

FRANCHISE DISCLOSURE DOCUMENT

ILKB LLC

A New York Limited Liability Company
1844 Lansdowne Avenue
Merrick, New York 11566
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URL: www.ilovekickboxing.com



As an iLoveKickboxing.com franchisee you will operate a single retail outlet providing fitness services to retail customers using designated or authorized workout procedures, methods and techniques.

The total investment necessary to begin operation of a single iLoveKickboxing.com Outlet is \$214,944 to \$559,494. The initial franchise fee for a single Outlet other than Manhattan, New York ("Manhattan") is \$49,999. The total investment necessary to begin operation of a single iLoveKickboxing.com Outlet in Manhattan is \$264,945 to \$609,495. The initial franchise fee for a single Outlet in Manhattan is \$100,000, which includes a Territory Surcharge of \$50,001.

If you sign an MOA for a development area anywhere except Manhattan, you would pay a Development Fee of (i) \$110,000 for 3 Outlets or (ii) \$145,000 for 5 Outlets or (iii) \$145,000 for the first 5 Outlets plus \$17,500 for each additional Outlet thereafter, up to 10 (maximum of \$232,500). If you sign an MOA for a development area in Manhattan, you would pay a Development Fee of (i) \$220,000 for 3 Outlets, (ii) \$300,000 for 5 Outlets, or (iii) \$300,000 for the first 5 Outlets, plus \$40,000 for each additional Outlet thereafter, up to 10 (maximum of \$500,000). To be eligible to sign the Franchise Agreement and MOA, you may be required to provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet(s).

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Sales Administrator at 1844 Lansdowne Avenue, Merrick, New York 11566; telephone (516) 543-0041.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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, DC 20580. You can also visit the FTC's homepage 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.

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STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION OR ARBITRATION ONLY IN NEW YORK. OUT-OF-STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT NEW YORK LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. FAILURE TO ACHIEVE THE DEVELOPMENT SCHEDULE ALLOWS THE FRANCHISOR TO TERMINATE A MULTI OUTLET OPERATOR'S FRANCHISE AGREEMENT.
4. THE UNIT FRANCHISEE DOES NOT RECEIVE AN EXCLUSIVE TERRITORY.
5. THE FRANCHISOR HAS ELECTED THE REASONABLE BUSINESS JUDGEMENT STANDARD IN ITS RELATIONSHIP WITH FRANCHISEES. THIS MEANS THE FRANCHISOR IS NOT REQUIRED TO CONSIDER YOUR PARTICULAR ECONOMIC OR OTHER BUSINESS INTEREST WHEN EXERCISING ITS JUDGMENT.
6. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S ABILITY TO PROVIDE SERVICES AND SUPPORT TO YOU.
7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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