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www kaiafit com

FRANCHISE DISCLOSURE DOCUMENT

The franchise offered is to operate a KAIA FIT studio ("Studio"), which is a membership facility, nutritional programs, physical fitness and functional intense training system

The total investment necessary to begin operation of a KAIA F I T Studio ranges from \$95,612 to \$191,898 This includes \$54,989 to \$67,148 that must be paid to the franchisor If this is your second or a subsequent franchise for a KAIA F I T Studio, we reduce the initial franchise fee by twenty-five percent (25%)

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 a different format, contact us at 3633 Research Way, #103, Carson City, NV 89706, 775-841-2300 (Office), 775-841-6910 (Fax), email kaia@kaiafit.com

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, 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 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 <u>www ftc gov</u> 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 is April 20, 2017

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STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE MOST DISPUTES WITH US BY BINDING ARBITRATION IN THE OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION CLOSES TO OUR HOME OFFICE IN WASHOE COUNTY, NEVADA OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US OR TO SUE US IN THE CITY OF OUR PRINCIPAL PLACE OF BUSINESS THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT NEVADA LAW GOVERNS THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT (UNLESS AN ADDENDUM ATTACHED TO YOUR AGREEMENT PROVIDES OTHERWISE), AND NEVADA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT

4 WE MAY REQUIRE YOUR SPOUSE TO SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

LOCAL LAW MAY SUPERSEDE THESE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT PROVISIONS SEE THE STATE SPECIFIC ADDENDA IN THIS FRANCHISE DISCLOSURE DOCUMENT ABOUT ANY ADDITIONAL INFORMATION FOR YOUR STATE



WE MAY USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISE. A FRANCHISE BROKER OR REFERRAL SOURCE REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.

Effective Date See State Effective Dates Page

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