal exclusively with us with respect to the products and services that Blink Fitness Gyms offer. You therefore agree that, during the Term of this Agreement, neither you, your owners, the Operating Principal, nor any members of your or their Immediate Families (defined below) will:

- i. have any direct or indirect, controlling or non-controlling interest as an owner - whether of record, beneficial or otherwise - in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not prohibit the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;
- ii. perform services as a director, officer, manager, employee, consultant, representative or agent for a Competitive Business, wherever located or operating;
- iii. directly or indirectly loan any money or other thing of value, or guarantee any other person’s loan, to any Competitive Business or any owner, director, officer, manager, employee or agent of any Competitive Business, wherever located or operating; or
- iv. divert or attempt to divert any actual or potential business, member, or customer of the Gym to a Competitive Business.

The term “**Competitive Business**” means any business providing fitness services or facilities, or any business which grants franchises or licenses to others to operate such a business, other than a Blink Fitness Gym operated under a franchise agreement with us. The term “**Immediate Family**” includes the named individual, his or her spouse, and all children of the named individual or his or her spouse.

You agree to obtain similar covenants from your senior personnel whom we specify, including the Operating Principal, the Club Manager, and officers, directors, and managers, by having the personnel sign our form of confidentiality agreement attached hereto as Exhibit E and other agreements we specify. We have the right to review and approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of Blink Fitness Gyms. Under no circumstances will we control the forms or terms of employment agreements you use with Gym employees or otherwise be responsible for your labor relations or employment practices.

13. ADVERTISING AND MARKETING

A. PRESALE MARKETING PROGRAM

You agree, at your expense, to implement a presale marketing program for the Gym in accordance with the Brand Standards. We will consult with you on a customizable market introduction plan for the Gym that contemplates your spending the amount listed on Exhibit A on the initial promotion of the Gym (the “**Presale Marketing Budget**”). (If the Gym’s address is unknown as of the Effective Date, we will list the Presale Marketing Budget on an amended and restated Exhibit A that we will send you once we accept a site for the Gym in accordance with Section 4.A.) You must obtain our written approval of the presale marketing program. At least forty-five (45) days before you intend to implement the presale marketing program, you must submit it to us for our approval. If we do not accept the presale marketing program in writing within fifteen (15) days after receiving it, it will be deemed rejected. You agree to implement the approved program according to our requirements. You will use the Presale Marketing Budget to pay providers of products and services according to the approved presale marketing program.

B. BRAND FUND

We may, upon sixty (60) days’ prior written notice to you, establish and then administer and maintain a fund (“**Brand Fund**” or “**Fund**”) for advertising, marketing, research, and public relations programs and materials, the purpose of which is to enhance, promote, and protect the Blink Fitness brand and Franchise System. You agree to contribute the amount that we periodically specify to the Brand Fund, not to exceed three percent (3%) of the Gym’s Gross Sales. Your Brand Fund contribution is payable in the same manner as the Royalty or in such other manner as we periodically specify. Blink Fitness Gyms that we or our affiliates own will contribute to the Brand Fund on the same percentage basis as franchisees.

We will direct all programs financed by the Brand Fund, with sole control over all creative and business aspects, but we will consult periodically with the franchisee advertising council (or its successor, if any) when established concerning the Fund’s significant advertising programs and expenditures. The Brand Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and Social Media; developing, maintaining and administering one or more System Websites, including, without limitation, online membership capabilities, lead management and member retention programs; administering national, regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance;

establishing regional and national promotions and partnerships and hiring spokespersons to promote the Blink Fitness brand; and supporting public and member relations, market research, and other advertising, promotion, marketing and brand-related activities.

We will account for the Brand Fund separately from our other funds and not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer the Brand Fund or otherwise provide assistance or services to the Brand Fund, the Brand Fund's administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to the Brand Fund's business, and other expenses that we and our affiliates incur in administering or directing the Brand Fund and its programs, including conducting market research, preparing advertising, promotional and marketing materials, collecting and accounting for Brand Fund contributions, and any other costs or expenses we incur in operating the Brand Fund or as a consequence of the Fund. The Brand Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Brand Fund or 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. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and give you the statement upon written request within sixty (60) days of our fiscal year end. We may (but need not) have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 13.B.

We intend the Brand Fund to maximize recognition of the Marks and patronage of Blink Fitness Gyms, and to enhance, promote, and protect the Blink Fitness brand and Franchise System. Although we will try to use the Brand Fund in the aggregate to develop advertising and marketing materials and programs, and implement programs, that will benefit all Blink Fitness Gyms, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Fund contributions by Blink Fitness Gyms operating in that geographic area or that any Blink Fitness Gym benefits directly or in proportion to its Brand Fund contribution from the development of advertising and marketing materials or implementation of programs. We have the right, but no obligation, to 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 expressly provided in this Section 13.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing or administering the Brand Fund.

We may at any time defer or reduce the Brand Fund contributions of any Blink Fitness Gym franchisee and, upon sixty (60) days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the balance remaining in the Fund on appropriate programs and expenditures or (ii) distribute all unspent funds to our then existing franchisees, and to us and our affiliates, in proportion to their respective Brand Fund contributions during the preceding twelve (12)-month period.

C. APPROVAL OF MARKETING AND OTHER EXTERNAL COMMUNICATIONS

All advertising, promotion, marketing, and public relations activities conducted by you (“**Marketing Materials**”) must be legal and not misleading and conform to the policies set forth in the Operations Manual as we prescribe from time to time. At least fourteen (14) days before you intend to use them, you must send us samples or proofs of (a) all Marketing Materials that we have not prepared or already approved, and (b) all Marketing Materials that we have prepared or already approved and which you propose to change in any way. However, you do not need to send us any advertising or marketing materials for which you have simply completed the missing Gym-specific or pricing information based on templates that we sent to you. If we do not notify you in writing of our approval of these materials within ten (10) days after we actually receive them, they will be deemed disapproved. We will not unreasonably withhold our approval. You may not use any Marketing Materials that we have not approved or have disapproved. We reserve the right upon fourteen (14) days written notice to require you to discontinue the use of any previously-approved Marketing Materials. You must remove from the Gym or other location any unapproved Marketing Materials at your own cost. We also reserve the rights under Section 3.C above.

D. LOCAL MARKETING

You agree to spend a total of at least five percent (5%) of the Gym’s Gross Sales each calendar year on approved Marketing Materials and other approved advertising, marketing and promotional programs for the Gym (the “**Local Marketing Spending Requirement**”). We will administer up to one percent (1%) of your Local Marketing Spending Requirement on digital marketing. You will pay us this one percent (1%) of the Gym’s Gross Sales at the same time and in the same manner as the Royalty, or in such other manner as we periodically specify. As with the presale marketing program, you must prepare a written local marketing plan for the expenditure of your Local Marketing Spending Requirement and submit the plan to us for our approval in accordance with our approval process. However, we will not count any of the following expenditures towards your Local Marketing Spending Requirement: Presale Marketing Budget, Brand Fund contributions, free membership or other service offers, discounts off of a base membership price or similar price reductions that you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), Yellow Pages advertising, employee incentive programs, and other amounts that we, in our reasonable judgment, deem inappropriate for meeting the Local Marketing Spending Requirement. We may review your books and records from time to time and require you to submit reports periodically to determine your advertising, marketing and promotion expenses. If you fail to spend (or prove that you spent) the Local Marketing Spending Requirement in any year, then we may, in addition to and without limiting our other rights and remedies, require you to contribute the shortfall to the Brand Fund, to be used as provided in Section 13.B above.

Notwithstanding the foregoing, we reserve the right, upon delivery of written notice to you, to require you to contribute your Local Marketing Spending Requirement to the Brand Fund. If we do so (unrelated to the shortfall referenced above), we will direct the Brand Fund to spend the Local Marketing Spending Requirement, less our costs or expenses in operating the

Brand Fund or as a consequence of the Fund (as described in Section 13.B), on advertising, marketing, and promotional programs in or for the Gym's local market.

E. REGIONAL ADVERTISING COOPERATIVES

We may designate a geographic area for an advertising cooperative (a "**Cooperative**"). The Cooperative's members in any area are the owners of all of the Blink Fitness Gyms located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine. We may change, dissolve and merge Cooperatives. Each Cooperative's purpose is, with our approval, to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Cooperative covers. If, as of the Effective Date, we have established a Cooperative for the geographic area in which the Gym is located, or if we establish a Cooperative in that area during the Term of this Agreement, you agree to sign the documents that we require to become a member of the Cooperative and to participate in the Cooperative as those documents require. We reserve the right to require you to contribute an additional one percent (1%) of the Gym's monthly Gross Sales to the Cooperative. Any Cooperative dues you contribute (including any additional amounts we require you to contribute to the Cooperative) will count toward the Local Marketing Spending Requirement you are required to spend under Section 13.D to promote the Gym, but in no event will your amounts contributed to a Cooperative affect your new store opening financial and advertising obligations required under Section 13.A or your required contributions to the Brand Fund.

F. ADVERTISING ALLOCATION

We reserve the right to reallocate the total percentage of Gross Sales that we may require you to spend on the Brand Fund, Local Marketing Spending Requirement, and Cooperative at our sole discretion during the Term of this Agreement upon ninety (90) days' prior written notice to you.

G. SYSTEM WEBSITE

We or one or more of our designees may establish a website or series of websites for the Blink Fitness network: (1) to advertise, market and promote Blink Fitness Gyms and the products and services they offer, and/or the Blink Fitness franchise opportunity; (2) to function as the Intranet; and/or (3) for any other purposes that we determine are appropriate for Blink Fitness Gyms (collectively, the "**System Website**"). If we include information about the Gym on the System Website, you agree to give us the information and materials that we periodically request concerning the Gym and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights.

We will own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website, the log of "hits" by visitors, and any Data and other personal or business data that visitors (including you) supply. We may use the Brand Fund's assets to develop, maintain and update the System

Website. We may implement and periodically modify Brand Standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

All advertising, marketing and promotional materials that you develop for the Gym must contain notices of the URL of the System Website in the manner that we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes the Gym or displays any of the Marks without our prior written approval. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet.

Nothing in this Section limits our right to maintain websites other than the System Website or to offer and sell products and services under the Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to you.

H. YOUR WEBSITE AND SOCIAL MEDIA ACTIVITIES

You may not establish an independent website or register any URL containing the Blink Fitness name, Marks, the trademarks of any of our affiliates, or any derivation thereof. You may not advertise your Gym or reference the Marks on any independent website or through Social Media without our prior written approval.

14. RECORDS, REPORTS AND FINANCIAL STATEMENTS

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting methods) that we prescribe from time to time. The records and information contained in this system will not include any records or information relating to the Gym's employees, as you control exclusively your labor relations and employment practices. We may require you to use a Computer System to maintain certain revenue data and other information (including Consumer Data and Gym Lists) and provide us access to that data and other information (but excluding employee records, as you control exclusively your labor relations and employment practices) in the manner we specify. You agree to give us in the manner and format that we prescribe from time to time:

- i. within ten (10) days after the end of each month, statistical reports showing the Gym's total Gross Sales; new member sales; attrition; total member count; personal training sales; retail, beverage, and packaged goods sales; and other information we request regarding you and the Gym covering that month;
- ii. within thirty (30) days after the end of each month, the Gym's operating statements and financial statements (including a balance sheet and cash flow and profit and loss statements);
- iii. within forty-five (45) days after the end of each of your fiscal years, annual profit and loss and cash flow statements and a balance sheet for the Gym as of the end

of the previous fiscal year, and a narrative written description of your year-end operating results; and

- iv. within ten (10) days after our request, exact copies of federal and state income and other tax returns and any other forms, records, books, reports and other information that we periodically require relating to you or to the Gym (other than Gym employee records, as you control exclusively your labor relations and employment practices).

We may periodically specify the form and content of the reports and financial statements described above. You agree to verify and sign each report and financial statement in the manner we prescribe. We will not publicly disclose data derived from these reports unless we make such public disclosure without disclosing your identity or your Gym's financial results on an individual (i.e., unconsolidated) basis (except to the extent we disclose, and you acknowledge that we may disclose, the Gym's financial results in a financial performance representation appearing in Item 19 of our franchise disclosure document).

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location at the Gym or at such other location that we have approved in writing for at least seven (7) years after the end of the fiscal year to which such records relate, or for such time as required by applicable law. If we reasonably determine that any report or financial statement submitted to us is willfully and materially inaccurate, then following our delivery of written notice to you, we may require you to have audited financial statements prepared annually during the Term until we determine that your reports and statements accurately reflect the Gym's business and operations.

15. INSPECTIONS AND AUDITS

A. INSPECTIONS

We and our designated representatives have the right before you open the Gym for business and thereafter from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Gym, observe and record operations, interview employees and members, and inspect all books and records relating to the Gym (but excluding any employment records, as you control exclusively your labor relations and employment practices). You will cooperate with us in these activities. We will give you a written summary of our evaluation. Without limiting our other rights and remedies under this Agreement, you agree promptly to correct at your own expense all deficiencies (i.e., failures to comply with Brand Standards) noted by our evaluators within the time period we specify following your receipt of our notice of such deficiencies. We then may conduct one or more follow-up evaluations to confirm that you have corrected these deficiencies and otherwise are complying with this Agreement and all Brand Standards. We may charge you our then current evaluation fee (as set forth in the Operations Manual) to compensate us for our costs and expenses during any such follow-up evaluation or any evaluation that you request.

Since we will not have the right to inspect your employment records, you agree to send us written certification periodically (as specified in the Brand Standards) that the Gym's employees have all required third-party certifications.

B. OUR RIGHT TO AUDIT

We and our designated representatives may at any time during your business hours, and without prior notice to you, examine the Gym's business, bookkeeping and accounting records, sales and income tax records and returns, and other records (other than those records which we have no authority to control and/or remedy such as your employment records, as you control exclusively your labor relations and employment practices). You agree to fully cooperate with our representatives and independent accountants hired by us to conduct any such inspection or audit. If any inspection or audit discloses an understatement of the Gym's Gross Sales, you must pay us, within ten (10) days after receiving the inspection or audit report, the amounts due on the amount of the understatement, plus our administrative fee and interest from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the Gym's Gross Sales, we will credit you (without interest) for any overpayments you made to us. Further, if an inspection or audit is made necessary due to your failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the cost of our examination, including, without limitation, legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

16. TRANSFER

A. TRANSFER BY US

We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, you agree that we may sell our assets (including this Agreement), the Marks, or the Franchise System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

B. TRANSFER BY YOU AND DEFINITION OF TRANSFER

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the rights under this Agreement in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither: (i) this Agreement or any interest in this Agreement; (ii) the Gym or any right to receive all or a portion of the profits or

losses or any capital appreciation relating to the Gym; (iii) all or substantially all of the Operating Assets; (iv) any ownership interest in you (if you are an entity); nor (v) a controlling ownership interest in an entity with an ownership interest in you, may be transferred without our prior written approval. A transfer of the Gym's ownership, possession or control, or all or substantially all of the Operating Assets, may be made only with a transfer of this Agreement. Any transfer without our written approval is a breach of this Agreement and conveys no rights under or interest in this Agreement. In addition to our other remedies, including, without limitation, the right to terminate this Agreement pursuant to Section 18, you agree that, if there is any transfer without our written approval, you must pay us Twenty-Five Thousand Dollars (\$25,000) to compensate our administrative and management costs due to the unauthorized transfer.

In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events:

- i. transfer of record or beneficial ownership of stock or any other ownership interest or right to receive (directly or indirectly) all or a portion of the profits or losses or any capital appreciation relating to the Gym;
- ii. a merger, consolidation or exchange of ownership interests, or issuance of additional ownership interests or securities representing or potentially representing ownership interests, or a redemption of ownership interests;
- iii. any sale or exchange of voting interests or securities convertible to voting interests, or any management agreement or other agreement granting the right (directly or indirectly) to exercise or control the exercise of the voting rights of any owner or to control the operations or affairs of you (or an entity with an ownership interest in you) or the Gym;
- iv. transfer in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law;
- v. transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- vi. the grant of a mortgage, charge, pledge, collateral assignment, lien or security or other interest in this Agreement, the Gym, any of the Operating Assets (other than vehicles), or an ownership interest in you (or in an entity with an ownership interest in you), excluding only an equipment lease arrangement or financing arrangement for equipment on arm's-length terms; foreclosure upon or attachment or seizure of the Gym or any of its Operating Assets or any interest in you (or in an entity with an ownership interest in you); or your transfer, surrender or loss of the possession, control or management of the Gym.

C. CONDITIONS FOR APPROVAL OF TRANSFER

If you are in full compliance with this Agreement, then, subject to the other provisions of this Section 16.C, we will approve a transfer that meets all the requirements in this Section.

- i. We will approve the transfer of a non-controlling interest in you (determined as if the proposed transfer had occurred) if the proposed transferee and its owners are of good moral character, have no interest in and do not perform services for (and have no affiliates which have an interest in or perform services for) a Competitive Business, otherwise meet our then applicable standards for non-controlling owners of Blink Fitness franchisees, and sign our then current form of Guaranty and Assumption of Obligations. The term “**controlling interest**” is defined in Section 21.O.
- ii. If the proposed transfer is of this Agreement or a controlling interest in you or in an entity owning a controlling ownership interest in you, or is one of a series of transfers (regardless of the period of time over which these transfers take place) which in the aggregate transfer this Agreement or a controlling interest in you or in an entity owning a controlling ownership interest in you, then all of the following conditions must be met before or concurrently with the effective date of the transfer:
 - a. we determine that the transferee and its direct and indirect owners (if the transferee is an entity) have sufficient business experience, aptitude and financial resources to operate the Gym;
 - b. you have paid all required Royalties, Brand Fund contributions and other amounts owed to us and our affiliates, have submitted all required reports and statements, and are not in violation of any provision of this Agreement or any other agreement with us or our affiliates;
 - c. neither the transferee nor any of its direct or indirect owners (if the transferee is an entity) or affiliates operates, has an ownership interest in or performs services for a Competitive Business;
 - d. the transferee (or its owner) and its management personnel and instructors, if different from your management personnel and instructors, satisfactorily complete our then current initial training program and pay our then current initial training fee (as set forth in the Operations Manual);
 - e. the transferee and each of its owners (if the transfer is of this Agreement), or you and your owners (if the transfer is of a controlling interest in you or in an entity owning a controlling ownership interest in you), sign our then current form of franchise agreement and related documents, the provisions of which may differ materially from any and all of those contained in this Agreement;
 - f. you or the transferee pays us a Fifteen-Thousand Dollar (\$15,000) transfer fee;
 - g. the transferee agrees to repair and/or replace the Operating Assets and upgrade the Gym in accordance with our then current requirements and

specifications for new Blink Fitness Gyms within the time period that we specify following the effective date of the transfer;

- h. you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors and assigns;
- i. we have determined that the purchase price, payment terms, and required financing will not adversely affect the transferee's operation of the Gym;
- j. if you or your owners finance any part of the purchase price, you and they agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Operating Assets or ownership interests in you are subordinate to the transferee's (and its owners') obligation to pay Royalties, Brand Fund contributions and other amounts due to us and our affiliates and otherwise to comply with this Agreement;
- k. you and your transferring owners (and members of their Immediate Families) agree, for two (2) years beginning on the transfer's effective date, not to engage in any of the activities proscribed in Section 19.E below; and
- l. you and your transferring owners agree not to directly or indirectly at any time thereafter or in any manner (except with respect to Blink Fitness Gyms that any of them owns or operates): (i) identify themselves or any business as a current or former Blink Fitness Gym or as one of our franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of a Blink Fitness Gym in any manner or for any purpose; or (iii) utilize for any purpose any trade dress, trade name, trademark, service mark or other commercial symbol that suggests or indicates a connection or association with us.

If the proposed transfer is to or among your owners, your or their Immediate Family members, or an entity controlled by you, or the transferee either is a franchisee in good standing for the past five (5) years or managed a franchised or company-owned Blink Fitness Gym for at least five (5) years, then Paragraph (f) will not apply, although you agree to reimburse us for the out-of-pocket costs that we incur in the transfer, up to the amount of the transfer fee described in Paragraph (f). You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you and that our contact with potential transferees to protect our business interests will not constitute improper or unlawful conduct. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms, to communicate candidly and truthfully with the transferee regarding your operation of the Gym, and to withhold consent for the reasons specified above. You waive any claim that the action we take in good

faith to protect our business interests in connection with a proposed transfer constitutes tortious interference with contractual or business relationships. Similarly, we may review all information regarding the Gym that you give the proposed transferee, correct any information we believe is inaccurate, and give the proposed transferee copies of any reports you have given us or we have made regarding the Gym.

D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY

Notwithstanding Section 16.C above, if you are in full compliance with this Agreement, you may transfer this Agreement, together with the Operating Assets and all other assets associated with the Gym, to a corporation or limited liability company which conducts no business other than the Gym and, if applicable, other Blink Fitness Gyms and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the assets of the Gym are owned, and the Gym is operated, only by that single entity. The entity must expressly assume all of your obligations under this Agreement, but you will remain personally liable under this Agreement as if the transfer to the entity did not occur. Transfers of ownership interests in that entity are subject to the restrictions in Section 16.C.

E. DEATH OR DISABILITY

i. Transfer Upon Death or Disability

Upon your (or your owner's) death or disability, your (or the owner's) executor, administrator, conservator, guardian or other personal representative (the “**Representative**”) must transfer your interest in this Agreement, the Operating Assets and the Gym, or the owner's ownership interest in you (or an owner), to a third party. That transfer (including transfer by bequest or inheritance) must occur, subject to our rights under this Section 16.E, within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 16. A failure to transfer such interest within this time period is a breach of this Agreement.

ii. Operation Upon Death or Disability

If, upon your (or your owner's) death or disability, the day-to-day operations of the Gym are not being managed by a trained manager whom we have approved, then you or the Representative (as applicable) must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager whom we approve in writing to operate the Gym. The manager must at our expense satisfactorily complete the training that we designate within the time period that we specify. However, nothing in this Section 16.E limits our rights under Section 18.C.

F. EFFECT OF CONSENT TO TRANSFER

Our consent to any transfer is not a representation of the fairness of the terms of any contract between you (or your owner) and the transferee, a guarantee of the Gym's or

transferee's prospects of success, or a waiver of any claims that we have against you (or your owners) or of our right to demand full compliance with this Agreement.

G. OUR RIGHT OF FIRST REFUSAL

If you, any of your owners, or the owner of a controlling ownership interest in an entity with an ownership interest in you at any time determines to sell or transfer for consideration an interest in this Agreement and the Gym (or all or substantially all of its Operating Assets), a controlling interest in you, or a controlling ownership interest in the entity with an ownership interest in you (except to or among your current owners or in a transfer pursuant to Section 16.D, which are not subject to this Section 16.G), you agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may be a letter of intent) relating exclusively to this Agreement and the Gym or the controlling interest in you or in the entity with an ownership interest in you. 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 provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to an interest in this Agreement and the Gym (or all or substantially all of its Operating Assets) or a controlling interest in you or in the entity with an ownership interest in you and not to any other interests or assets. 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.

We may, by delivering written notice to you within thirty (30) days after we receive both an exact copy of the offer and all other information that we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (i) we may substitute cash for any form of payment proposed in the offer; (ii) our credit will be deemed equal to the credit of any proposed buyer; (iii) the closing will be not less than thirty (30) days after notifying you of our election to purchase or, if later, the closing date proposed in the offer; and (iv) we must receive, and you and your owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in a legal entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Gym prior to the closing of our purchase.

Once you or your owners submit the offer and related information to us triggering the start of the thirty (30) day decision-period referenced above, the offer is irrevocable for that thirty (30) day period. This means that we have the full thirty (30) days to decide whether to exercise the right of first refusal and may choose to do so even if you or your owners change your, his, her, or its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke your offer for

any reason during the thirty (30) days, and we may exercise the right to purchase the particular interest in accordance with this Section's terms.

If we exercise our right of first refusal, you and your transferring owners agree that, for two (2) years beginning on the closing date, you or the transferring owners (and members of your or their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section. If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option. We have the unrestricted right to assign this right of first refusal to a third party (including an affiliate), who then will have the rights described in this Section 16.G. We waive our right of first refusal to sales or transfers to Immediate Family members who meet the criteria in Section 16.C.

17. EXPIRATION OF THIS AGREEMENT

When this Agreement expires (unless it is terminated sooner), you will have the right to acquire a successor franchise and continue operating the Gym as a Blink Fitness Gym for a ten (10)-year term under our then current form of franchise agreement, but only if you have:

- i. given us written notice of your request for a business review at least twenty-five (25) months, but not more than thirty (30) months, before the end of the Term of this Agreement;
- ii. complied with all of your obligations under this Agreement and all other agreements with us or our affiliates, as noted in the business review conducted by us at least twenty-four (24) months before the end of the Term of this Agreement; and
- iii. at our option, either (i) remodeled and upgraded the Gym and otherwise brought the Gym into full compliance with the specifications and standards then applicable for new Blink Fitness Gyms before this Agreement expires, or (ii) agreed to relocate the Gym to a substitute site that we have accepted and construct and develop a new Blink Fitness Gym at that site.

To acquire a successor franchise, you and your owners agree to (i) sign our then current form of franchise agreement (and related documents), which may contain terms and conditions that differ materially from any or all of those in this Agreement, modified to reflect the fact it is for a successor franchise, except that such franchise agreement will impose a successor franchise fee equal to fifty percent (50%) of our then current initial franchise fee for single Blink Fitness Gym franchises (i.e., not developed pursuant to a Development Rights Agreement) and will not grant any rights to another renewal or successor franchise; and (ii) sign a general release in the form

that we specify as to any and all claims against us, our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns. If you fail to sign and return to us the documents referenced in (i) and (ii) above, and pay the successor franchise fee, within sixty (60) days after we deliver those documents to you, that will be deemed your election not to acquire a successor franchise. If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which this Agreement expires, in full compliance with this Agreement and all other agreements with us or our affiliates, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 18.

18. TERMINATION OF AGREEMENT

A. TERMINATION BY YOU

You may terminate this Agreement if we commit a material breach of any of our obligations under this Agreement and fail to correct such breach within thirty (30) days after your delivery of written notice to us of such breach; provided, however, that if we cannot reasonably correct the breach within this thirty (30)-day period but provide you, within this thirty (30)-day period, with evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period. Your termination of this Agreement other than according to this Section 18.A will be deemed a termination without cause and a breach of this Agreement.

B. TERMINATION BY US

Upon the occurrence of any one of the following events, we may, at our option, terminate this Agreement, effective immediately upon delivery of written notice to you:

- i. you (or any of your direct or indirect owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the franchise or your operation of the Gym, including, without limitation, by intentionally, or through your gross negligence, understating the Gym's Gross Sales for any period;
- ii. you fail to obtain our written acceptance of the site, to secure the accepted site under a lease or sublease that we accept, or otherwise to meet any of the development obligations identified in Section 4 on or before the applicable deadline established in Section 4, or you fail to develop, open and begin operating the Gym in accordance with this Agreement and our Brand Standards on or before the Opening Deadline;
- iii. you abandon or fail to actively operate the Gym offering full services to its members during all of the hours we specify (other than due to a force majeure) for three (3) or more consecutive days, or for five (5) or more days within any period of twelve (12) consecutive months;

- iv. you, any of your owners, or the owner of a controlling ownership interest in an entity with an ownership interest in you makes a purported transfer in violation of Section 16 above;
- v. you (or any of your direct or indirect owners with a controlling ownership interest) are or have been convicted of, or plead or have pleaded either guilty or no contest to, a felony, or to another crime or lesser offense that may adversely affect your reputation, the reputation of your Gym or the goodwill associated with the Marks;
- vi. you (or any of your direct or indirect owners with a controlling ownership interest) engage in any dishonest, dangerous, unethical or other conduct which, in our sole opinion, adversely affects our reputation and/or the goodwill associated with the Marks;
- vii. a lender forecloses on its lien on a substantial and material portion of the Gym's assets;
- viii. an entry of judgment against you involving aggregate liability of One Hundred Thousand Dollars (\$100,000) or more in excess of your insurance coverage and such judgment remains unpaid for a period of ten (10) days or more following the entry thereof;
- ix. you (or any of your direct or indirect owners) misappropriate any Confidential Information or violate any provisions of Section 12, including, but not limited to, by holding interests in or performing services for a Competitive Business;
- x. you violate any material law, ordinance, or regulation applicable to the development, operation or marketing of the Gym or the offer or sale of Gym memberships or otherwise applicable to the Gym and do not correct such noncompliance or violation within fifteen (15) days after delivery of written notice of such noncompliance or violation, or do not completely correct such noncompliance or violation within the time period prescribed by law, unless you are in good faith contesting your liability for such violation through appropriate proceedings or provide reasonable evidence of your continual effort to correct the violation within a reasonable time period;
- xi. you fail to report the Gym's Gross Sales or fail to make any payment due to us or any of our affiliates, and do not correct such failure within five (5) days after delivery of written notice of such failure;
- xii. you underreport the Gym's Gross Sales by two (2%) percent on three (3) separate occasions within any period of thirty-six (36) consecutive months or by five (5%) percent during any reporting period;
- xiii. you fail to maintain the insurance required by this Agreement or to furnish us with satisfactory evidence of such insurance within the required time, or significantly

modify your insurance coverage without our written approval, and do not correct such failure within five (5) days after delivery of written notice of such failure;

xiv. you fail to pay when due any federal or state income, service, sales, employment, or other taxes due from the operations of the Gym, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

xv. you (or any of your direct or indirect owners) breach this Agreement or any other agreement between us (or any of our affiliates) and you (or any of your direct or indirect owners) on three (3) or more separate occasions within any period of twelve (12) consecutive months and we provide you with written notice of such breaches in accordance with Section 23 below, whether or not such breaches are corrected after notice from us;

xvi. you repeatedly fail to pay amounts owed to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material pertaining to the operation or ownership of the Gym, and do not correct such failure within five (5) days after delivery of written notice of such failure;

xvii. you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Gym is attached, seized, or levied upon, unless such attachment, seizure, or levy is vacated within sixty (60) days; or any order appointing a receiver, trustee, or liquidator of you or the Gym is not vacated within sixty (60) days following the entry of such order; or

xviii. you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our affiliates) and you, including, without limitation, any Brand Standard, and do not correct the failure to our satisfaction within thirty (30) days after we deliver written notice of the failure to you.

C. ASSUMPTION OF GYM'S MANAGEMENT

If you abandon or fail to actively operate the Gym for any period, or under the circumstances described in Section 16.E, we or our designee has the right (but not the obligation) to enter the site and assume the Gym's management for any period of time that we deem appropriate. The manager will exercise control over the working conditions of the Gym's employees only to the extent that such control is related to our legitimate interest in protecting, and is necessary at that time to protect, the quality of our services or brand. If we assume the Gym's management, all funds from the Gym's operation during the period of our (or our designee's) management will be kept in a separate account and all Gym expenses will be charged to such account. In addition to all other fees and payments owed hereunder, we may charge you a reasonable management fee that we specify, not to exceed five percent (5%) of the Gym's Gross Sales, plus any out-of-pocket expenses incurred in connection with the Gym's management. We

or our designee has a duty only to use reasonable efforts upon assuming the Gym's management and will not be liable to you for any debts, losses or obligations that the Gym incurs, or to any creditors for any supplies or other products or services purchased for the Gym, in connection with such management.

D. OTHER REMEDIES UPON DEFAULT

Upon your failure to remedy any failure to comply with any provision of this Agreement or any Brand Standard, or other default specified in any written notice issued to you under Section 18.B, within the time period (if any) we specify in our notice to you, then we have the right, until you correct the failure or remedy the default to our satisfaction, to take any one or more of the following actions:

- i. suspend your right to participate in one or more advertising, marketing or promotional programs that we or the Brand Fund provides;
- ii. suspend or terminate your participation in any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement or otherwise);
- iii. refuse to provide any operational support that this Agreement requires; and/or
- iv. assume the Gym's management pursuant to Section 18.C.

Our exercise of any of these rights will not constitute an actual or constructive termination of this Agreement nor be our sole and exclusive remedy for your failure to comply or other default. If we exercise our right not to terminate this Agreement but to implement any remedies in this Section 18.D, we may at any time after the appropriate cure period under the written notice has lapsed (if any) terminate this Agreement without giving you any additional corrective or cure period. During any suspension period, you must continue to pay all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. Our election to suspend your rights as provided above will not be a waiver by us of any breach of this Agreement. If we rescind any suspension of your rights, you will not be entitled to any compensation (including, without limitation, repayment, reimbursement, refunds, or offsets) for any fees, charges, expenses, or losses you might have incurred due to our exercise of any suspension right provided above.

19. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

A. PAYMENT OF AMOUNTS OWED

You agree to pay within ten (10) days after this Agreement expires or is terminated, or on any later date that the amounts due are determined, the Royalties, Brand Fund contributions, interest and all other amounts owed to us or our affiliates which then are unpaid, including our damages arising from the termination of this Agreement.

B. DE-IDENTIFICATION

Upon the termination or expiration of this Agreement, you must de-identify the Gym in accordance with this Section 19.B and as reasonably required by us. De-identification includes, but is not limited to, taking the following actions:

- i. beginning on the De-identification Date (defined below), you and your owners may not directly or indirectly at any time thereafter or in any manner (except in connection with other Blink Fitness Gyms that you or any of them own and operate): (i) identify yourself or themselves or any business as a current or former Blink Fitness Gym or as one of our current or former franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark or any other indicia of a Blink Fitness Gym in any manner or for any purpose; or (iii) use for any purpose any trade dress, trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;
- ii. you agree, within fifteen (15) days after the De-identification Date, to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- iii. if we do not exercise the option under Section 19.F below, within fifteen (15) days after the De-identification Date, you agree at your own cost and without any payment from us for such items to deliver to us all signs, sign faces, advertising, marketing and promotional materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Blink Fitness Gym that we request and allow us, without liability to you or third parties, to remove these items from the Gym;
- iv. if we do not exercise the option under Section 19.F below, within fifteen (15) days after the De-identification Date, you agree, at your own expense, to make the alterations that we specify to distinguish the Gym clearly from its former appearance and from other Blink Fitness Gyms in order to prevent public confusion; and
- v. you agree to give us from time to time upon request evidence satisfactory to us of your compliance with these obligations.

The “**De-identification Date**” means: (i) if we exercise the option under Section 19.F, the closing date of our (or our designee’s) purchase of the Gym’s assets; or (ii) if we do not exercise the option under Section 19.F, the date upon which that option expires or the date upon which we provide you written notice of our decision not to exercise, or to withdraw our previous exercise, of that option, whichever occurs first.

C. CONFIDENTIAL INFORMATION

Upon termination or expiration of this Agreement, you and your owners will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all

copies of the Operations Manual and any other confidential materials that we have loaned to you. You may not sell, trade or otherwise profit in any way from any Consumer Data or other Confidential Information at any time following the expiration or termination of this Agreement.

D. NOTIFICATION TO MEMBERS AND CUSTOMERS

When this Agreement expires or is terminated, we have the right to contact (at our expense) previous, current, and prospective members and other customers to inform them that a Blink Fitness Gym will no longer operate at the Gym's location or, if we intend to exercise the option under Section 19.F, that the Gym will operate under new management. We also have the right to inform them of other nearby Blink Fitness Gyms. Our exercise of these rights will not constitute an interference with your contractual or business relationship with such members or customers.

E. COVENANT NOT TO COMPETE

Upon our termination of this Agreement for any reason, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), you agree that, for two (2) years beginning on the effective date of termination or expiration or the date on which all persons restricted by this Section 19.E begin to comply fully with this Section 19.E, whichever is later, and except in connection with other Blink Fitness Gyms operating under effective franchise agreements with us, neither you nor any of your owners, nor any member of your or their Immediate Families, will:

- i. have any direct or indirect, controlling or non-controlling interest as an owner – whether of record, beneficial or otherwise – in any Competitive Business which is located or operating:
 - a. at the Gym's site, or
 - b. within ten (10) miles of the Gym's site, or
 - c. within ten (10) miles of any other Blink Fitness Gym in operation or under construction on the later of the effective date of the termination or expiration or the date on which all persons restricted by this Section 19.E begin to comply with this Section 19.E, provided that this restriction will not prohibit the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or
- ii. perform services as a director, officer, manager, employee, consultant, representative or agent for a Competitive Business which is located or operating:
 - a. at the Gym's site, or
 - b. within ten (10) miles of the Gym's site, or

- c. within ten (10) miles of any other Blink Fitness Gym in operation or under construction on the glater of the effective date of the termination or expiration or the date on which all persons restricted by this Section 19.E begin to comply with this Section 19.E.

These restrictions also apply after transfers and other events, as provided in Section 16 above. You (and each of your owners) expressly acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section 19.E will not deprive you (and them) of personal goodwill or the ability to earn a living.

F. OPTION TO PURCHASE OPERATING ASSETS

i. Exercise of Option

Upon our termination of this Agreement for any reason, your termination of this Agreement other than pursuant to and in compliance with Section 18.A, or expiration of this Agreement (without the grant of a successor franchise), we have the option, exercisable by giving you written notice within thirty (30) days after the date of termination or expiration, to purchase those Operating Assets and other assets associated with the operation of the Gym that we designate. We have the unrestricted right to assign this option to purchase to a third party (including an affiliate), who will then have the rights and obligations described in this Section 19.F. We are entitled to all customary representations, warranties and indemnities in our asset purchase, including representations and warranties as to ownership and condition of, and title to, assets, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities affecting the assets, contingent or otherwise, and indemnities for all actions, events and conditions that existed or occurred in connection with the Gym prior to the closing of our purchase.

If you or one of your affiliates owns the site upon which the Gym is located, we may elect to include a fee simple interest in that site as part of the assets purchased or, at our option, lease that site from you or such affiliate for an initial ten (10)-year term with one (1) renewal term of ten (10) years (at our option) on commercially reasonable terms. If you lease the Gym's site from an unaffiliated lessor, you agree (at our option) to assign the lease to us or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease.

ii. Purchase Price

If we elect to purchase all or substantially all of the Operating Assets and other assets associated with the operation of the Gym, then the purchase price for those assets, together with an assignment of the lease or a sublease for the Gym's site on the terms set forth in Paragraph (i) above, will be their fair market value, although fair market value will not include any value for (a) the franchise or any rights granted by this Agreement, (b) goodwill attributable to our Marks, brand image, and other intellectual property, or (c) participation in the network of Blink Fitness Gyms. In all cases, we may exclude from the assets purchased any Operating Assets or other items that are not reasonably necessary (in function or quality) to the Gym's operation or that we

have not approved as meeting Brand Standards; the purchase price will reflect these exclusions. If we elect to purchase a fee simple interest in the site upon which the Gym is located pursuant to Paragraph (i) above, its purchase price also will be fair market value and will be added to the purchase price for the other Operating Assets we choose to buy. We and you must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after we send you our notice exercising our right to purchase. If we and you cannot agree on fair market value within this fifteen (15) day period, fair market value will be determined by the following appraisal process.

Fair market value will be determined by one (1) independent accredited appraiser upon whom we and you agree, who, in conducting the appraisal, will be bound by the criteria specified above. You and we agree to select the appraiser within fifteen (15) days after we deliver our purchase notice (if we and you do not agree on fair market value before then). If we and you cannot agree on a mutually acceptable appraiser within fifteen (15) days after we deliver our notice, then we will provide you with a list of three (3) independent appraisers and you must select one (1) of those choices to act as the designated appraiser that will determine the purchase price. We and you will share equally the costs of the appraiser's fees and expenses. Within thirty (30) days after delivery of the notice invoking the appraisal mechanism, we and you each must submit to the appraiser our and your respective calculations of the purchase price with such detail and supporting documentation as the appraiser requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the fair market value of the assets purchased under this Section 19.F. The appraiser has no authority to compromise between the two (2) proposed purchase prices, but instead is authorized to choose only one or the other. The appraiser's choice will be the purchase price and is final.

iii. Closing

We will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase and will have no liability to you for doing so. We may set off against the purchase price, and reduce the purchase price by, any and all amounts that you owe us (or our affiliates). At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Gym's licenses and permits which may be assigned or transferred.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. You further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors and assigns. If we exercise our rights under this Section 19.F, then for two (2) years beginning on the closing date, you and your owners (and members of your and their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

G. CONTINUING OBLIGATIONS

All of our and your (and your owners') obligations hereunder which 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 these obligations are satisfied in full or by their nature expire.

20. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

A. INDEPENDENT CONTRACTORS

This Agreement does not create a fiduciary relationship between you and us. You have no authority, express or implied, to act as an agent of ours or any of our affiliates for any purpose. You are, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the Gym and its assets, including any personal property, equipment, fixtures or real property, and for all claims or demands based on damage to or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Gym. Further, we and you are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and we will not be construed to be jointly liable for any of your acts or omissions under any circumstances. We are not the employer or joint employer of the Gym's employees. You or your Operating Principal is solely responsible for the management and operation of the Gym and the supervision of the Gym's employees. You agree to identify yourself conspicuously in all dealings with members, other customers, suppliers, public officials, Gym personnel and others as the owner, operator, and manager of the Gym under a franchise that we have granted and to place notices of independent ownership at the Gym and on the forms, business cards, stationery, advertising, e-mails and other materials that we require from time to time.

We will not exercise direct or indirect control over the working conditions of Gym personnel, except to the extent that such indirect control is related to our legitimate interest in protecting the quality of our services or brand. We do not share or codetermine the terms and conditions of employment of the Gym's employees and do not affect matters relating to the employment relationship between you and the Gym's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you agree to notify Gym personnel that you are their employer and that we, as the franchisor of Blink Fitness Gyms, are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions.

B. NO LIABILITY FOR ACTS OF OTHER PARTY

We and you agree not to 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 and your relationship is other than franchisor and franchisee. We will not be obligated for any

damages to any person or property directly or indirectly arising out of the operation of the Gym or the business you conduct under this Agreement.

C. TAXES

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

D. INSURANCE

During the Term of this Agreement, you agree to maintain in force at your sole expense insurance coverage for the Gym in the amounts, and covering the risks, that we periodically specify. We may require that some or all of your insurance policies provide for waiver of subrogation in favor of us and our affiliates. All of your insurance carriers must be licensed to do business in the state in which the Gym is located and be rated A- or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect before you open the Gym for business. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or relevant changes in circumstances. Insurance policies must name us and any affiliates we periodically designate as additional insureds and provide for thirty (30) days' prior written notice to us of the material modification, cancellation or non-renewal of any policy. You agree to periodically send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified above and the payment of premiums.

E. INDEMNIFICATION

To the fullest extent permitted by law, you agree to indemnify, defend and hold harmless us, our affiliates and our and their respective owners, directors, officers, employees, agents, lawyers, consultants, representatives, successors and assigns (the "**Indemnified Parties**") from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, losses, obligations and damages that any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim threatened or asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of or relating to: (i) the operation of the Gym, (ii) the business you conduct under this Agreement, (iii) your breach of this Agreement or any other agreement with us or our affiliates, (iv) any breach or alleged breach by you or your owners of any representation or warranty set forth in this Agreement, (v) any claim or allegation by any third party that your and your owners' signing this Agreement with us or performing your and their obligations under this Agreement violates any law or any contractual or other commitment you or your owners have, or the rights of or duties owed, to such third party, or (vi) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation concerning the construction, design or operation of the Gym (including laws relating to operating and selling memberships for health and fitness centers,

if and to the extent applicable, the ADA and other laws regarding public accommodations for persons with disabilities, and laws regulating employment practices and employee relations), including those claims, obligations and damages alleged to be caused by an Indemnified Party's negligence or willful misconduct, except as specifically set forth below in this Section.

For purposes of this indemnification, "claims" include all losses, expenses, obligations, and damages (actual, consequential, punitive or otherwise) and costs that an Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration or alternative dispute resolution, including, without limitation, claims by employees, members, or third parties, regardless of whether litigation, arbitration or alternative dispute resolution is commenced. Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or similar actions relating to any claim without the consent of the Indemnified Party. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

Notwithstanding the foregoing, you have no obligation to indemnify under this Section if a court of competent jurisdiction makes a final decision not subject to further appeal that we, our affiliates, or any of our or their respective employees directly engaged in willful misconduct or intentionally caused the property damage or bodily injury that is the subject of the claim, so long as that claim is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment), joint employer liability, or our failure to compel you to comply with this Agreement, which are claims for which we are entitled to indemnification under this Section.

21. ENFORCEMENT

A. SEVERABILITY

Except as expressly provided to the contrary in Section 21.G or otherwise in this Agreement, each Section, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part 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, arbitrator, agency or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of the termination of

this Agreement or of our refusal to enter into a successor franchise agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any Brand Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or Brand Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. WAIVER OF OBLIGATIONS AND FORCE MAJEURE

We and you may by written instrument unilaterally waive or reduce any obligation or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. However, no interpretation, change, termination or waiver of any provision of this Agreement will bind us unless in writing and signed by one of our officers, and which is specifically identified as an amendment to this Agreement. No modification, waiver, termination, discharge or cancellation of this Agreement affects the right of any party hereto to enforce any claim or right hereunder, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, discharge or cancellation. Any waiver we grant will be without prejudice to any other rights we have, will be subject to our continuing review, and may be revoked at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

We and you will not be deemed to waive or impair any right, power or option this Agreement reserves (including our right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with the terms of this Agreement; our or your failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including your compliance with any Brand Standard; our waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other Blink Fitness Gyms; the existence of franchise agreements for other Blink Fitness Gyms which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement or accord and satisfaction. We are authorized to remove any legend or endorsement, and it will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from: (i) acts of God; (ii) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (iii) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties, Brand Fund contributions and other amounts due afterward.

C. COSTS AND ATTORNEYS' FEES

If either we or you seek to enforce this Agreement in an arbitration, judicial or other proceeding, the prevailing party is entitled to recover its reasonable costs and expenses (including reasonable attorneys' fees, arbitrators' fees and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses) incurred in connection with such arbitration, judicial or other proceeding.

D. YOU MAY NOT WITHHOLD PAYMENTS

You agree that you will not withhold payment of any amounts owed to us or our affiliates on the grounds of our or their alleged nonperformance of any of our or their obligations under this Agreement or any other agreement.

E. RIGHTS OF PARTIES ARE CUMULATIVE

Our and your rights under this Agreement are cumulative, and our and your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we and you are entitled by law to enforce.

F. MEDIATION

We and you acknowledge that, during the Term of this Agreement, disputes may arise regarding our and your relationship, rights and obligations under this Agreement. To facilitate resolution of these disputes, we and you agree that, during the Term of this Agreement, before commencing an arbitration action, we and you must submit any dispute arising from or relating to this Agreement or our relationship (other than disputes relating to the Marks or to your failure to pay amounts owed to us or our affiliates) for non-binding mediation. The mediation will occur in the county where our headquarters are then located and be conducted by one (1) mediator under the then current Commercial Mediation Rules of the American Arbitration Association. The mediation will be limited to one (1) eight (8)-hour day. Any statements made by any person during the mediation are not admissible in any subsequent litigation or arbitration proceeding. We and you will each bear our own costs and expenses for the mediation and share equally the costs of any independent third parties or fees required for the mediation. If the dispute is not resolved within forty-five (45) days after the mediator is appointed, either we or you may bring an arbitration action according to the terms of this Agreement.

Notwithstanding anything to the contrary contained in this Section or in Section 21.G, we and you have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, we and you agree to contemporaneously submit our dispute for arbitration on the merits according to Section 21.G. Furthermore, nothing in this Section or Section 21.G limits either party's right to deliver a notice of default under, and terminate, this Agreement in accordance with Section 18.

G. ARBITRATION

Subject to the parties' right to obtain temporary restraining orders and temporary or preliminary injunctive relief pursuant to Section 21.F, all controversies, disputes or claims between us (and our affiliates and our and their respective owners, officers, directors, agents and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to:

- i. this Agreement or any other agreement between you (or your owner) and us (or our affiliate) or any provision of any of such agreements;
- ii. our relationship with you;
- iii. the scope or validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or
- iv. any Brand Standard,

will be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within ten (10) miles of where we have our principal business address at the time the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law.

The arbitrator has the right to award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs in accordance with Section 21.C above, provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) subject to the exceptions in Section 21.J, we and you waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, and treble and other forms of multiple damages against the other. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. We and you further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. The arbitrator may not consider any settlement discussions or offers that might

have been made by either you or us. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 21.C above.

We and you agree that arbitration will be conducted on an individual, not a class wide, basis, that only we (and our affiliates and our and their respective owners, officers, directors, agents and employees, as applicable) and you (and your affiliates and your and their respective owners, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated with any other arbitration proceeding involving us and/or any other person. Notwithstanding the foregoing or anything to the contrary in this Section or Section 21.A, 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 21.G, then we and you agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 21 (excluding this Section 21.G).

The provisions of this Section 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.

H. GOVERNING LAW

Except 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.*) or other federal law, all controversies, disputes or claims arising from or relating to:

- i. this Agreement or any other agreement between you (or your owners) and us (or our affiliates);
- ii. our relationship with you;
- iii. the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate); or
- iv. any Brand Standard,

will be governed by the laws of the State of New York, without regard to its conflict of laws rules, except that any law regulating the offer or sale of franchises, business opportunities or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship (including the New York General Business Law, Art. 33, Sections 680 to 695), will not apply unless its jurisdictional requirements are met independently without reference to this Section 21.H.

I. CONSENT TO JURISDICTION

Subject to the arbitration obligations in Section 21.G, you and your owners agree that all judicial actions brought by us against you or your owners, or by you or your owners against us,

our affiliates or our or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction located closest to where we have our principal business address at the time the action is commenced. You and each of your owners irrevocably submit to the jurisdiction of such courts and waive any objection that you or any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Gym is located.

J. WAIVER OF PUNITIVE DAMAGES

EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS UNDER SECTION 20.E AND CLAIMS BASED ON UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU (AND/OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

K. WAIVER OF JURY TRIAL

WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS). WE AND YOU (AND YOUR OWNERS) EACH ACKNOWLEDGE THAT WE AND YOU (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

L. WAIVER OF CLASS ACTION LITIGATION

Litigation arising out of or related to this Agreement must be conducted on an individual, not a class-wide, basis. No litigation under this Agreement may be consolidated with any other litigation and any other person without our prior written consent.

M. BINDING EFFECT

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. Subject to our rights to modify the Operations Manual and the Brand Standards, this Agreement may not be modified except by a written agreement signed by both you and us.

N. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS THAT YOU OWE US AND EXCEPT FOR OUR (AND CERTAIN OF OUR RELATED PARTIES') RIGHT TO SEEK INDEMNIFICATION FROM

YOU FOR THIRD-PARTY CLAIMS AS PROVIDED IN THIS AGREEMENT, ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN EIGHTEEN (18) MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

O. CONSTRUCTION

The preambles and exhibits are a part of this Agreement, which, together with any riders or addenda signed at the same time as this Agreement, constitutes the entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to the subject matter of this Agreement. There are no other oral or written representations, warranties, understandings or agreements between us and you relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement disclaims or requires you to waive reliance on any representation that we made in the most recent disclosure document (including its exhibits and amendments) that we delivered to you or your representative. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement and are not binding on us. Except as provided in Sections 20.E and 21.G, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

The headings of the sections and paragraphs are for convenience only and do not define, limit or construe the contents of these sections or paragraphs.

References in this Agreement to “**us**” with respect to all of our rights and all of your obligations to us under this Agreement include any of our affiliates with whom we deal in connection with the Gym. The term “**affiliate**” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling the party indicated. “**Control**” means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of your rights under this Agreement and/or the Gym, whether as partners or joint venturers, their representations, warranties, obligations and liabilities to us will be joint and several. The term “**owner**” means any person holding a direct or indirect ownership interest (whether of record, beneficial, or otherwise) or voting rights in you (or your owner or a transferee of this Agreement and the Gym or any interest in you), including any person who has a direct or indirect interest in you (or your owner or a transferee), this Agreement, or the Gym and any person who has any other direct or indirect legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a “**controlling ownership interest**” or “**controlling interest**” means any of the following: (a) thirty-three percent (33%) or more of the ownership interests, voting shares or other voting rights in you or one of your owners, whether held directly or through one or more owners; (b) an interest the acquisition of which allows an individual to become or appoint an owner (subject to our consent pursuant to this Agreement); or

(c) an interest the acquisition of which grants the power to direct or cause the direction of management and polices of you, your owners (if an entity) or the Gym to any person that did not have such power before that acquisition. **“Person”** means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative or other legal or functional entity. Unless otherwise specified, all references to a number of days mean calendar days and not business days.

The term “Gym” includes all of the assets of the Blink Fitness Gym that you operate under this Agreement, including its revenue and income. The words “include,” “including,” and words of similar import will be interpreted to mean “including, but not limited to” and the terms following such words will be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

This Agreement will become valid and enforceable only upon its full execution by you and us, although we and you need not be signatories to the same original, facsimile, or electronically-transmitted counterpart of this Agreement. A faxed copy of an originally-signed signature page, a scanned copy of an originally-signed signature page that is sent as a .pdf by e-mail, or a signature page bearing an electronically/digitally captured signature and transmitted electronically will be deemed an original.

P. THE EXERCISE OF OUR BUSINESS JUDGMENT

Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we deem appropriate according to our reasonable business judgment and subject to reasonable deviations, to vary Brand Standards or other aspects of the Franchise System for any franchise owner. You have no right to require us to grant you a similar variation or accommodation. Notwithstanding the foregoing, we will not unreasonably withhold, condition, or delay our consent to a proposed transfer or assignment you submit for our approval if the proposed transfer satisfies the terms and conditions of Section 16.

Q. REPRESENTATIONS AND WARRANTIES

You and your owners, jointly and severally, represent, warrant, and covenant to us that your execution and delivery of this Agreement, and your performance of your obligations under this Agreement, (i) have not violated and will not violate any other agreement or commitment to which you or they are a party or by which you or they are otherwise bound, and (ii) have not violated and will not violate the rights of, or duties owed to, any third party.

22. COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. **“Anti-Terrorism Laws”** mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other

requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement, as provided in Section 18 above.

23. NOTICES AND PAYMENTS

All written acceptances, approvals, requests, notices, and reports permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed delivered at the time delivered by hand; or one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that we provide to you or your owners, at the Gym's address. Payments will be deemed delivered on any of the applicable dates described above or, if earlier, at the time we actually receive payment electronically. As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

To us: Blink Fitness Franchising, Inc.
386 Park Avenue South, 11th Floor
New York, New York 10016
Attn:
Facsimile No.:

Notices to you and your owners: _____

24. ELECTRONIC MAIL

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates (“**Official Senders**”) to you during the Term of this Agreement.

You further agree that: (i) Official Senders are authorized to send e-mails to those of your supervisory employees as you may occasionally authorize for the purpose of communicating with us; (ii) you will cause your officers, directors, and supervisory employees to give their consent to Official Senders' transmission of e-mails to them; (iii) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is associated with you; and (iv) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term of this Agreement.

The consent given in this Section 24 will not apply to the provision of notices by either party under this Agreement pursuant to Section 23 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the dates below, to be effective on the Effective Date stated on the first page above.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____, 20____

[Name]

By: _____
Name: _____
Title: _____
Date: _____, 20____

(IF INDIVIDUALS):

[Signature / Date]

[Print Name]

[Signature / Date]

[Print Name]

EXHIBIT A
TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT

BASIC TERMS

1. The Site Selection Area is _____

_____.
2. The Gym's physical location is _____.
3. The Gym's Protected Area is defined as _____.

We may, at our sole option and upon delivery of written notice to you, reduce the geographic scope of the Protected Area during the Franchise Agreement's term if the living population encompassed within the Protected Area during the term doubles in size when compared with the size of such population as of the Franchise Agreement's Effective Date. (We also may modify the Protected Area in the event of the Gym's relocation.)

4. The Opening Deadline for the Gym is _____.
5. The Presale Marketing Budget is \$_____.

**BLINK FITNESS FRANCHISING,
INC.,** a Delaware corporation

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____, 20____

By: _____
Name: _____
Title: _____
Date: _____, 20____

(IF INDIVIDUALS):

[Signature / Date]

[Print Name]

[Signature / Date]

[Print Name]

EXHIBIT B
TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Unit Franchise Agreement (the "Agreement") on this date by **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation ("Franchisor"), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 21, 22, and 23 of the Agreement, including the arbitration provision.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, any extensions of its term or the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including, without limitation, any extensions of its term), for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners, and for so long as Franchisor has any cause of action against Franchisee or any of its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any indebtedness by Franchisee to the undersigned, for whatever reason, whether currently existing or hereafter arising, will at all times be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor or its affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations hereunder survive the expiration or termination of the Agreement.

If Franchisor seeks to enforce this Guaranty in an arbitration, judicial or other proceeding, and prevails in such proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses) incurred in connection with such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations (as set forth in the Agreement) and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address at the time the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. **FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.**

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)

**PERCENTAGE OF OWNERSHIP IN
FRANCHISEE**

%

%

%

%

%

EXHIBIT C
TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT

FRANCHISEE AND ITS OWNERS

**Effective Date: This Exhibit C is current and complete
as of _____, 20____**

1. Form of Franchisee.

(a) **Individual Proprietorship.** Franchisee's owner(s) (is) (are) as follows:

(b) **Corporation, Limited Liability Company or Partnership.** Franchisee was incorporated or formed on _____, 20____, under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's corporate, limited liability company, or partnership name and _____. The following is a list of Franchisee's directors or managers (if applicable) and officers as of the effective date shown above:

Name

Position(s) Held

2. **Owners.** The following list includes the full name of each person who is one of Franchisee's direct or indirect owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

Owner's Name

Description of Interest

Owner's Name

Description of Interest

3. **Managing Owner**. Franchisee's Managing Owner is _____.

**BLINK FITNESS FRANCHISING,
INC., a Delaware corporation**

By: _____
Name: _____
Title: _____
Date: _____, 20____

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

[Name]

By: _____
Name: _____
Title: _____
Date: _____, 20____

(IF INDIVIDUALS):

[Signature / Date]

[Print Name]

[Signature / Date]

[Print Name]

EXHIBIT D
TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT

LEASE RIDER

LEASE PROVISIONS FOR BLINK FITNESS GYM FRANCHISES

The following provisions must be inserted into your lease for your Gym that you will operate under the “BLINK®” brand (the “**Lease**”). You may add this language via a rider or addendum to your Lease, as long as the rider or addendum document is signed by both the tenant and the landlord. Please send us a copy of the signed Lease, along with any riders or addenda.

REQUIRED LANGUAGE:

A. During the Term of the franchise agreement (the “**Franchise Agreement**”) between Tenant and Blink Fitness Franchising, Inc. (“**BFF**”), Tenant will use the premises only for the operation of a Blink Fitness Gym.

B. Landlord shall send to BFF copies of all default notices and all notices of Landlord’s intent to terminate the Lease (or any rights of Tenant thereunder), or evict Tenant from the leased premises, simultaneously with sending such notices to Tenant. Such copies shall be sent to:

Blink Fitness Franchising, Inc.
386 Park Avenue South, 11th Floor
New York, NY 10016
Attn:

C. Tenant may assign the Lease to BFF or its affiliates upon expiration or termination of the Franchise Agreement, and Landlord will not withhold its consent to this assignment. Landlord will not impose or assess any assignment fee or similar payment or accelerate rental payments under the Lease in connection with the assignment.

D. BFF or its affiliates may enter the premises to make any modification or alteration necessary to protect the Franchise System and the Marks or to cure any default under the Franchise Agreement or Lease at any time and without prior notice to Landlord.

E. Tenant will not assign or sublease the premises or renew or extend the term of the Lease, or modify the Lease in any manner, without prior written approval from BFF.

F. Upon the occurrence of any of the following:

(1) a default by Tenant under the Lease, the Franchise Agreement, or any document or instrument securing or relating to the Franchise Agreement, or

(2) the termination of the Franchise Agreement before its term expires by BFF or Tenant for any reason other than a default by BFF,

BFF shall have the right (but no obligation), exercisable upon delivery of written notice to Tenant and Landlord, to compel an assignment of the Lease, and all of Tenant's rights thereunder, to BFF or to an assignee of BFF's choice, at BFF's option. If BFF (or its assignee) exercises the rights under this paragraph (F), Tenant shall have no further right, title or interest under the Lease or to the leased premises, but shall remain solely liable to Landlord for all rents, charges and other obligations under the Lease prior to the date upon which BFF (or its assignee) assumes possession of the leased premises.

G. BFF is an intended third party beneficiary under the provisions set forth above with independent rights to enforce them and neither Landlord nor Tenant may alter or limit any of those provisions without BFF's prior written approval.

[LANDLORD]

By: _____
Name: _____
Title: _____
Date: _____, 20____

[TENANT]

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

[Name]

By: _____
Name: _____
Title: _____
Date: _____, 20____

(IF INDIVIDUALS):

[Signature / Date]

[Print Name]

EXHIBIT E
TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT

FORM OF CONFIDENTIALITY AGREEMENT

In consideration of my employment or contract with and/or interest in _____ (hereinafter, the “**Franchisee**”) and the salary, honorariums, wages and/or fees paid to me, I acknowledge that Blink Fitness Franchising, Inc., a Delaware corporation, having its principal place of business at 386 Park Avenue South, 11th Floor, New York, New York 10016 (hereinafter referred to as “**Blink Fitness**”), has imposed the following conditions on the Franchisee, any owner of the Franchisee, and the Franchisee’s officers, directors, and senior personnel, and as a condition of performing services to or having an interest in Franchisee, I agree to accept the following conditions without limitation:

1. Without obtaining the prior written consent of Blink Fitness (which consent may be withheld in Blink Fitness’ sole discretion), I will (i) not disclose, publish, or divulge to any other person, firm or corporation, through any means, some or all of the Confidential Information of Blink Fitness, either during or subsequent to my employment by or association with Franchisee, (ii) not use the Confidential Information for any purposes other than as related to my employment or association with Franchisee, and (iii) not make copies or translations of any documents, data, or compilations containing any or all of the Confidential Information, nor commingle any portion of the documents, data or compilation or otherwise use the documents, data or compilations containing Confidential Information, for my own purpose or benefit. I also agree to surrender any material containing some or all of the Confidential Information of Blink Fitness upon request or upon termination of employment or association with Franchisee and understand that the Operations Manual is provided by Blink Fitness to Franchisee for a limited purpose and will remain the property of Blink Fitness and may not be reproduced, in whole or in part, without the prior written consent of Blink Fitness.

For purposes of this Agreement, “**Confidential Information**” shall mean certain information, processes, methods, techniques, procedures and knowledge, including know-how (which includes information that is secret and substantial), manuals and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by Blink Fitness relating directly or indirectly to the development or operation of a Blink Fitness Gym. With respect to the definition of know-how, “**secret**” means that the know-how as a body or in its precise configuration is not generally known or easily accessible and “**substantial**” means information which is important and useful to Franchisee in developing and operating Franchisee’s Gym. Without limiting the foregoing, Confidential Information includes, but is not limited to:

- i. information in the Operations Manual and Brand Standards;
- ii. layouts, designs, and other plans and specifications for Blink Fitness Gyms;

- iii. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating Blink Fitness Gyms;
- iv. content and methods of instruction;
- v. marketing research and promotional, marketing and advertising programs for Blink Fitness Gyms;
- vi. knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, materials and supplies that Blink Fitness Gyms use and sell;
- vii. knowledge of the operating results and financial performance of Blink Fitness Gyms other than the Gym;
- viii. member solicitation, communication and retention programs, along with data and information used or generated in connection with those programs;
- ix. all Data and all other information generated by, or used or developed in, the operation of the Gym, including Consumer Data and Gym Lists, and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- x. any other information that we reasonably designate as confidential or proprietary.

2. In the event of a dispute or question arising out of the interpretation of this Agreement or any of its terms, the laws of the State of New York shall govern.

3. I acknowledge receipt of a copy of this Agreement, and that I have read and I understand this Agreement. This Agreement may not be modified except in writing with prior approval of an officer of each of Franchisee and Blink Fitness.

Owner, officer, director, and senior personnel:

By: _____
Name: _____
Title: _____
Date: _____

Social Security No.: _____
or Tax ID No. _____
Address: _____

Phone: _____
Fax: _____

Check the following that apply:

Owner
 Officer
 Director

Senior Personnel
 Other (please specify)

EXHIBIT C

DEVELOPMENT RIGHTS AGREEMENT

BLINK FITNESS FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT

THIS DEVELOPMENT RIGHTS AGREEMENT (this “**Agreement**”) is made effective as of _____, 20__ (the “**Effective Date**,” regardless of when the parties execute and date this Agreement), by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“**we**,” “**us**,” or “**our**”), and _____, a(n) _____ (“**you**” or “**your**”).

RECITALS

A. We and our affiliates have designed and developed a method of developing and operating health and fitness centers identified by the Marks (defined below) that currently provide cardiovascular and strength training equipment and related products and services (“**Blink Fitness Gyms**”).

B. We and our affiliates have developed, and use, promote and license, certain trademarks, service marks and other commercial symbols in operating Blink Fitness Gyms, including “**BLINK®**,” and we may from time to time create, use and license other trademarks, service marks and commercial symbols for Blink Fitness Gyms (collectively, the “**Marks**”).

C. Simultaneously with signing this Agreement, we and you (or your Controlled Affiliate, as defined below) are signing a franchise agreement dated as of _____, 20__ pursuant to which you (or such Controlled Affiliate) will operate a Blink Fitness Gym (the “**Unit Franchise Agreement**”). We and you are signing this Agreement because you have requested the right to develop and operate multiple Blink Fitness Gyms within a certain geographic area over a certain period of time, and we are willing to grant you such rights if you comply with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, and obligations set forth in this Agreement, we and you agree as follows:

1. Grant of Development and Territorial Rights. Subject to your compliance with this Agreement, we hereby grant you (and/or any of your approved Controlled Affiliates) the right to develop _____ (_____) new Blink Fitness Gyms, including the Blink Fitness Gym to be developed under the Unit Franchise Agreement being signed simultaneously with this Agreement, according to the mandatory development schedule (the “**Schedule**”) identified on Exhibit A to this Agreement, within the geographic area described on Exhibit B to this Agreement (the “**Area**”). In this Agreement, the term “**Controlled Affiliate**” means any corporation, limited liability company or other business entity of which you or one or more of your majority owners owns at least fifty-one percent (51%) of the total authorized ownership interests, as long as you or such owner(s) has the right to control the entity’s management and policies.

Provided you and your Controlled Affiliates are in full compliance with this Agreement and all other agreements between you (or any of the Controlled Affiliates) and us (or any of our

affiliates), including, without limitation, the Unit Franchise Agreement and all other franchise agreements then in effect between you (or any Controlled Affiliate) and us for the operation of Blink Fitness Gyms, then, during this Agreement's term only, except as otherwise provided in this Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, a Blink Fitness Gym that has its physical location within the Area. You acknowledge and agree that we may exercise in the Area any and all of the rights that we now reserve in the Unit Franchise Agreement (and related documents), including in Section 3.D of the Unit Franchise Agreement. After this Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Area without any restrictions whatsoever, subject only to your (or any Controlled Affiliate's) rights under franchise agreements with us then in effect.

2. Development Fee. Simultaneously with signing this Agreement, you must pay us a fee of _____ Thousand Dollars (\$____,000), which is equal to Twenty Thousand Dollars (\$20,000) multiplied by the number of Blink Fitness Gyms you agree to develop, including the Blink Fitness Gym covered by the Unit Franchise Agreement (the "**Development Fee**"). The Development Fee is fully earned by us when this Agreement is signed and is non-refundable. We do not apply the Development Fee toward any initial franchise fees due for the Blink Fitness Gyms you develop under franchise agreements you sign with us, including the Unit Franchise Agreement.

3. Development Obligations. To maintain your rights under this Agreement, you and/or approved Controlled Affiliates must sign franchise agreements for, obtain possession of the sites of, develop, and open for business the agreed-upon number of Blink Fitness Gyms within the Area by the dates set forth on the Schedule. You or a Controlled Affiliate will operate each Blink Fitness Gym under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents) that you or your Controlled Affiliate will sign for each Blink Fitness Gym will be our then current form of franchise agreement and related documents, including, without limitation, personal guarantees (collectively, the "**Franchise Documents**"), any or all of the terms of which may differ substantially from the terms contained in the Unit Franchise Agreement. To retain your development rights under this Agreement, each Blink Fitness Gym opened pursuant to this Agreement must operate continuously throughout this Agreement's term.

After you sign both the Unit Franchise Agreement and this Agreement, we or a designated third party supplier of site evaluation, leasing and related services (the "**Site Consultant**") will assist you by reviewing potential sites for the Blink Fitness Gym you must develop pursuant to the Unit Franchise Agreement. You must use a licensed commercial real estate broker during the site selection process, and we have the right to require you to hire a real estate broker we designate who has expertise in the Area. We may, but have no obligation to, physically visit your proposed sites. We may condition our making a proposed site visit and our acceptance of a proposed site on your first sending us complete site reports and other materials (including, without limitation, photographs and video recordings) we request. We or the Site Consultant will provide you with our then current criteria for sites for Blink Fitness Gyms to assist you in selecting and identifying your site. However, even if we or the Site Consultant gives you information regarding a potential site for a future Blink Fitness Gym, you acknowledge that

(i) the Site Consultant is solely responsible for its activities, its communications, and the information it shares with you and they are not activities, communications, or information from us, and (ii) we have made and will make no representations or warranties of any kind, express or implied, about the suitability of any particular site for a new Blink Fitness Gym or any other purpose, or of the likelihood that we ultimately will accept a particular site for a future Blink Fitness Gym location.

4. Development Schedule Extensions. During the term of this Agreement, we may, in our sole judgment, grant you (and/or your Controlled Affiliates) extensions of any of the deadlines set forth on the Schedule for any Blink Fitness Gym. You must request an extension of the applicable deadline at least sixty (60) days before the deadline date. We may consider various factors in deciding whether to grant an extension, including your diligence in developing the Blink Fitness Gyms. You must pay us our then current lump-sum extension fee for each extension when you request the extension to compensate our costs, expenses, and lost opportunities related to the proposed extension. If we agree to extend any deadline, we will determine the length of the extension in our sole judgment. We will deem each extension request granted and the extension fee fully earned and nonrefundable unless we notify you (or your Controlled Affiliate) otherwise on or before the original deadline date. Extensions do not change any date(s) listed on the Schedule other than the specific date(s) then being adjusted by the extension.

Notwithstanding the above, if you have complied with the deadline set forth on the Schedule for signing the Franchise Agreement for a particular Blink Fitness Gym to be developed (the first column in Exhibit A) and also have signed a lease for that Gym on or before that same deadline, we will not charge you an extension fee if you—though working in good faith toward opening the Gym—need an extension because you will not be able to meet that Gym’s opening deadline reflected on the Schedule (the third column in Exhibit A). For the avoidance of doubt, our agreement to grant you reasonable extensions and to waive our then-current lump-sum extension fees does not preclude us from exercising our rights and remedies under this Agreement, including the right to terminate this Agreement after we first grant you an extension and waive an extension fee.

5. No Sublicensing Rights. This Agreement does not grant you any right to license others to operate Blink Fitness Gyms. Only you (and your approved Controlled Affiliates) may open and operate Blink Fitness Gyms pursuant to this Agreement and only under Franchise Documents with us.

6. Grant of Franchises. You agree to give us all information and materials we request to assess each proposed Blink Fitness Gym site and your (or your Controlled Affiliate’s) financial and operational ability to develop and operate each proposed Blink Fitness Gym. We will not unreasonably withhold acceptance of any site you propose that meets our then current criteria for population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics. However, we have the absolute right to reject any site that does not meet these criteria. We agree to use reasonable efforts to review and accept in writing the sites you propose within thirty (30) days after we receive all requested information and materials (including, without limitation,

photographs and video recordings). If we accept a proposed site and your (or your Controlled Affiliate's) financial and operational ability to develop and operate the proposed Blink Fitness Gym, then you or your approved Controlled Affiliate (and your or the Controlled Affiliate's owners) must sign separate Franchise Documents for that Blink Fitness Gym. If you or the Controlled Affiliate (and such owners) do not do so, or are unable to obtain lawful possession of the proposed site within a reasonable time after we accept the proposed site, we may withdraw our acceptance. Neither you nor any Controlled Affiliate may sign any lease or sublease for a site without our written acceptance and first signing, and complying with, the Franchise Documents. After you (or your Controlled Affiliate) signs the Franchise Documents, their terms and conditions will control the development and operation of the Blink Fitness Gym, although the opening deadline is controlled by the Schedule.

This Agreement is not a franchise agreement and does not grant you the right to engage in the business of offering, selling or distributing goods and services under the Marks or to use the Marks in any manner. These rights are granted only by Franchise Documents signed by you (or your approved Controlled Affiliates) and us. Subject to Section 8(b), any and all Franchise Documents are independent of this Agreement.

In addition to our rights with respect to proposed Blink Fitness Gym sites, we may delay your development and/or opening of additional Blink Fitness Gyms within the Area for the time period we deem best if we believe in our sole judgment, when you submit your application for another Gym, or after you (or your Controlled Affiliate) have developed and constructed but not yet opened a particular Gym, that you (or your Controlled Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Blink Fitness Gym in full compliance with our standards and specifications. We may delay additional development and/or a Gym's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

7. Club Managers. Notwithstanding anything to the contrary in Section 7.D of the Unit Franchise Agreement, each of your Blink Fitness Gyms must have a designated manager (the “**Club Manager**”). The individual you designate and retain to serve as the operating principal of the Blink Fitness Gym you develop and open under the Unit Franchise Agreement (the “**Operating Principal**”) may not serve as the Club Manager for any other Blink Fitness Gym you open and operate under the Franchise Documents. We must approve the Operating Principal in writing prior to the earlier of the Effective Date of this Agreement or the execution of the Unit Franchise Agreement.

8. Term. This Agreement’s term begins on the Effective Date and ends on the date when (a) you open the final Blink Fitness Gym under the Schedule, or (b) this Agreement otherwise is terminated, but in any event the term will end no later than _____.

9. Termination. We may terminate this Agreement and your right to develop additional Blink Fitness Gyms within the Area at any time, effective upon delivery of written notice of termination, if: (a) you fail to satisfy either your development obligations under the Schedule or any other obligation under this Agreement, which defaults you have no right to cure;

or (b) the Unit Franchise Agreement or any other franchise agreement between us and you (or any Controlled Affiliate) for a Blink Fitness Gym is terminated by us or you (or the Controlled Affiliate) for any reason. If this Agreement is terminated for any reason, you will lose all rights to further develop Blink Fitness Gyms in the Area; provided, however, termination will not affect your right to operate any Blink Fitness Gym in existence or under development provided you are in compliance with the Franchise Documents for any such Blink Fitness Gym. No portion of the Development Fee is refundable.

10. Assignment. You (and your owners) acknowledge that we are granting you the rights under this Agreement because of our perception of your (and your owners') individual and collective character, skill, business acumen, financial capability and ability to operate Blink Fitness Gyms according to our Brand Standards. These rights are personal to you and your owners. Therefore, you and your owners may not assign this Agreement or any of your ownership interests without our prior written approval, which we may grant or withhold for any or no reason. We may assign this Agreement or any of our ownership interests without restriction.

11. Representations and Warranties. You and your owners, jointly and severally, represent, warrant, and covenant to us that your execution and delivery of, and performance of your and their obligations under, this Agreement have not violated and will not violate (a) any other agreement or commitment to which you or they are a party or by which you or they are otherwise bound, or (b) the rights of, or duties owed to, any third party.

12. Indemnity. To the maximum extent permitted by law, you and your owners, jointly and severally, agree to indemnify, defend, and forever hold harmless us and our parent and other affiliated entities, and our and their respective officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "**Blink Parties**"), against, and to reimburse the Blink Parties for, any losses, liabilities, expenses, or damages (actual or consequential), including, without limitation, reasonable attorneys', attorney assistants', accountants', and expert witness fees, collection costs, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which the Blink Parties suffer directly or indirectly arising from or with respect to (a) any breach or alleged breach by you or your owners of any representation or warranty set forth in this Agreement, or (b) any claim or allegation by any third party that our signing this Agreement with you or granting you the development rights, or any related activities, violate any law or any rights of, or duty owed to, such third party. This indemnification obligation is in addition to the indemnification obligations currently referenced in Section 13 below.

13. Incorporation of Other Terms. Sections 20-21 and 23-24 of the Unit Franchise Agreement, entitled "Relationship of the Parties; Indemnification," "Enforcement," "Notices and Payments" and "Electronic Mail," respectively, including, without limitation, the mediation and arbitration obligations under Sections 21.F and 21.G of the Unit Franchise Agreement, are incorporated by reference in this Agreement and will govern all aspects of this Agreement and our and your relationship as if fully restated within the text of this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the dates below, to be effective on the Effective Date stated on the first page above.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

DEVELOPER

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____, 20____

[Name]
By: _____
Name: _____
Title: _____
Date: _____, 20____

(IF INDIVIDUALS):

[Signature / Date]

[Print Name]

[Signature / Date]

[Print Name]

EXHIBIT A
TO THE BLINK FITNESS FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT

You agree to open _____ (_____) new Blink Fitness Gyms within the Area (including the Blink Fitness Gym governed by the Unit Franchise Agreement) according to the following Schedule:

Franchise Agreement To Be Executed By (Date)	Site Possession By (Date)	Gym Opening By (Date)	Cumulative Minimum Number of New Blink Fitness Gyms To Be Open and Operating No Later Than the Opening Date (in Previous Column)
Simultaneously with this Agreement			1
			2
			3

**BLINK FITNESS FRANCHISING,
INC., a Delaware corporation**

By: _____
 Name: _____
 Title: _____
 Date: _____, 20____

DEVELOPER:

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

 [Name]
 By: _____
 Name: _____
 Title: _____
 Date: _____, 20____

(IF INDIVIDUALS):

[Signature / Date]

[Print Name]

[Signature / Date]

[Print Name]

EXHIBIT B
TO THE BLINK FITNESS FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT

The Area is defined as the entire territory encompassed by _____ in the State of _____. If the Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the date of this Agreement, notwithstanding any political reorganization or change to the boundaries. The Area is depicted on the map attached to this Exhibit B. However, if there is an inconsistency between the language in this Exhibit B and the attached map, the language in this Exhibit B shall control. All street boundaries will be deemed to end at the street center line unless otherwise specified.

**BLINK FITNESS FRANCHISING,
INC., a Delaware corporation**

DEVELOPER:

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____, 20____

[Name]
By: _____
Name: _____
Title: _____
Date: _____, 20____

(IF INDIVIDUALS):

[Signature / Date]

[Print Name]

[Signature / Date]

[Print Name]

MAP OF AREA

EXHIBIT D

OPERATIONS MANUAL TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION 5

CONTENT UPDATES	7
IMPORTANCE OF CONFIDENTIALITY	7
OUR HISTORY	8
OUR MISSION, VISION & VALUES	8
BRAND POSITIONING & DIFFERENTIATORS	8
TARGET CONSUMER	9
REGULATIONS	9

CHAPTER TWO: ADMINISTRATIVE 10

INDEPENDENTLY OWNED AND OPERATED	10
CREATING BUSINESS ENTITY	11
FRANCHISE SUPPORT	11
CORPORATE COMMUNICATION	12
BLINKNET	12
FRANCHISE ADVISORY COUNCIL	12
PRE-OPENING	13
INITIAL TRAINING	13
PCI COMPLIANCE	13
BRAND STANDARDS REVIEW	14
STANDARDS VARIANCE REQUEST FORM	14
OPERATIONAL LETTERS	15
BLINK FITNESS TECHNOLOGY	15
INSURANCE REQUIREMENTS	16
CRISIS MANAGEMENT	19
MEMBERSHIPS	20
PRICING, BILLING AND PROMOTIONS	23

MEMBERSHIP AGREEMENT PROCESS	24
------------------------------	----

CHAPTER THREE: FINANCE 27

PROFESSIONAL ADVISOR	27
THE BUDGET	27
ANALYSIS	27
BREAK EVEN	28
FRANCHISOR REPORTING	28
MOTION SOFT/MERCHANT ACCOUNT/CREDIT CARD PROCESSING	29
MEMBER BILLING	29
FRANCHISEE BILLING OF ROYALTIES AND FEES	30
ACH	30
CASH MANAGEMENT	30
PAYROLL AND COMPLIANCE	30

CHAPTER FOUR: PRE-OPENING 31

REAL ESTATE	31
BROKERS	31
REAL ESTATE SITE ACCEPTANCE	31
LEASE RIDER	32
LEASE ACCEPTANCE	32
DESIGN	32
ARCHITECTS	32
TEST FIT FINAL	33
PROTOTYPE DOCUMENTS	33
BRAND STANDARDS DOCUMENTS	33
DESIGN/PLANNING APPROVAL	33
CONSTRUCTION	34
CONTRACTORS/PROJECT MANAGER	34
PUNCH LIST AND FINAL WALK THROUGH	34
CERTIFICATE OF OCCUPANCY (MUNICIPALITY)	35

BLINK OPENING AUTHORIZATION	35
TURNOVER TO OPERATIONS	35
DELAYS	35
EQUIPMENT VENDORS, SUPPLIES & ORDERING	36
PHASES OF OPENING THE GYM	36
SWEEPSTAKES	36
PRESALE	37
PREVIEW	37
GRAND OPENING	38
CHAPTER FIVE: OPERATIONS	39
DAYS AND HOURS OF OPERATION	39
RESPONSIBILITY MATRIX FOR MEMBER SERVICES	40
SAFETY IN THE BUSINESS	40
FITNESS EQUIPMENT REPAIRS	41
PLACING EQUIPMENT OUT OF ORDER	41
CLEANING PRODUCTS	41
ADDITIONAL MANAGEMENT REPORTS	42
PERSONAL TRAINING	42
RETAIL	42
CHAPTER SIX: EMPLOYMENT	43
STATE AND FEDERAL EMPLOYMENT LAWS	43
EMPLOYEE POLICIES	44
EMPLOYEE ONBOARDING	45
TRAINING	45
RECRUITING	46
JOB POSTINGS	47
STAFFING AND SCHEDULING	48
DRESS CODE	48
EMPLOYEE ONBOARDING	48

TRAINING	48
OUTSIDE TRAINERS	49
COMPLIANCE POSTERS	49
CHAPTER SEVEN: MARKETING	50
TRADEMARK USAGE	50
Usage of Trademarks	50
PUBLIC RELATIONS	51
BRAND GUIDELINES	52
BRAND AWARENESS MEDIA PLANNING	52
LOCATION SPECIFIC MEDIA PLANNING	52
MEDIA PLANNING BASICS	52
CUSTOMIZING YOUR LOCAL CREATIVE	53
PROMOTIONS	54
REPUTATION MANAGEMENT	55
SOCIAL MEDIA CONTENT	56
COMMUNITY MANAGEMENT	56
MEMBER MARKETING	57
MEMBER BENEFITS/PARTNERSHIPS	58
OPERATIONAL/FACILITY COMMUNICATIONS	58
PUBLIC RELATIONS	58
CRISIS COMMUNICATIONS - INQUIRIES	59
MUSIC SYSTEM/TOWN CLOCK	59
CHAPTER EIGHT: APPENDIX	60

EXHIBIT E

LIST OF FRANCHISEES

Franchisee Name	Owners	City	State	Street Address for Gym and Phone Number	Remarks
DS Northern Lights LLC^	Kevin Davis James Todd Smith	Los Angeles, (Cleveland, Akron, Columbus, and Toledo, Prince George County)	CA, OH, MD	(703) 774-5548	<i>Not yet opened</i>
YP Fitness, Inc.	Anil Yadav, Dharmesh Patel & Richard Pawlowski	Sacramento (Counties of Yolo, Placer, Solano, San Joaquin & Contra Costa, CA)	CA	(916) 300 4027	<i>Not yet opened</i>
Casiana Fitness Highland SQ, LLC^	Carlos Gavidia Laura Gavidia	Jacksonville	FL	1102 Dunn Avenue #1 (561) 529-6677	<i>Open</i>
Casiana Fitness Wilson SQ, LLC^	Carlos Gavidia Laura Gavidia	Jacksonville	FL	(561) 529-6677	<i>Not yet opened</i>
GS FIT IL-1, LLC^	Thomas Shumaker Jr. Draymond Green	Evanston	IL	1926 Dempster Street (917) 929-7600	<i>Open</i>
Platinum Gym One, Inc.^	Stephen Stabile	Beverly	MA	71 Dodge Street, Route 1A (978) 265-4294	<i>Open</i>
Blink Boston JV, LLC^	Blink Boston JV Party, LLC BBI Fitness Holdings, LLC Casey Martin Dustin Martin Ryan Simonetti Bryan Weller	Boston	MA	(646) 354 9473	<i>Not yet opened</i>
Platinum Gym Two, Inc.^	Stephen Stabile	Medford	MA	465 Salem Street, Route 60 (978) 265-4294	<i>Open</i>
GS FIT MI-2, LLC	Thomas Shumaker Jr. Draymond Green	Redford	MI	9395 Telegraph Road (917)929-7600	<i>Open</i>
GS FIT MI-1, LLC^	Thomas Shumaker Jr. Draymond Green	Warren	MI	26475 Hoover Road (917) 929-7600	<i>Open</i>

Eclipse Farmingdale LLC [^]	Eric Purther Allen Pinero	Farmingdale	NY	450 Main Street (516) 922-5015	<i>Open</i>
BEC Capital Corp	Allen Pinero Maria Pinero	Lindenhurst	NY	600 North Wellwood Avenue (516) 922-5015	<i>Open</i>
Panos Fitness, LLC	Dean Panos* [^]	Liverpool	NY	4979 W. Taft Road (315) 396-7222	<i>Open</i>
Panos Fitness of Greece, LLC	Dean Panos* [^]	Rochester	NY	2833 W. Ridge Rd. (315) 396-7222	<i>Open</i>
Panos Fitness of Onondaga, LLC	Dean Panos* [^]	Syracuse	NY	4722 Onondaga Blvd. (315) 396-7222	<i>Open</i>
Rosewood Fitness, LLC	Antonio Compton & John Guarino	Nashville (Counties of Sumner, Davidson, Williamson & Rutherford)	TN	(812) 431 4423	<i>Not yet opened</i>
Westbrooke, LLC	Barry & Robyn Woodard	Henrico county and the cities of Newport News and Chesapeake	VA	(703) 928 7462	<i>Not yet opened</i>
Casiana Fitness VB1, LLC [^]	Carlos Gavidia Laura Gavidia	Virginia Beach	VA	4239 Holland Road (561) 529-6677	<i>Open</i>
Cove Fitness, LLC [^]	Anthony Bianucci, Mike Bianucci, Ned Williams, Justin Bristow	TBD (Area also includes Charleston, South Carolina and Austin, Texas)	VA	(941) 204-4859	<i>Not yet opened</i>

[^]Denotes developer.

Former Franchisees

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

F&S Fitness, LLC
Timothy Barbir and Daniel Barbir
Atlanta, Georgia
(678) 907-0335
Mutual Termination – Never Opened

Boston JV Party, LLC

BBI Fitness Holdings, LLC

Casey Martin

Dustin Martin

Ryan Simonetti

Bryan Weller

Boston, MA

(646) 354 9473

Mutual Termination – Never Opened

EXHIBIT F

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

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

CALIFORNIA

Commissioner of Business Oversight,
Department of Business Oversight:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT G

FRANCHISEE REPRESENTATIONS DOCUMENT

BLINK FITNESS FRANCHISING, INC.
FRANCHISEE REPRESENTATIONS

Important Instructions: Blink Fitness Franchising, Inc. (“we,” “us,” or “our”) and you are preparing to enter into a Development Rights Agreement and/or Franchise Agreement for the development and operation of one or more BLINK® Fitness Gyms (the “Gym”). This document’s purpose is to determine whether any statements or promises were made to you that we have not authorized, that do not appear in or are inconsistent with our franchise documents and/or that may be untrue, inaccurate, or misleading. We also want to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming the truth of what it says. In addition, if you sign it, we will take actions in reliance on the truth of what it says.

Name of Prospective Franchisee: _____
(the “Franchisee”)

Each of the undersigned represents that all of the following statements are true:

1. Each of the undersigned has conducted its, his, or her own independent investigation of us, the Franchise System (as that term is used in our Franchise Agreement), the risks, burdens, and nature of the business Franchisee will conduct under the Franchise Agreement, the Gym, the shopping center or other location for the Gym (if already selected), and the Gym’s market area.

***Insert initials into the following blank to confirm this statement: _____**

2. Each of the undersigned understands that the business Franchisee will conduct under the Franchise Agreement involves risk and any success or failure will be substantially influenced by Franchisee’s ability and efforts, the viability of the Gym’s location, competition from other fitness and health clubs, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors.

***Insert initials into the following blank to confirm this statement: _____**

3. Each of the undersigned understands that we previously might have entered into development rights agreements and franchise agreements with provisions different from the provisions of the Development Rights Agreement and/or Franchise Agreement that Franchisee is signing and in the future will enter into development rights agreements and franchise agreements with provisions different from the provisions of the Development Rights Agreement and/or Franchise Agreement that Franchisee is signing.

***Insert initials into the following blank to confirm this statement: _____**

4. If we unilaterally made material changes in Franchisee’s final, ready-to-be signed copies of the Development Rights Agreement, Franchise Agreement, and related documents (other than as a result of our negotiations with Franchisee), Franchisee has had possession of those documents for at least seven (7) calendar days before executing them and has had ample

opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning those documents.

***Insert initials into the following blank to confirm this statement: ____**

5. Franchisee has received a franchise disclosure document ("FDD") as required by law at least 14 calendar days before signing the Development Rights Agreement and/or Franchise Agreement and at least 14 calendar days before paying any consideration to us or an affiliate in connection with this franchise and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning the FDD.

***Insert initials into the following blank to confirm this statement: ____**

Franchisee also has received the FDD at the earlier of our first personal meeting with Franchisee to discuss the franchise opportunity but at least 10 business days before signing the Development Rights Agreement and/or Franchise Agreement and at least 10 business days before paying any consideration to us or an affiliate in connection with this franchise.

***Insert initials into the following blank to confirm this statement: ____**

6. Except as provided in Item 19 of our FDD, we have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of the Gym or any other business, except: (None, unless something is filled-in here or provided on additional sheets)

***Insert initials into the following blank to confirm this statement: ____**

7. Each of the undersigned understands that:

7.1 Except as provided in Item 19 of our FDD, we do not authorize our officers, directors, or employees to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any BLINK® Fitness Gym.

***Insert initials into the following blank to confirm this statement: ____**

7.2 Actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular BLINK® Fitness Gym.

***Insert initials into the following blank to confirm this statement: ____**

7.3 We have specifically instructed our officers, directors, and employees that, except as provided in Item 19 of our FDD, they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or

give other information as to income, sales volume, or profitability, either generally or with respect to any particular BLINK® Fitness Gym.

***Insert initials into the following blank to confirm this statement: _____**

7.4 If any unauthorized representation, warranty, promise, guaranty, prediction, projection, or other statement or information is made or given, the undersigned should not (and will not) rely on it.

***Insert initials into the following blank to confirm this statement: _____**

8. Before signing the Development Rights Agreement, Franchise Agreement, and any related documents, the undersigned Franchisee has had ample opportunity: (A) to discuss the Development Rights Agreement, the Franchise Agreement, any related document, and the business Franchisee will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (B) to contact our existing franchisees; and (C) to investigate all statements and information made or given by us and our officers, directors, employees, and agents relating to the Franchise System, the Gym, and any other subject.

***Insert initials into the following blank to confirm this statement: _____**

9. Each of the undersigned understands that the Franchise Agreement licenses certain rights for one, and only one, Gym, located only at the location now specified (or to be specified) in the Franchise Agreement, and that, except as expressly provided in the Franchise Agreement or a signed Development Rights Agreement with us, no "exclusive," "expansion," "protected," "non-encroachable," or other territorial rights, rights of first refusal, or rights of any other kind are granted or have been promised concerning the shopping center or other structure in which the Gym is located, the contiguous or any other market area of the Gym, or any other existing or potential BLINK® Fitness Gym or geographic territory.

***Insert initials into the following blank to confirm this statement: _____**

10. Each of the undersigned understands that the Development Rights Agreement and/or Franchise Agreement (including any riders and exhibits) constitutes the entire agreements between the parties and supersedes all prior and contemporaneous oral or written agreements, statements, representations (except for those in the FDD), or understandings of us, the undersigned, and Franchisee.

***Insert initials into the following blank to confirm this statement: _____**

11. Each of the undersigned understands that nothing stated or promised by us that is not specifically set forth in the Development Rights Agreement, Franchise Agreement, or FDD can be relied upon by the undersigned or Franchisee.

***Insert initials into the following blank to confirm this statement: _____**

12. Each of the undersigned has confirmed that no employee of ours or other person speaking on our behalf has made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance we will furnish to Franchisee that

is contrary to, or different from, the information contained in the FDD and the Franchise Agreement.

***Insert initials into the following blank to confirm this statement: _____**

13. Each of the undersigned understands that we may sell or transfer our assets, our trademarks, or the BLINK® Fitness system outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, a recapitalization, a leveraged buy-out, or other economic or financial restructuring.

***Insert initials into the following blank to confirm this statement: _____**

14. The only state(s) in which each of the undersigned is a resident is (are): _____.

***Insert initials into the following blank to confirm this statement: _____**

15. Each of the undersigned understands the importance of the Gym's location. The undersigned and Franchisee have had, or will have, ample opportunity and the means to investigate, review, and analyze independently the Gym's location, the shopping center or other building in which it is contained, the market area and all other facts relevant to the selection of a site for a BLINK® Fitness Gym, and the lease documents for such location.

***Insert initials into the following blank to confirm this statement: _____**

16. Each of the undersigned understands that neither our acceptance or selection of any location nor our negotiation or acceptance of any lease implies or constitutes any warranty, representation, guarantee, prediction, or projection that the location will be profitable or successful or that the lease is on favorable terms. It often is the case that leases are available only on very tough terms.

***Insert initials into the following blank to confirm this statement: _____**

17. Each of the undersigned understands that site selection is a difficult and risky proposition. We have not given (and will not give) any representation, warranty, promise, guaranty, prediction, projection, or other statement or information relied upon by the undersigned or Franchisee regarding a location's prospects for success, nearby tenants or other attributes, or the form or contents of any lease. Franchisee will have any lease reviewed by its, his, or her own attorney and other advisors.

***Insert initials into the following blank to confirm this statement: _____**

18. The covenants and restrictions concerning competition contained in the Franchise Agreement are fair and reasonable and will not impose an undue hardship on the undersigned or Franchisee. Each of them has other considerable skills, abilities, opportunities, and experience in other matters and of a general nature enabling each of them to derive income that is satisfactory to them from other endeavors.

***Insert initials into the following blank to confirm this statement: _____**

19. There is no fiduciary or confidential relationship between us and the undersigned or between us and Franchisee. Each of the undersigned expects us to deal, and will act as if we are dealing, with it, him, or her at arm's length and in our own best interests.

***Insert initials into the following blank to confirm this statement: _____**

20. We have advised the undersigned and Franchisee to consult with their own advisors on the legal, financial, and other aspects of the Development Rights Agreement, the Franchise Agreement, this document, the Gym, any lease or sublease for the premises, and the business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so.

***Insert initials into the following blank to confirm this statement: _____**

21. Neither we nor any employee of ours has provided the undersigned or Franchisee with services or advice that is legal, accounting, or other professional services or advice.

***Insert initials into the following blank to confirm this statement: _____**

22. The statements made in this document supplement and are cumulative to statements, warranties, and representations made in other documents, such as the Development Rights Agreement and Franchise Agreement. The statements made in this document, the Development Rights Agreement, or the Franchise Agreement are made separately and independently. They are not intended to be, and will not be, construed as modifying or limiting each other.

***Insert initials into the following blank to confirm this statement: _____**

23. Each of the undersigned understands that, in the franchise relationship, we and Franchisee will be independent contractors. Nothing is intended to make either Franchisee or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. We will not exercise direct or indirect control over the Gym's personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of our brand, products, or services. We will not share or codetermine the terms and conditions of employment of Gym employees or affect matters relating to the employment relationship between Franchisee and the Gym's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We will not be the employer or joint employer of the Gym's employees.

***Insert initials into the following blank to confirm this statement: _____**

24. Each of the undersigned understands and agrees that all arbitration proceedings, including the hearing, will be conducted at a suitable location chosen by the arbitrator that is within ten (10) miles of where we have our principal business address at the time the arbitration demand is filed.

***Insert initials into the following blank to confirm this statement: _____**

25. The President of the United States of America has issued Executive Order 13224 (the “Executive Order”) prohibiting transactions with terrorists and terrorist organizations, and the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the “Anti-Terrorism Measures”). We therefore require certain certifications that the parties with whom we deal are not directly or indirectly involved in terrorism. For that reason, the undersigned and Franchisee hereby certify that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with Franchisee, is: (a) a person or entity listed in the Annex to the Executive Order; (b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (d) owned or controlled by terrorists or sponsors of terrorism. The undersigned and Franchisee further covenant that neither they nor any other person or entity associated with them will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

***Insert initials into the following blank to confirm this statement: _____**

The following language applies only to transactions governed by the Maryland Franchise Registration and Disclosure Law

The representations above 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.

FRANCHISEE:

[Name]

By: _____
Signature

Print Name: _____

Title: _____

Date: _____, 20____

**Owners and executives of the Franchisee legal entity
must sign below in their individual capacities**

Signature

Print Name: _____

Date: _____, 20____

Signature

Print Name: _____

Date: _____, 20____

EXHIBIT H
FORM OF GENERAL RELEASE

H-1

BLINK FITNESS (2020 FDD)
EAST\171869157.3

BLINK FITNESS FRANCHISING, INC.

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Blink Fitness Franchising, Inc. (“we,” “us,” or “our”) and the undersigned franchisee, _____ *[insert name of franchisee entity]* (“you” or “your”), currently are parties to a Unit Franchise Agreement dated _____ (the “Franchise Agreement”) for the operation of a Blink Fitness Gym at _____. You have asked us to _____ *[insert relevant detail]*. We currently have no obligation under your Franchise Agreement or otherwise to _____ *[repeat relevant detail]*, or we have the right under the Franchise Agreement to condition our approval on your and your owners signing a release of claims. We are willing to _____ *[repeat relevant detail]* if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below in consideration for our willingness to _____ *[repeat relevant detail]*.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our parent and other affiliated entities, and our and their respective current and former officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the “Blink Parties”) from any and all claims, damages, demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind, whether known or unknown and whether vested or contingent (collectively, “Claims”), that you and any of the other Releasing Parties now have, ever had, or, but for this document, hereafter would or could have against any of the Blink Parties (1) arising out of or related to the Blink Parties’ performance of their obligations under the Franchise Agreement before the date of your signature below, (2) arising out of or related to our offer and grant to you of your Blink Fitness Gym franchise, and (3) otherwise arising out of or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Blink Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Blink Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

The following language applies only to transactions with California franchisees

Each of the parties acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

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

Each of the parties hereto recognizes that he, she, or it may have some claim, demand, or cause of action against the other parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Amendment. Each of the parties hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.

The following language applies only to transactions governed by the Maryland Franchise Registration and Disclosure Law

The release provided above will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. You may commence a lawsuit against us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law that are not released.

BLINK FITNESS FRANCHISING, INC.

[Name of Franchisee]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

[Name of Owner]

[Signature and Date]

EXHIBIT I

STATE-SPECIFIC ADDITIONAL DISCLOSURES AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
BLINK FITNESS FRANCHISING, INC.**

The following are additional disclosures for the Franchise Disclosure Document of BLINK FITNESS FRANCHISING, INC. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.blinkfranchising.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

4. The following is added at the end of Item 3:

Neither we, nor any person in Item 2 of the disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a *et seq.*, suspending or expelling such person from membership in that association or exchange.

5. The following is added at the end of Item 5 and to the end of Note 1 of Item 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

Despite the payment provisions above, we will defer your payment of the development fee due to us under a Development Rights Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under a

Development Rights Agreement on the day you begin operating your first Blink Fitness Gym.

6. The following paragraphs are added at the end of Item 17:

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

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

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 *et seq.*).

The Franchise Agreement requires application of the laws of the State of New York. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration at a suitable location chosen by the arbitrator that is within ten (10) miles of where we have our principal business address at the time the arbitration demand is filed (currently New York, New York). You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer the franchise. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

ILLINOIS

1. The following is added at the end of Item 5 and to the end of Note 1 of Item 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

Despite the payment provisions above, we will defer your payment of the development fee due to us under a Development Rights Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under a Development Rights Agreement on the day you begin operating your first Blink Fitness Gym.

2. The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

MARYLAND

1. The following is added at the end of Item 5 and to the end of Note 1 of Item 7:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

Despite the payment provisions above, we will defer your payment of the development fee due to us under a Development Rights Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under a

Development Rights Agreement on the day you begin operating your first Blink Fitness Gym.

2. The following is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

Any release required as a condition of renewal and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. The following is added to the end of the “Summary” section of Item 17(h), entitled “Cause” defined – non-curable defaults:

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 *et seq.*), but we will enforce it to the extent enforceable.

4. The following sentence is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

Subject to mediation and arbitration requirements, you may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The “Summary” section of Item 17(w), entitled Choice of law, is amended to read as follows:

Except for Federal Arbitration Act and other federal law, and except as otherwise required by the Maryland Franchise Registration and Disclosure Law, New York law applies.

6. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

NEW YORK

1. The following information is added to the cover page of the disclosure document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE

DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added to the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other

business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), entitled Termination by franchisee:

You may terminate the Franchise Agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), entitled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” section of Item 17(s), entitled Modification of the agreement:

Modifications to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement.

VIRGINIA

1. The following risk factor is added to the state cover page of the disclosure document:

We were formed on August 13, 2014 and have a brief operating history. You may want to consider this when making a decision to purchase this franchise opportunity.

2. The following is added at the end of Item 5 and to the end of Note 1 of Item 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

Despite the payment provisions above, we will defer your payment of the development fee due to us under a Development Rights Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under a Development Rights Agreement on the day you begin operating your first Blink Fitness Gym.

3. The following is added to the end of the “Summary” section of Item 17(h), entitled “Cause” defined – non-curable defaults:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Blink Fitness Gym you will operate under the Franchise Agreement was made in the State of California and the Blink Fitness Gym will operate in California, or (b) you are a resident of the State of California and will operate your Blink Fitness Gym in California.

2. **INITIAL FRANCHISE FEE.** The following language is added at the end of Section 5.A of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under this Agreement until we have fulfilled all our initial obligations to you under this Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

[Name]

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

**RIDER TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND**. We and you are parties to that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Blink Fitness Gym that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **INITIAL FRANCHISE FEE**. The following language is added at the end of Section 5.A of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under this Agreement until we have fulfilled all our initial obligations to you under this Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

3. **GOVERNING LAW**. Section 21.H of the Franchise Agreement is deleted and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Agreement.

4. **CONSENT TO JURISDICTION**. Section 21.I of the Franchise Agreement is deleted and replaced with the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Sections 21.J and 21.K of the Franchise Agreement:

HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Section 25 of the Franchise Agreement:

25. **ILLINOIS FRANCHISE DISCLOSURE ACT**

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

**BLINK FITNESS FRANCHISING,
INC.,** a Delaware corporation

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

[Name]

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

**RIDER TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND**. We and you are parties to that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Blink Fitness Gym that you will operate under the Franchise Agreement will be located in Maryland.

2. **INITIAL FRANCHISE FEE**. The following language is added at the end of Section 5.A of the Franchise Agreement:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under this Agreement until we have fulfilled all our initial obligations to you under this Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

3. **RELEASES**. The following is added to the end of Sections 4.A, 16.C(ii)(h), 17, and 19.F(iii) of the Franchise Agreement:

However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **INSOLVENCY**. The following sentence is added to the end of Sections 16.B and 18.B(xvii) of the Franchise Agreement:

This Section may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 *et seq.*), but we will enforce it to the extent enforceable.

5. **GOVERNING LAW**. The following sentence is added to the end of Section 21.H of the Franchise Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 21.I of the Franchise Agreement:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.N of the Franchise Agreement:

However, you must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three (3) years after we grant you the franchise.

8. **ACKNOWLEDGMENTS.** The following is added as a new Section 21.Q of the Franchise Agreement:

Q. ACKNOWLEDGMENTS

All representations requiring you to assent to a release, estoppel or waiver of liability 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.

9. **ARBITRATION.** The following is added as a new Section 21.R of the Franchise Agreement:

R. ARBITRATION

This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. Therefore, we and you agree that the arbitration provision will be enforced to the extent allowed by the Federal Arbitration Act.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

[Name]

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

RIDER TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT
STATE OF NEW YORK

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND**. We and you are parties to that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is being signed because (a) you are a resident of the State of New York and the Blink Fitness Gym that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **RELEASES**. The following is added to the end of Sections 4.A, 16.C(ii)(h), 17, and 19.F(iii) of the Franchise Agreement:

Notwithstanding the foregoing, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TRANSFER BY US**. The following language is added to the end of Section 16.A of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **TERMINATION BY YOU**. The following language is added to the end of Section 18.A of the Franchise Agreement:

You also 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.

5. **APPLICATION OF RIDER**. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

[Name]

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

**RIDER TO THE BLINK FITNESS FRANCHISING, INC.
UNIT FRANCHISE AGREEMENT
FOR USE IN VIRGINIA**

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the Blink Fitness Gym that you will operate under the Franchise Agreement will be located or operated in Virginia.

2. **INITIAL FRANCHISE FEE.** The following language is added at the end of Section 5.A of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under this Agreement until we have fulfilled all our initial obligations to you under this Agreement and you have commenced operating the Blink Fitness Gym. You must pay us the initial franchise fee on the day you begin operating your Blink Fitness Gym.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Franchise Agreement.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

FRANCHISEE

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
DEVELOPMENT RIGHTS AGREEMENT**

**RIDER TO THE BLINK FITNESS FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN CALIFORNIA**

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated _____, 20____ (the “Development Rights Agreement”) and that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Development Rights Agreement occurred in California and the Area in which you will develop Blink Fitness Gyms will be located in California, or (b) you are a resident of the State of California.

2. **INITIAL FEES.** The following is added at the end of Section 2 of the Development Rights Agreement:

Despite the payment provisions above, we will defer your payment of the development fee due to us under this Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under this Agreement on the day you begin operating your first Blink Fitness Gym.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

DEVELOPER

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

RIDER TO THE BLINK FITNESS FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____, 20____ (the “Development Rights Agreement”) and that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Development Rights Agreement occurred in Illinois and the Area in which you will develop Blink Fitness Gyms will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **INITIAL FEES**. The following is added at the end of Section 2 of the Development Rights Agreement:

Despite the payment provisions above, we will defer your payment of the development fee due to us under this Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under this Agreement on the day you begin operating your first Blink Fitness Gym.

3. **GOVERNING LAW**. Section 21.H of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement, is deleted and replaced with the following:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Agreement.

4. **CONSENT TO JURISDICTION**. Section 21.I of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement, is deleted and replaced with the following:

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. The following language is added to the end of Sections 21.J and 21.K of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Section 12 of the Development Rights Agreement:

12. Waivers Void. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**BLINK FITNESS FRANCHISING,
INC.,** a Delaware corporation

DEVELOPER

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

[Name]

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

RIDER TO THE BLINK FITNESS FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____, 20____ (the “Development Rights Agreement”) and that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Area in which you will develop Blink Fitness Gyms will be located in Maryland.

2. **INITIAL FEES**. The following is added at the end of Section 2 of the Development Rights Agreement:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, despite the payment provisions above, we will defer your payment of the development fee due to us under this Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under this Agreement on the day you begin operating your first Blink Fitness Gym.

3. **GOVERNING LAW**. The following sentence is added to the end of Section 21.H of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 21.I of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 21.N of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

However, you must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three (3) years after we grant you the franchise.

6. **ACKNOWLEDGMENTS.** The following is added as a new Section 12 of the Development Rights Agreement:

12. Acknowledgments. All representations requiring you to assent to a release, estoppel or waiver of liability 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.

7. **ARBITRATION.** The following is added as a new Section 13 of the Development Rights Agreement:

13. Arbitration. This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable. Therefore, we and you agree that the arbitration provision will be enforced to the extent allowed by the Federal Arbitration Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**BLINK FITNESS FRANCHISING,
INC., a Delaware corporation**

DEVELOPER

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

[Name]

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

**RIDER TO THE BLINK FITNESS FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN VIRGINIA**

THIS RIDER is made and entered into by and between **BLINK FITNESS FRANCHISING, INC.**, a Delaware corporation whose principal business address is 386 Park Avenue South, 11th Floor, New York, New York 10016 (“we,” “us,” or “our”), and _____, a _____ (“you” or “your”).

1. **BACKGROUND.** We and you are parties to that certain Development Rights Agreement dated _____, 20____ (the “Development Rights Agreement”) and that certain Unit Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because the Blink Fitness Gyms that you will develop will be located or operated in Virginia.

2. **INITIAL FEES.** The following is added at the end of Section 2 of the Development Rights Agreement:

Despite the payment provisions above, we will defer your payment of the development fee due to us under this Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first Blink Fitness Gym. You must pay us the development fee due under this Agreement on the day you begin operating your first Blink Fitness Gym.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

**BLINK FITNESS FRANCHISING,
INC.**, a Delaware corporation

DEVELOPER

**(IF CORPORATION, LIMITED
LIABILITY COMPANY OR
PARTNERSHIP):**

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

(IF INDIVIDUALS):

[Signature]

[Print Name]

[Signature]

[Print Name]

NEW YORK REPRESENTATIONS PAGE

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT
DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY
UNTRUE STATEMENT OF A MATERIAL FACT.**

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	September 30, 2020
Maryland	Pending
Michigan	September 29, 2020
New York	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Blink Fitness Franchising, 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 a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires us to give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires us to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Blink Fitness Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit F.

The franchisor is Blink Fitness Franchising, Inc., located at 386 Park Avenue South, 11th Floor, New York, New York 10016. Its telephone number is 212-359-8780.

Issuance date: September 29, 2020

The franchise sellers for this offering are: Marc Benathen, Todd Magazine, David Collignon, Lori Gonzalez, William Miller, and _____ at Blink Fitness Franchising, Inc., 386 Park Avenue South, 11th Floor, New York, New York 10016. The telephone number is 212-359-8780.

We authorize the respective state agents identified on Exhibit F to receive service of process for us in the particular states.

I received a disclosure document from Blink Fitness Franchising, Inc. issued as of September 29, 2020, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. Development Rights Agreement
- D. Operations Manual Table of Contents
- E. List of Franchisees
- F. List of State Agencies/Agents for Service of Process
- G. Franchisee Representations Document
- H. Form of General Release
- I. State-Specific Additional Disclosures and Agreement Riders

Date: _____

Prospective Franchisee

Print Name

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 Blink Fitness Franchising, 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 a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires us to give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires us to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Blink Fitness Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit F.

The franchisor is Blink Fitness Franchising, Inc. located at 386 Park Avenue South, 11th Floor, New York, New York 10016. Its telephone number is 212-359-8780.

Issuance date: September 29, 2020

The franchise sellers for this offering are: Marc Benathen, Todd Magazine, David Collignon, Lori Gonzalez, William Miller, and _____ at Blink Fitness Franchising, Inc., 386 Park Avenue South, 11th Floor, New York, New York 10016. The telephone number is 212-359-8780.

We authorize the respective state agents identified on Exhibit F to receive service of process for us in the particular states.

I received a disclosure document from Blink Fitness Franchising, Inc. issued as of September 29, 2020, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. Development Rights Agreement
- D. Operations Manual Table of Contents
- E. List of Franchisees
- F. List of State Agencies/Agents for Service of Process
- G. Franchisee Representations Document
- H. Form of General Release
- I. State-Specific Additional Disclosures and Agreement Riders

Prospective Franchisee

Date: _____

Print Name