# EXHIBIT A

# FRANCHISE AGREEMENT

**Between**

**BSS Franchising, LLC**

**and**

**____________________________________**
**Franchisee**

# FRANCHISE AGREEMENT

Between

**BSS Franchising, LLC**

4900 George Washington Memorial Hwy
Hayes, VA  23072
Direct (804) 684-5428
Web: www.BubbasShrimpShack.com

and

________________________________________

________________________________________

________________________________________

**Collectively referred to as "Franchisee"**

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# FRANCHISE AGREEMENT

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# BSS Franchising, LLC
# FRANCHISE AGREEMENT

*PARTIES*

**THIS FRANCHISE AGREEMENT** ("Agreement") is made by and between BSS Franchising, LLC, a Virginia limited liability company, hereinafter sometimes referred to as "BSSF," "Franchisor," "we," "us," or "our" and that party or parties described as the Franchisee in this Agreement and on the signature line, hereinafter known as "you" or "Franchisee." If the Franchisee is a corporation or limited liability company, partnership or other entity, certain provisions of this Agreement also apply to your shareholders, members, partners, or owners. Any such entity may be referred to as an "Entity" and those who own the Entity may be referred to as "Owners." The persons signing as Franchisee, Owners, or guarantors are referenced to herein individually as "you" or "yours," or collectively as "Franchisee." The Franchisor and Franchisee (sometimes collectively referred to as the "Parties" and individually as a "Party") are entering into this Agreement to evidence the agreement and understanding between the Parties as follows:

*RECITALS*

**WHEREAS**, We have devised a uniform system for the establishment and operation of a quick-serve restaurant that serves a variety of shrimp and seafood dishes made with fresh ingredients using our proprietary recipes, spices, and sauces (the "System") either within a shopping center, strip center, or free -standing structure; or within a non-traditional location (such as a hotel, airport, casino, transportation center, university, stadium, arena, theme park, or military installation). Each Bubba's Shrimp Shack™ restaurant will offer and prepare lunch and dinner menu items made-to-order using our proprietary recipes, spices, and sauces for either dine-in or takeout that includes: soups and salads, our signature seafood baskets (featuring steamed or fried shrimp, oysters, crab, and different types of fish), seafood by-the-pound (such as: shrimp, different types of fish and shellfish), a variety of seafood sandwiches, different types of seafood tacos, selection of side dishes (such as: fries, beans, vegetables, hush puppies, etc.), a kids menu (featuring sandwiches and kid-friendly finger foods), and non-alcoholic beverages (such as carbonated drinks, coffee and tea), limited desserts, and retail items for sale (hereinafter referred to as "Products") in addition to offering delivery and catering services (hereinafter referred to as "Services) at any Bubba's Shrimp Shack™ franchised location (hereinafter referred to as the "Business," "Franchise Business," "Franchised Business," "Franchise," or "Restaurant"); and

**WHEREAS**, We identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including but not limited to the mark "Bubba's Shrimp Shack" and such other trade names, service marks, trademarks, and trade dress as are now designated (or may be designated hereafter by us in writing) for use in connection with our System (referred to as the "Names and Marks," "Names," or "Marks"); and

**WHEREAS**, We have entered into an exclusive license ("License Agreement") with Bubba's Shrimp Shack, LLC for the right to use and sublicense to our franchisees the right to use the Names, Marks, and other property in connection with the operation of a Bubba's Shrimp Shack™ Restaurant; and

**WHEREAS**, We continue to develop, use, and control the use of such Names and Marks to identify for the public the source of Products and Services marketed thereunder and under our System, and to represent the System's and high standards of consistent quality, appearance, and service; and

**WHEREAS**, We have established substantial goodwill and business value in our Names and Marks, expertise and System; and

**WHEREAS**, We have the right to license the System, including our expertise for conducting and operating a business under the mark and design Bubba's Shrimp Shack™; and

**WHEREAS**, Franchisee desires to obtain a franchise from us and we desire to sell a franchise to Franchisee for the right to use the Names and Marks and the expertise for operating a Bubba's Shrimp Shack™ Franchised Business, and to obtain the benefits and knowledge of our System including, but without limitation our: distinctive and unique build out and design specifications, Products, Services, full menu of lunch and dinner items featuring various shrimp and seafood using proprietary recipes, spices, and sauces; specific food preparation techniques, procedures, and methods; service standards, uniformity of all Products and Services offered, food presentation standards, procedures for sanitation, cooking, and storage; operational procedures, specifications for all products and equipment, purchasing strategies, relationships with vendor and suppliers, procedures for safety and quality control, tracking inventory and cost controls; guidelines for employee hiring, training and retention; strategies for retaining customers and executing catering services, advertising, marketing, and promotional strategies and materials; record keeping, cost controls, accounting methods and reporting procedures; and in general a style, method, and procedure of business operation utilizing the Names and Marks and System, all as a Franchisee of ours; and

**WHEREAS**, Franchisee recognizes the benefits to be derived from being identified with and licensed by us and Franchisee understands and acknowledges the importance of our high standards of quality, appearance, and service and the necessity of operating the Restaurant in conformity with our standards and specifications.

**NOW, THEREFORE**, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

## I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee (and each Owner) hereby represents that Franchisee has conducted an independent investigation of our business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. We expressly disclaim the making of, and Franchisee acknowledges that it has not received any, warranty or guarantee, express or implied, as to the potential volume, revenues, gross income, margins, profits or success of the Restaurant contemplated by this Agreement. Franchisee further acknowledges that none of our employees, or agents has any authority to make any statement, warranty, or guaranty of the potential volume, revenues, gross income, margins, profits, or success of the Restaurant contemplated by this Agreement and that we have expressly instructed all of our employees not to make any warranty, guaranty, statement, or representation regarding the potential volume, revenues, gross income, margins, profits, or success of the Restaurant contemplated by this Agreement. Franchisee acknowledges that Franchisee is given the opportunity to clarify any provision of this Agreement that

Franchisee may not have initially understood and that we have advised Franchisee to have this Agreement reviewed by an attorney. Franchisee hereby releases us, our employees, shareholders, managers, our affiliated companies, and agents from liability based on such representations or agreements, to the extent permitted by law or regulation.

Franchisee acknowledges that we have not made, and do not hereby make, any representation or warranty as to potential revenues, income, profits, volume, or success of the Franchise or merchantability, performance, condition, fitness, or suitability for the Franchisee's purposes of any component of the System or make any other representation or warranty with respect to the System. We shall not be liable to the Franchisee for, nor shall the Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or any Products or Services, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the System, or any loss of business, profits, consequential or other damages of any nature; provided however that such loss, claim, liability, cost, damage, or expense is not due to our negligence or intentional acts in connection with the System or any Products and Services.

## II. <u>FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT</u>

Franchisee acknowledges having received, read, and understood this Agreement, the Franchise Disclosure Document, and attachments thereto. Franchisee further acknowledges that we have accorded Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a completed copy of this Agreement, exhibits, attachments, and schedules (collectively, the "Schedules") referred to herein, and agreements relating hereto, as well as the Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed and any money was paid for the franchise.

Franchisee acknowledges that he or she has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by a representative of ours to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by us or our agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by us. The only representations, warranties, and obligations of us are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee, we will not provide financial assistance to Franchisee, and we have made no representation that we will buy back from Franchisee any products, supplies, kitchen equipment, technology items (such as: computers or laptops, POS system, camera surveillance systems, sound system, phone system, etc.), furnishings, fixtures, or signage purchased by Franchisee in connection with the Restaurant, except where we are otherwise required by law or regulation to buy back such items upon expiration or termination of this Agreement.

## III. <u>NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS, OR EARNINGS</u>

We do not make Financial Performance Representations and have not included any such representations in the Franchise Disclosure Document.

Franchisee, and each Owner or other person related to Franchisee who executes this Agreement, acknowledges that neither we nor any officer, director, employee, or agent of ours have made, and Franchisee has not received or relied upon, any express written or verbal information, representations, assurances, warranties, guarantees, inducements, promises, or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings, margins, or likelihood of success that Franchisee might expect to achieve from operating the Restaurant (defined as "Financial Performance Representations"), except as may be in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

## IV. <u>RELATIONSHIP OF THE PARTIES</u>

### A. <u>Franchisee is an Independent Contractor</u>

During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public at all times, as an independent contractor operating its Restaurant pursuant to a franchise from us. This Agreement is not intended to create, and shall not be interpreted as creating, a partnership, joint venture, agency, employment, or personal services or similar relationship between us and Franchisee. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which we shall have the right to specify. Franchisee will provide such notices on letterhead, business cards, bank account names, bank checks, and signs at the place of business. Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state, or federal obligations and benefits on behalf of its employees. Franchisee acknowledges that we have no responsibility to ensure that Franchisee's Restaurant is developed and operated in compliance with all applicable laws, ordinances, and regulations and that we shall have no liability in the event the development or operation of the Restaurant violates any law, ordinance, or regulation.

### B. <u>Franchisor Is Not in a Fiduciary Relationship with Franchisee</u>

It is understood and agreed by the Parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, we shall not have any fiduciary relationship to the Franchisee by virtue of the fact that we may operate a System Brand Fund (as defined in <u>Section X.B</u> of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, lease, or representation on our behalf, or to incur any debt or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder or thereunder, as a result of any such action; nor shall we be liable by reason of any act or omission of the Franchisee in its conduct of the Restaurant or for any claim, liability, or judgment arising therefrom against the Franchisee or us.

Franchisee represents, warrants, and agrees as follows: the Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business, has duly authorized the execution, delivery, and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee, such documents do not and will not contravene any other instrument or agreement to which the Franchisee is party and there is no pending litigation, tax claim, proceeding, or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligations under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its employees and all acts of its employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions, and all other terms and conditions of employment (as described in Section XII.F). The Franchisee must disclose to each of its employees in writing, in a form approved by us in advance, that we are not a "joint employer" of the Franchisee's employees. The Franchisee acknowledges that we do not control the Franchisee's personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising, and record keeping of employees.

## V. FRANCHISE GRANT

We hereby grant to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein, to operate a Bubba's Shrimp Shack™ Restaurant that has been assigned a protected territory as set forth in Section VI (referred to as the "Territory") for the entire term of this Agreement, with the right to use solely in connection therewith our Names and Marks, Products, Services, our advertising and marketing methods, and our System, as each may be changed, improved and further developed from time to time only at the accepted location as set forth in Section VI and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or if any other agreement is executed, this franchise includes no right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by us in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of a Bubba's Shrimp Shack™ Restaurant, provided that, Franchisee shall not violate any applicable law, regulation, or provision of this Agreement in exercising such discretion.

## VI. TERRITORY

Franchisee is not granted an exclusive territory. We grant you a Territory that is a protected territory as defined in this Agreement unless Franchisee operates its Restaurant in a Non-Traditional Location. A "Non-Traditional Location" is defined as operating the Bubba's Shrimp Shack™ Restaurant within a specific facility such as a: hotel, airport, casino, transportation center, university, stadium, arena, theme park, or military installation. Franchisees that operate a Bubba's Shrimp Shack™ Restaurant in a Non-Traditional Location will not be granted a Territory which means Franchisee may face competition from other Bubba's Shrimp Shack™ restaurant businesses (as described below). The location of the Franchise Business shall be: within the State of __________________ in the county of __________________________. If the actual Franchise Business address has not yet been chosen, your Accepted Location shall be within an area referred to as the "Search Area."

**The "Search Area" is:**

_____________________________________________________________________________

**The exact "Accepted Location" for the Restaurant is:**

_______________________________________________________________________________

**The protected Territory for a Restaurant that is not in a Non-Traditional Location will be: ___________ miles driven from any direction of the Restaurant.**

If the Parties do not select a Territory or choose a Non-Traditional Location in which to operate the Restaurant prior to the signing of this Franchise Agreement, then they shall agree to it at a later date, under the terms of this Agreement. Failure to secure a lease for the Restaurant within ninety (90) days and/or open the Restaurant within one hundred eighty (180) days from the execution of this Agreement will permit us to terminate this Agreement, as provided in Section XXIII.C.

The Territory, under the terms of this Agreement and if not operating in a Non-Traditional Location, will normally include up to four (4) miles driven in any direction from the Restaurant as defined by Google Maps or a similar computer mapping program. We reserve the right to grant a Territory that is larger or smaller than the four (4) mile area described above, in order to account for more densely or sparsely populated areas. We will determine population based on the most recently published data from the U.S. Census Bureau (or such other source we may indicate to Franchisee). Franchisee may not conduct business out of any other location or locations other than the Accepted Location identified above; however, Franchisee may conduct off-site events (such as community events, consumer shows, festivals, expos, etc.) within its Territory (off-site events not applicable if Franchisee operates a Non-Traditional Location since its Territory is limited to the parameters of its facility, however, Franchisee may be able to do so under certain circumstances as described below). Due to the nature of the Bubba's Shrimp Shack™ business model, all Products must be prepared from Franchisee's Accepted Location; and all Services performed from Franchisee's Accepted Location and within Franchisee's Territory or within the parameters of its Non-Traditional Locations. Franchisee can sell Products to anyone and serve anyone who comes from anywhere; can conduct off-site events within its Territory (off-site events not applicable if Franchisee operates a Non-Traditional Location) and can perform Services to any persons or businesses within its Territory or the parameters of its Non-Traditional Location. However, Franchisee may be able to perform Services and conduct off-site events in geographic areas outside its Territory or outside the parameters of its Non-Traditional Location under certain circumstances (as further described below).

The Territory, if not operating in a Non-Traditional Location, will be determined by population base, demographics of the surrounding area, competition, business potential (such as: number of restaurants, residential homes and businesses that are in the area), availability of appropriate sites, reasonable rent, or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The Territory is determined once a location is chosen and approved by us and will not be altered even if there is a population increase or decrease during the term of this Agreement. The Territory is not dependent upon achievement of certain revenues, market penetration, or any other contingency. The boundaries of the Territory described above shall be determined by major topographical features that clearly define contiguous areas such as: streets, highways, freeways, or other roadways, rivers, streams, mountains, and underdeveloped land. We determine the size and boundaries of the protected Territory.

Franchisee must operate its Restaurant within the specific Territory or within the parameters of the Non-Traditional Location as identified in this Section VI. If not determined when this Agreement is executed, Franchisee is responsible for selecting the site for the Accepted Location within the designated Territory or Non-Traditional Location specified above and in accordance with this Agreement. We must approve the site where Franchisee intends to operate the Restaurant within its Territory or within the parameters of the Non-Traditional Location before opening for operation, especially prior to Franchisee becoming obligated on a lease. Franchisee may not open the Restaurant at any other location other than the Accepted Location that has been set forth in this Agreement or made part hereof by an addendum attached to this Agreement.

Franchisee shall not relocate a Bubba's Shrimp Shack™ Restaurant that has been assigned a Territory or is within a Non-Traditional Location, without our prior written consent (specified in Section XXII.A). If Franchisee is provided with a Territory during the term of this Agreement, we shall not establish, nor license another party or entity to establish, a Bubba's Shrimp Shack™ Restaurant within the

Territory outlined above. If Franchisee operates its Restaurant in a Non-Traditional Location, Franchisee acknowledges that Franchisee's protected area is only within the parameters of such Non-Traditional Location (such as within a: hotel, airport, casino, transportation center, university, stadium, arena, theme park or military installation) which is normally the concentrated area, facility, or building where the Restaurant will be operated from. We have a right to license others, and to operate company-owned businesses anywhere outside the parameters of the facility where Franchisee's Restaurant is located. However, and by way of example, if Franchisee operates a Bubba's Shrimp Shack™ Restaurant within a Non-Traditional Location, we cannot establish either a company-owned, licensed, or franchised Bubba's Shrimp Shack™ Restaurant anywhere within the parameters of Franchisees Non-Traditional Location. If Franchisee decides to open additional Restaurants and buys the rights to additional Franchises, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Restaurant as defined in Section IX.D of this Agreement).

Franchisee is encouraged to directly advertise and market to sell Products and promote Services within its Territory or within the parameters of its Non-Traditional Location. Franchisee may accept business, sell Products, and serve anyone who comes from anywhere so long as: all Products are prepared from the Accepted Location; all Products are sold from the Accepted Location or off-site events (off-site events are applicable if not operating a Non-Traditional Location as described below) within its Territory; all Services are performed from the Accepted Location; and all Services are performed within Franchisee's Territory or within the parameters of its Non-Traditional Location (with the exception of third-party mobile app delivery services if operating within a military installation or university campus as described below). If not operating a Non-Traditional Location, Franchisee is encouraged to conduct off-site events to sell Products and promote its Restaurant (such as at: community events, consumer shows, festivals, expos, etc.) so long as such off-site events are performed within its Territory. We may grant Franchisee permission to sell Products and/or perform Services outside its Territory or, if operating out of a Non-Traditional Location, away from its facility (as further described below). We, company-owned locations, and other franchisees reserve the same right to sell Products and serve anyone who comes from anywhere and provide Services within the boundaries of our and other franchisee's territories without compensation to Franchisee. Franchisee is also not restricted as to the geographic area into which Franchisee may attract customers and Franchisee is encouraged to directly advertise and market within its Territory or within the parameters of its facility if operating a Non-Traditional Location, and may end up attracting customers from other geographic areas; however, Franchisee cannot perform any target marketing ("Target Marketing") into any other territory of another franchisee or company-owned business and/or outside the parameters of its facility if operating a Non-Traditional Location. The term "Target Marketing" means a concerted effort by a Franchisee to solicit and obtain business by any type of advertising or marketing directed at all or a portion of another franchisee's territory, company-owned area, or unassigned area. We shall use commercially reasonable efforts to address any Franchisee that violates this policy. Failure of Franchisee to refrain from Target Marketing, as described above, may result in termination of this Agreement as specified in Section XXIII.C.

Franchisee is prohibited from selling Products, or offering and promoting Services through any alternative channels of distribution (such as Websites as defined below) without our written approval. Currently, Franchisee is authorized to sell menu items and offer delivery services on third-party mobile app delivery services to anyone from anywhere without compensation to other franchised businesses or company-owned businesses so long as all such menu items are prepared from its Accepted Location. Due to the nature of third-party mobile app delivery services, Franchisee may have no control where such delivery services are performed, however, Franchisee is required to communicate with such mobile app delivery service providers regarding its geographical boundaries to minimize such delivery services being performed outside its Territory. Traditionally, third-party mobile app delivery services will route customer orders to the restaurant closest in proximity to the customer's delivery point. If Franchisee operates a Non-Traditional location, Franchisee is not authorized to sell menu items and offer delivery services on third-party mobile app platforms (unless operating within a military installation or university campus). We reserve the right to revoke our approval of Franchisee's use of such third-party mobile app delivery services at any time upon written notice (via email or any other form of written communication) and Franchisee will be given 90 days to comply with such requirements at its cost. If Franchisee is granted permission to offer, sell, and/or promote Products or Services (other than menu items on third-party mobile app platforms) through an alternative channel of distribution, per our written approval, Franchisee may sell Products to anyone from anywhere without compensation to the other franchisees or company-owned businesses so long as all Products are prepared and sold from Franchisee's Accepted Location and such Services are performed within Franchisee's Territory. We, other franchisees, and company-owned businesses are subject to the same restrictions and reserve the same right to sell to anyone from anywhere and to offer and promote Services through third-party mobile app platforms and alternative channels of distribution so long as such Products are prepared from their locations and such Services are performed within the boundaries of their respective areas without compensation to Franchisee. Our response to Franchisee's request to offer, sell, or promote Products and Services through an alternative channel of distribution will be made by email or any other form of written communication within thirty (30) days after we receive it. Approval may be revoked in our sole discretion. Failure of Franchisee to refrain from using third-party mobile app delivery services if we revoke our approval in the future (as described above) or if Franchisee attempts to sell, offer, or promote its Products or Services on an alternative channel of distribution without our written permission, will result in termination of this Agreement as specified in Section XXIII.C.

Franchisee can perform Services to anyone within its Territory or within the parameters of its Non-Traditional Location so long as all Products are being prepared, sold, and delivered from Franchisee's Accepted Location. Unless Franchisee operates a Non-Traditional Location, Franchisee can conduct off-site events to promote its Restaurant anywhere within its Territory. However, if Franchisee is asked to perform Services (other than third-party mobile app platform services, as described above) or conduct off-site events outside its Territory or outside the parameters of its facility (if operating out of a Non-Traditional Location) in which there is another franchise or company-owned business, Franchisee must immediately refer that request to the Bubba's Shrimp Shack™ business in that geographical area or directly to us. Franchisee must not perform any Services (other than third-party mobile app platform services, as described above) or conduct off-site events outside its Territory or outside the parameters of its facility (if operating out of a Non-Traditional Location) if another franchise or company-owned business is operating in that area. If the other franchise or company-owned business determines it is in the best interest of the person or business for Franchisee to perform Services or conduct such off-site event, then Franchisee, regardless of whether Franchisee operates a Non-Traditional Location, can immediately service the person or business and/or conduct such off-site event. In this situation and regardless of whether Franchisee operates a Non-Traditional Location, if there is not a Bubba's Shrimp Shack™ business in that other area, then Franchisee, can provide such Services and conduct such off-site events, however Franchisee must be prepared to refer the person or business and/or off-site event to another franchisee when the unassigned area is purchased. We and other franchisees and company-owned businesses must refer persons and businesses that request Services within Franchisee's Territory or within Franchisee's facility (if operating out of a Non-Traditional Location) and/or off-site events that are within Franchisee's Territory to Franchisee and also reserve the same right to perform Services to persons or businesses and/or conduct off-site events within Franchisee's Territory (or Non-Traditional Location) if it is determined, to be in the person's or business's best interest, by the franchisee or company owned business of that territory.

If, during the term of this Agreement, Franchisee is unable to promptly and properly provide Products or perform Services due to excessive work or other cause; then Franchisee must immediately refer that person or business to another franchise, company-owned business, or to us. Failure of Franchisee to refer persons, business, Services and/or offsite events as described herein, will result in us having the right to terminate this Agreement as specified in Section XXIII.C. For any default of this Agreement which triggers our ability to terminate, then as an alternative to termination, we have the right, in our sole discretion, to modify or eliminate any rights Franchisee may have with respect to the protected area status of the Territory, effective ten (10) days after delivery of written notice to Franchisee.

We encourage Bubba's Shrimp Shack™ restaurants, when owned by different individuals, to work out a referral and advertising arrangement if they are within close proximity of each other (defined as being within a ten (10) mile radius of each other). We must be notified in writing of all such arrangements.

We may, from time to time, establish certain programs for the benefit of franchisees and the System wherein Bubba's Shrimp Shack™ franchisees will be permitted to provide Products and/or perform Services in accordance with the specifications described in any particular program established by us. Currently in effect, is our proprietary Loyalty Program (defined in <u>Section XII.H</u>) and National Account program. The National Account program is defined as follows:

a) The term "National Account" means a special class of persons which may include, but is not limited to large businesses, national organizations, or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees, or other third parties owns, manages, controls, or otherwise has responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee's Territory regardless of the aggregate contract amount of the Products and/or Services the Franchisee wishes to provide or perform. Any dispute as to whether a particular person is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;

b) We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, Franchisee, and/or any other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to provide Products and perform Services to a National Account, including any affiliate, company owned, or franchised location within the Territory or Non-Traditional Locations;

c) Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Products or Services to one or more National Account locations within the Territory, we will, if Franchisee is qualified and conditioned upon the terms of this Agreement and any addendum hereto, provide Franchisee the option to provide such Products and Services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;

d) If Franchisee elects not to provide Products or perform Services to a National Account in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:

i. Provide directly (or through any other affiliate, or franchisee utilizing our Marks) Products and/or Services to a National Account location(s) located anywhere on the terms and conditions contained in the National Account bid or contract; and/or

ii. Contract with another party to provide Products and/or perform Services to the National Account location(s) located anywhere on the terms and conditions contained in the National Account bid or contract between us and the National Account, utilizing our Marks or any trademarks, service marks or trade names.

e) Neither the direct provision by us (or a franchisee, affiliate, or agent of ours) of Products or Services to National Accounts as authorized in (i) above, nor if we contract with another party to provide such Products and/or Services as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement relating to the Franchisee's Territory, even if such Products and/or Services are offered or performed from a location within the Territory or Non-Traditional Location. Franchisee disclaims any right to compensation for Products provided or Services performed by others pursuant to this section.

If Franchisee is provided a Territory, Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section VI. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control, or impose conditions on the location, operation, or otherwise of present or future Bubba's Shrimp Shack™ (or any other brand) units or distribution channels of any type, franchised, or company-owned businesses, regardless of their location or proximity to the Restaurant and whether or not they sell Products or provide Services within that area. Franchisee does not have any rights with respect to other and/or related businesses, products, and/or services, in which we or any of our persons or entities may be involved, now or in the future.

Any rights not expressly granted to the Franchisee are reserved to us. Such rights reserved to us include but are not limited to the following:

1) Own and/or operate ourselves, and/or authorize others to own and/or operate:

a) Any kind of business in the Territory or Non-Traditional Location, which is not substantially similar to a Bubba's Shrimp Shack™ business, whether or not using the Marks and System and on any terms and conditions we deem appropriate; and

b) Any kind of business outside of the Territory or outside the Non-Traditional Location, including, without limitation, Bubba's Shrimp Shack™ businesses, whether or not using Bubba's Shrimp Shack™ Marks and System and on any terms and conditions we deem appropriate;

2) Develop, distribute, and sell Bubba's Shrimp Shack™ labeled and branded (or any other brand) products and kitchen equipment (if developed) to anyone located anywhere (including within the Territory, if applicable) using any channel of distribution other than the operation of a Bubba's Shrimp Shack™ Restaurant in the Territory or Non-Traditional Location and on any terms and conditions we deem appropriate (including, but not limited to, supermarkets, specialty food stores, discount club chains, retail stores, and other similar venues and other channels of distribution such as television, mail, catalog sales, wholesale to unrelated retail outlets, or over the Internet);

3) Develop or become associated with concepts other than the Bubba's Shrimp Shack™ Restaurant franchised hereunder (including dual branding and/or other franchise systems), whether using the System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere. If we become associated with a business within Franchisee's Territory that uses our Marks and System, we will make commercially reasonable efforts to maintain the protected status of Franchisee's Territory;

4) Acquire, be acquired by, sell our assets, sell our stock, membership units, or partnership units to, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the Marks and System). Franchisee agrees to participate at its expense in any such conversion as instructed by us. However, if we acquire or merge with a business within Franchisee's Territory that is similar to a Bubba's Shrimp Shack™ restaurant business, we will make commercially reasonable efforts to maintain the protected status of Franchisee's Territory;

5) We may choose in our Business Judgment (as defined in Section XXI of this Agreement) to advertise, offer, and sell Products and/or Services through the Internet and other similar venues (no matter where the person is located) without paying any compensation to Franchisee. The Internet is a channel of distribution reserved exclusively to us and Franchisee may not independently market on the Internet or conduct e-commerce, without our written consent; and

6) Acquire or establish any Websites utilizing a domain name incorporating one or more of the following words: bubba, eat, experience, catering, delivery, dine, fast, favorite, fresh, made, own, prawn, real, restaurant, seafood, service, shack, shrimp, take-out, or any variation thereof or any other words that describe the Restaurant as determined by us. The term "Website" includes: Internet home pages, as well as other electronic sites (such as social networking sites like Yelp, Facebook, Twitter, LinkedIn, blogs, and other applications). Currently Franchisee is authorized to participate on Facebook, Instagram, and Yelp. Other than Facebook, Instagram, and Yelp Franchisee shall not establish a Website on the Internet using any domain name containing the words listed above or any variation thereof. Franchisee acknowledges that we have all right, title, and interest in and to such domain names, as we shall designate in the Operations Manual. Franchisee must provide us with all login and password information for all Websites and acknowledges that we have the right to monitor, remove, edit, or delete any content (including posts) as we consider appropriate. Franchisee must also comply with our requirements regarding discussing, advertising, or disseminating any information, or otherwise having a presence on a Website, regarding the Restaurant. If we approve a separate Website (which we are not obligated to do), then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require; and all such work must be performed by us, our affiliates, or approved vendors; (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with the standards and specifications for Websites that we may periodically prescribe in the Operations Manual or otherwise in writing; and (v) if we require, Franchisee must establish hyperlinks to our Website and other Websites; and (vi) Neither Franchisee nor any of its employees shall post any information regarding us, our members, managers, officers, or employees, or the System, on any Website or any internet site, without our prior written approval, nor publish any disparaging statement either during or after termination or expiration of the Agreement. Further, Franchisee shall monitor its employees to prevent them from making any such postings. We retain the right to pre-approve Franchisee's use of linking and framing between the Franchisee's web page and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs,

frames and links between the Franchisee's web pages and any other Websites and cause any advertisements to be removed, if and as requested by us.

We may provide Franchisee, subject to certain terms and conditions, with options, rights of first refusal, or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory or Non-Traditional Location. Franchisee's Territory or the parameters of its Non-Traditional Location may be altered during the initial term, but only: (i) by mutual consent in writing; (ii) at the time of transfer or renewal as a condition to transfer or renewal; (iii) for any default of this Agreement which triggers our ability to terminate as described above; or (iv) after our merger or other reorganization that involves assuming a similar type of business as Franchisee's, after we have made reasonable efforts to preserve Franchisee's Territory.

## VII. TERM AND RENEWAL OF AGREEMENT

### A. Term

The franchise herein granted for a Bubba's Shrimp Shack™ Restaurant, shall be for a term of seven (7) years from the date of execution and acceptance (the "Effective Date") of this Agreement by us and subject to earlier termination as herein provided.

### B. Renewal

Franchisee shall have the option to renew this Agreement for up to one (1) additional term of seven (7) years, provided we are still offering franchises at that time, and subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give us written notice of its election to renew not more than twelve (12) months and not less than six (6) months prior to the end of the then current term. We will respond to Franchisee's written notice to renew no later than thirty (30) days after receipt of such notice by email or any other form of written communication;

2. Franchisee must not currently be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between us and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;

3. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. We may refuse to renew or extend the Franchise if: (a) Franchisee has failed to use its best efforts to operate the Franchised Business to our satisfaction; (b) the Franchise is terminable by law or under this Agreement; (c) Franchisee fails to give timely written notice of its exercise of its renewal option; (d) we are withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy our then-current standards for new franchisees or (f) Franchisee has been in default of this Agreement more than three (3) times during the entire seven (7) year term of this Agreement;

4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to us and our affiliates, and shall have timely met these obligations throughout the previous term;

5. Franchisee shall execute, before the renewal term, our then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may materially differ from the terms of this Agreement. We will not charge Franchisee

any type of renewal fee and renewal may be for the same protected area or Non-Traditional Location as outlined in Section VI (if applicable), above;

6. Franchisee shall comply with our then-current qualification and training requirements;

7. Franchisee must execute a general release, in a form prescribed by us releasing any and all claims against us and our affiliates, and our respective owners, officers, directors, agents and employees, if such release is not in conflict with any local, state, or federal laws; and

8. Franchisee shall upgrade, remodel, and/or refurbish the Restaurant (both inside and outside) in order to meet our then-current standards. Franchisee will update all signage and all kitchen equipment, furnishings, fixtures, technology items (such as: computers or laptops, POS system, camera surveillance systems, sound system, phone system, etc.) located at the Restaurant to meet our then-current requirements. Franchisee will complete all remodeling, modernization, redecoration, or replacements at Franchisee's expense in accordance with our standards and specifications.

## VIII. **FRANCHISEE'S INITIAL INVESTMENT**

The Franchisee's initial investment will vary depending upon the size of the Restaurant, build out expenses, if Franchisee chooses to lease a second generation space compared to an empty shell, size of the facility, if Franchisee chooses to build out a drive-thru for the Restaurant, if Franchisee chooses to lease or purchase some of its kitchen equipment, amount of kitchen equipment Franchisee leases or purchases, amount of inventory Franchisee purchases, number of employees Franchisee hires, time of year when Franchisee starts business, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area, and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document and has sufficient cash resources available to meet said expenses. These start-up costs include the Initial Franchise Fee.

## IX. **FRANCHISEE'S INITIAL FRANCHISE FEE**

### A. Initial Franchise Fee and Payment

By executing this Franchise Agreement, the applicant agrees to become a Franchisee and pay an Initial Franchise Fee in the amount of eighteen thousand dollars ($18,000) for a Bubba's Shrimp Shack™ Restaurant. This Initial Franchise Fee includes a right to operate a single Bubba's Shrimp Shack™ Restaurant in a Territory that is up to four (4) miles driven in any direction from the Restaurant determined by boundaries as described in Section VI of this Agreement; or, if Franchisee chooses, within a Non-Traditional Location that is site specific. The Initial Franchise Fee includes an affiliate web page housed within our national website that includes online ordering functionality and may include access to franchise portals online, a two (2) week initial training program at corporate headquarters, manuals, and up to seven (7) days of onsite guidance for either pre-opening or grand opening assistance.

The Initial Franchise Fee per this Agreement is due upon execution of this Franchise Agreement. The Initial Franchise Fee is uniform as to all persons currently acquiring a Franchise and is non-refundable. The Initial Franchise Fee shall be paid in a lump sum in United States funds and shall be deemed fully earned upon the opening of the Business for the deliverables as described above in Section IX.A. "The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

B. Time Limit for Opening the Restaurant

The Franchisee shall maintain the Restaurant in accordance with the provisions and requirements of Section XII hereof and must secure a lease that has been approved by us (as described in Section XII.S) within ninety (90) days of the execution of this Franchise Agreement ("Effective Date") and open the Restaurant for operation (the "Opening") within one hundred eighty (180) days from the date of execution of this Franchise Agreement. The Opening requires that Franchisee has qualified for and has obtained all necessary licenses and permits needed to sell Products and perform Services. We may, in our discretion, grant Franchisee one sixty (60) day extension past the allotted time within which to secure a lease and/or open the Restaurant.

Upon Franchisee's failure to (i) agree on a Territory (unless operating in a Non-Traditional Location) and/or acquire a lease within ninety (90) days from the Effective Date; and/or (ii) timely satisfy the Opening requirement within one hundred eighty (180) days from the Effective Date; then we may, at our sole discretion, terminate the Franchise and this Agreement and retain all fees paid by Franchisee, without breach of this Agreement by us as specified in Section XXIII.C.

During the term of this Agreement, the Accepted Location shall be used exclusively for the purpose of operating a Franchised Business and shall be located within the Territory or Non-Traditional Location. In the event the Restaurant shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Restaurant within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the refurbished Restaurant will be that which existed just prior to the casualty; however, every effort should be made to have the refurbished Restaurant include the then-current image, design, and specifications of a Bubba's Shrimp Shack™ business.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft, or destruction to the Restaurant from any cause whatsoever or requisition of the Restaurant by any governmental entity or the taking of title to the Restaurant by eminent domain or otherwise (collectively, "Loss"). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees, and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Restaurant (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Restaurant in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Restaurant and it is substantially destroyed, (in our sole judgment), we may require the Franchisee to repair the existing Restaurant or find an alternative location within the Territory and be operational within ninety (90) days or soonest possible timeframe according to Franchisee's lease. We may extend this period an additional thirty (30) days at our discretion and failure of Franchisee to comply may result in termination of this Agreement. Upon termination, the Franchisee must return to us all Business and System related materials, and we have the first right of refusal to purchase all Assets (as described in Section XXIV.G), but any such purchase price will be reduced to account for the Loss the Franchisee incurred.

It is understood and agreed that, except as expressly provided herein, this Agreement includes no right of Franchisee to sub franchise, which means for the Franchisee to act as a seller of Bubba's Shrimp Shack™ franchises.

C. Cooperation Required

Franchisee shall cooperate reasonably with us to ensure that the various actions occur which are necessary to obtain acceptance by us of the Restaurant location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by us regarding Franchisee's Restaurant and finances.

D. Establishing Additional Franchise Businesses

If Franchisee desires to establish and operate additional Bubba's Shrimp Shack™ businesses, we may in our sole discretion, grant Franchisee the right to operate a second (2nd) Restaurant (and any additional Restaurants thereafter) for a reduced Franchise Fee of nine thousand dollars ($9,000) each. Franchisee must meet minimum conditions: (a) Franchisee must satisfy our then-current qualifications and training requirements; (b) Franchisee must execute our then-current franchise agreement; and (c) the Franchisee must not currently be or have been in default of any of the terms of this Agreement plus any other requirements to purchase an additional franchise.

## X. OTHER FEES

A. Royalty Fees

In addition to the Initial Franchise Fee described in Section IX above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee pays to us a "Royalty Fee" of two- and one-half percent to four- and one-half percent (2.5%-4.5%) of total Gross Revenue for the calendar month (for the previous month) based on Franchisee's "Royalty Month" (see chart below) and is to be received as we specify in writing. The term "Royalty Month" shall be defined as starting the calendar month in which the Restaurant is open for operation and is used as the baseline for each calendar month thereafter. The Royalty Fee is due on the seventh (7th) day of each month (for the prior month) and begins immediately once the Restaurant is open for operation, then continues for the term of this Agreement. The Royalty Fee is uniform as to all persons currently acquiring a Bubba's Shrimp Shack™ Franchise and is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue such royalty payments as described in Section XXIV.H.

| Royalty Month: | Franchisee's Royalty Payment Will Be: |
|---|---|
| Months 1 – 24 | 2.5% of Gross Revenues |
| Months 25 through the remainder of the Franchise Agreement | 4.5% of Gross Revenues |

As used in this Agreement, "Gross Revenue" shall include all revenue accrued from the performance of services in, at, upon, about, through or from the Restaurant, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Restaurant including but not limited to revenues generated from: the sale, delivery, and performance of all Products and Services from the Accepted Location (including away from the Accepted Location and on any alternative channels of distribution such as on the Internet, mobile devices, etc.), insurance proceeds, and/or condemnation awards for loss of sales, profits, or business; and fair market value for any product or service Franchisee receives in barter or exchange for its Products or Services. The sale of Products and performance of Services away from the Accepted Location (such as at off-site events) is also included in computing Gross Revenue. However, Gross Revenue shall not include: (i) revenues from any sales taxes or other add on taxes collected by Franchisee for transmittal to the appropriate taxing authority; (ii) gratuities paid by customers to Franchisee's employees; (iii) the amount of refunds and/or voided transactions under one percent (1%) of Gross Revenues Franchisee in good faith gives to customers and customer refunds of previous payments Franchisee made; (iv) the retail value of any donated and complimentary (free) Products and/or Services offered to customers and employees (including meals offered to employees) up to a maximum of three percent (3%) of Gross Revenues for the Restaurant; and (v) gift card sales Franchisee makes from its Restaurant. For clarity, in no event may Franchisee exclude or deduct from Franchisee's Gross Revenues more than the one percent (1%) and three percent (3%) as described above in subsections (iii) and (iv). We have the right to change, modify, or discontinue Franchisee's ability to exclude the amount of refunds and voided transactions and/or discounted and complimentary Products and/or Services, from Franchisee's Gross Revenue calculation for any reason whatsoever upon ninety (90) days' written notice to Franchisee.

Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us a fee of twenty-five dollars ($25), in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of one and one half percent (1.5%) per month or the maximum rate allowed by the laws of the State in which Franchisee's Restaurant is located or any successor or substitute law (referred to as the "Default Rate"), until paid in full.

B. System Brand Fee

Franchisee will pay a System Brand Fee equal to one percent (1%) of Gross Revenues per calendar month to be paid in the same manner as the royalty obligation that begins immediately once the Restaurant is open for operation and continues for the term of the Agreement (as defined in Section X.A). We can increase the System Brand Fee, and such increase will not exceed three percent (3%) of Franchisee's Gross Revenues in any calendar year (and for the term). If we increase the System Brand Fee, Franchisee will be given ninety (90) days' notice prior to such increase.

The System Brand Fee is to be received on or before the seventh (7th) day of each month for the prior month. This fee will be deposited into our System Brand Account (the "Fund") for ongoing technology or new product development (including recipes and menu items) or kitchen equipment development, and such national advertising or public relations programs as we, in our sole discretion, may deem appropriate to promote the Marks. The Fund may also be used for local franchisee group advertising or marketing and Franchisee advisory council expenses; local, regional, national, or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal, and other costs), related expenses, and any media (including media production costs) or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements, and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. Bubba's Shrimp Shack™ restaurants owned or operated by us or our affiliates will contribute on the same basis to the Fund.

We may disclose the identity of vendors who pay promotional allowances to us upon request and only after Franchisee's signing an appropriate non-disclosure agreement. If we require Franchisee to buy items from a vendor who pays these allowances, we may do one of the following: (i) place all or some of the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees we receive from purchases that are not required to be made from a specified source. We are not obliged to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this

Agreement. Neither we nor any of our advisory council members has any fiduciary duty to the Franchisee regarding any System Brand Fund.

Franchisee's failure to pay required System Brand Fees is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. We may remove Franchisee from advertising or marketing materials without notice if Franchisee fails to timely remit its System Brand Fee.

C. Local Advertising Fee

Franchisee must spend a minimum of one thousand five hundred dollars ($1,500) per quarter on local advertising and promotion, in addition to payment of the System Brand Fee required above. This local advertising requirement starts the second ($2^{nd}$) month after the Restaurant is open for operation. We shall have the right to approve or disapprove any advertising proposed for use by Franchisee. Franchisee may choose to advertise the Business any way it chooses so long as such advertising and marketing materials are approved by us (as described in Section XII.L) and are in the format as specified in our Operations Manual.

D. Electronic Funds Transfer

We reserve the right to require Franchisee to remit fees and other amounts due to us hereunder via electronic funds transfer or other similar means utilizing our approved computer system or otherwise. If we notify Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by us and/or perform such acts and deliver and execute such documents including authorization, in the form attached to this Agreement as Schedule 1 "Authorization Agreement for Prearranged Payments" for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure, Franchisee shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest and related processing fees charged due thereon. Franchisee shall make funds available to us for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported its Gross Revenue to us (as defined in Section X.A) for any reporting period, then we shall be authorized, at our option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Restaurant's Gross Revenue was provided to us as required hereunder or (b) the amount due based on information retrieved from our approved POS or computer system (whichever is greater).

E. Technology and Software Fees

Franchisee will be required to use specific point of sale "POS" system and software for the operation of the Restaurant and must use our approved vendors for such system and software. The POS technology and software are specific to the restaurant industry that tracks the sale of all menu items, products and has reporting functionality. The current technology fee is for POS support, the usage of the software in addition to ongoing software support and is currently one hundred ten dollars to one hundred twenty-five dollars ($110-$125) per month regardless of the number of terminals. It is expected that Franchisee will need only two (2) terminals when operating a one thousand five hundred (1,500) square foot Restaurant and three (3) terminals when operating a five thousand five hundred (5,500) square foot Restaurant. POS system and software fees are paid to us, our affiliates, or approved vendors.

Franchisee is also required to use specific scheduling software for the operation of its Restaurant. The scheduling software is specific to the restaurant industry that: manages all employee shifts, assists with labor cost calculations, provides employees with online and mobile app access, and has electronic communication functionality. The fee for the usage and support of this scheduling software is currently twenty dollars to twenty-five dollars ($20-$25) per month for unlimited users and is paid to us, our affiliates, or approved vendors.

It is Franchisee's responsibility to install, maintain, and upgrade any hardware necessary to operate the POS system including networking and software at its own expense. The use of the POS software and scheduling software as described above, may require Franchisee to sign a third-party license agreement. Franchisee will have sole authority and control over the use of such software, day-to-day operations of the Restaurant, and its employees. At no time, will Franchisee's employees be deemed to be employees of ours. Franchisee acknowledges that technology and software fees may be changed in response to any increase in the United States Consumer price Index; if we, our vendors, or the manufacturers of such technology and/or software make more functionality and/or features available; or if we or our vendors believe that conditions in the overall economy or in the market for such software functionality warrant any change in fees. We, at our sole discretion, may change such software requirements (including programs, codes, and/or vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes; however, Franchisee recognizes that we have no control if our approved vendors or manufacturers of such software increase the monthly fees as outlined above. Franchisee acknowledges that Franchisee must comply with such changes in software requirements at its own expense. If Franchisee fails to use our approved POS system and software and the scheduling software described above and/or fails to comply with our technology and software fee requirements as stated above, such failure will be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as described in Section XXIII.C of this Agreement.

F. Music Subscription Fee

Franchisee is required to purchase a commercial fee music subscription from our approved vendors for the operation of its Restaurant. Such music subscription allows Franchisee the ability to have streaming commercial free music in the Restaurant. Music subscription fees range from fifteen dollars to twenty-five dollars ($15-$25) per month, which includes any required music licenses Franchisee needs and is payable to our approved vendors. Music subscription fees are non-refundable. It is Franchisee's responsibility to install and upgrade any equipment and software required for such music subscriptions for its Restaurant. We, at our sole discretion, may change such music subscription requirements at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes, however Franchisee recognizes that we have no control if our approved vendors increase the monthly fees as outlined above. Franchisee acknowledges that Franchisee must comply with such changes in music subscription requirements at its own expense. If Franchisee fails to comply with our music subscription requirements within the timeframe stated above, such failure may be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

G. Inspection Fee

To maintain the highest degree of quality and service, we reserve the right to charge Franchisee a two-thousand-dollar ($2,000) inspection fee if we or our affiliates inspect the Restaurant and it does not pass the inspection for a second time in any two (2) year period. We may, at our sole discretion, change such inspection fees at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in inspection fee requirements at its own expense. The foregoing shall be in addition to any other remedies we may have pursuant to this Agreement.

H. Web Page Edits, Updates, Changes, and Promotion Fee

We, our affiliates and/or approved vendors will perform all web page changes, updates, content revision, and perform all website promotions over the Internet for Franchisee. Franchisee will pay a rate of sixty-five dollars to one hundred  twenty-five dollars ($65-$125) per hour (or current fair market rates) to us, our affiliates, or approved vendors for such services. Any requests for changes, edits, or updates to Franchisee's web page or any type of website promotion over the Internet must be approved by us in writing and the work is to be performed by either us, our affiliates, or approved vendors. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request by email or any other form of written communication. We may change such web page maintenance, update, and promotion requirements, at our sole discretion, and Franchisee shall have ninety (90) days after receipt of our written notice within which to adhere to the new web page maintenance, update, and promotion requirements at Franchisee's expense, without any liability to us. If Franchisee fails to comply with our web page maintenance, update, and promotion requirements within the timeframe mentioned above, such failure may be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

I. Product, Vendor, and Equipment Assessment Fee

Franchisee must obtain our written approval for such products, vendors, or suppliers and any type of equipment Franchisee wishes to offer or use in its Restaurant (as described in Section XII.I of this Agreement). Franchisee will pay an assessment fee for our approval of any product (including menu items or retail items), vendor, supplier, or any piece of equipment (to the extent not then on our list of approved products, vendors, or kitchen equipment), which may also require third party testing. The assessment fee is two hundred dollars ($200) for a single product (including menu or retail item) and/or vendor or supplier that Franchisee wishes to offer, use, and/or substitute in its Restaurant. The fee for any type of equipment testing is a minimum of five hundred dollars ($500) per piece or the actual cost incurred by us. We may waive these fees if the products, vendors, suppliers, and/or pieces of equipment that the Franchisee selects meet our requirements and make it on our approved list of products, vendors, suppliers, or equipment for all franchise locations.

## XI. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee.  We do not finance or guarantee the obligations of the Franchisee for a Bubba's Shrimp Shack™ Restaurant. The Initial Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section IX.A of this Agreement.

## XII. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of our System and adherence to our Operations Manual (the "Operations Manual" or "Manual") and compliance with our standardized design and specifications for décor, signage, and uniformity of the Restaurant are essential to the image and goodwill thereof. The Manual contains mandatory and suggested specifications for the Restaurant, standards, and operating procedures and further defines Franchisee's obligations under this Agreement. We may change or add to the Manual to reflect changes in our image, specifications, and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist us with any type of marketing research program, which we may institute from time to time. Franchisee's cooperation and assistance shall include, but not be limited to, test marketing new Products or Services, purchasing a reasonable quantity of equipment or products to be tested, providing communication with us regarding such testing programs, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations, and similar items.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Restaurant and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Restaurant other than that authorized pursuant to this Agreement, without our prior written approval. Neither Franchisee, nor any of its employees, may conduct any activity at the Restaurant or in connection therewith which is illegal, or which could result in damage to our Names and/or Marks or our reputation and goodwill. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized, or illegal purpose.

Franchisee must conduct all business through its Restaurant unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and if Franchisee is converting their existing business into a Bubba's Shrimp Shack™ Restaurant, then Franchisee agrees to deliver to us, along with a signed copy of this Agreement, the Schedule 2 "Pre-Existing Businesses" attached to this Agreement.

C. Comply with Laws

Franchisee shall comply with all federal, state, and local laws, ordinances, consumer protection laws and regulations, wage and hour laws, labor laws, workers compensation and unemployment laws, zoning laws, fire codes, building construction (including zoning classifications and clearances) and shall obtain and at all times maintain any and all governmental licenses, permits, industry specific licenses or certificates, governed by laws and regulations relating to occupational hazards and health such as Occupational Safety and Health Administration ("OSHA"), or that may be required for full and proper operation of the Restaurant franchised under this Agreement in Franchisee's state of operation. In addition, there is the federal Clean Air Act and various state laws that impose air quality standards. These standards include limits on emission of ozone, carbon monoxide, and other gases and/or particulate matter including emissions from commercial food preparation. Franchisee agrees to keep itself and its employees informed of, and to comply with all laws and regulations including all rulings issued by the U.S. Food and Drug Administration ("FDA") and any other applicable state and local health agency. Franchisee must adhere to safe food handling practices, food testing laws and regulations that are in force or as they become applicable. Franchisee acknowledges that federal, state, or local authorities may adopt laws and regulations affecting the content or make-up of food served in businesses and requiring that food being served in businesses are tested for gluten and other contents and other testing and also disclosure laws. In addition to complying with all laws, Franchisee is required to ensure that Franchisee, its Owners, and managers have successfully obtained a food handler's supervisor certification and complete a supervisor harassment training program in their home state and must ensure each person maintains such certification, regardless of whether this is required by Franchisee's state (as further described in Section XII.F of this Agreement). Our standards may exceed the requirements of said laws and regulations. In addition, Franchisee must maintain an above average rating or score for all health department inspections and failure to do so may result in termination as described in Section XXIII.C.

In addition, with respect to all credit card transactions and customer information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card users. Franchisee must be at all times in compliance with the Payment Card Industry Data Security Standards ("PCI Compliant"). Franchisee also agrees to forward to us copies of any and all notices, inspection reports or other communication from any governmental entity with respect to the conduct of a Bubba's Shrimp Shack™ Restaurant that indicates the Franchisee's failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, within five (5) days of the Franchisee's receipt thereof. Franchisee agrees to indemnify us under Section XVIII of this Agreement, which includes any claims arising out of Franchisee's failure to perform its obligations as described above.

It is Franchisee's sole responsibility and absolute obligation to research all applicable federal, state, and local laws and regulations governing the operation of a Bubba's Shrimp Shack™ Restaurant. Franchisee must secure and maintain in force all required licenses, permits, and certificates relating to the operation of its Restaurant and must at all times operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations (including without limitation, regulations relating to fictitious name registrations, sales tax permits, fire clearances, safety, truth in advertising, occupational hazards, indoor air quality, health, laws relating to non-discrimination in hiring and accessibility, worker's compensation and unemployment insurance). In addition, Franchisee must comply with consumer protection laws and regulations concerning food preparation, handling and storage, "Truth in Menu" concerning menu item names, product content, labeling and nutritional claims. We make no representations or assurances as to what inspections, licenses, permits, authorizations, or otherwise will be required for Franchisee in the Franchisee's area in connection with its Restaurant. It is Franchisee's sole responsibility to identify and obtain all licenses, permits, certifications, and authorizations necessary for operation. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing, and ethical conduct in all business activities.

Franchisee agrees to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders, or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchise Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders, and/or regulations, and specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 "Executive Order 13224 and Related Certifications."

A Bubba's Shrimp Shack™ restaurant shall be designed, constructed, and operated in compliance with all local, state, and federal laws, including (without limitation) the American with Disabilities Act ("ADA"). Even though we may have designed the Restaurant space, Franchisee is responsible for compliance with all applicable federal, state, and local laws and regulations concerning access by people with disabilities. We must first approve any required modifications to the Restaurant which are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us Schedule 4 in the form attached to this Agreement before Franchisee opens the Restaurant and which form requires the Franchisee to confirm and certify that the Restaurant and any proposed renovations comply with the ADA requirements.

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee, nor any of its Owners if you are an Entity, officers, directors, agents, employees, or independent contractors, except as required in the performance of the duties contemplated by this Agreement, may disclose, or use at any time, whether during the term of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to our confidential matters and trade secrets such as our: strategies for site acquisition, build-out, color scheme, layout, design and décor specifications; distinctive Products including menu items that feature shrimp and seafood using our proprietary recipes, spices and sauces; specific food preparation and presentation standards, cooking techniques, methods, and procedures including food storage standards; Services and strategies for executing Services; specifications for all products, supplies and kitchen equipment; purchasing strategies, inventory management systems, vendors and supplier relationships, cost and pricing strategies, procedures for cleanliness, safety, sanitation, and quality control; operational procedures and Operations Manual, service standards, methods and techniques; employee hiring, training and retention guidelines; photographs of food and video presentations; sales, advertising, social media, marketing, and promotional strategies and materials; proprietary customer acquisition, loyalty and retention programs; website, third-party software, forms, contracts, record keeping, reporting procedures and accounting methods, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about our Products or Services, including information relating to discoveries, ideas, production, purchasing, accounting, engineering, website development and design, marketing and selling of our Products and Services (collectively referred to as "Confidential Information" and further defined in Section XVI.A of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how," Products, Services, kitchen equipment, proprietary recipes, spices and sauces, specific food preparation methods, techniques, procedures, presentation standards and methods of service developed by us and licensed to Franchisee for the operation of a Bubba's Shrimp Shack™ Restaurant are particular to the restaurant industry conducted by a Bubba's Shrimp Shack™ Restaurant. Franchisee agrees to take all steps necessary, at Franchisee's expense, to protect the Confidential Information and shall not release it to any person that does not have a need to know, including employees, agents, and independent contractors, either during the term or after the termination or expiration of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation, or in any other manner our ownership rights to any or all of the above Confidential Information.

E. Maintain and Renovate the Restaurant

Franchisee shall at all times maintain the Restaurant in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements, improvements, and alterations that may be determined by us to be necessary so that the facilities will conform to the uniform corporate image, as may be prescribed by us from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements, and alterations to its facilities within the timeframe and under the terms and conditions, which we may reasonably specify.

If at any time, in our sole and absolute discretion, the general state of repair, appearance, or cleanliness of the Restaurant or its kitchen equipment, fixtures, furnishings, and signage does not meet our standards, Franchisee expressly agrees that we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives notice from us, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the premises of the Restaurant and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

Franchisee shall maintain and renovate the Restaurant at its expense, to conform to our design, trade dress, color schemes and presentation of trademarks and service marks consistent with our designated image, including, without limitation, remodeling, redecoration, and modifications to existing improvements.

F. Maintain Competent Staff

We will create and make available to Franchisee and its Owners (if Franchisee is an Entity), training programs and other selected training materials, as we deem appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Restaurant (referred to as "General Manager"). The identity of the General Manager must at all times be disclosed to us. Franchisee's Restaurant must be personally managed on a full-time basis by a General Manager who has successfully completed our mandatory training and meets our then-current standards. The General Manager may, but need not, be Franchisee or one of the Owners of the Restaurant; however, this does not relieve Franchisee of its responsibilities to oversee the kitchen and general operation of its Restaurant. Franchisee's General Manager must be readily and continuously available to us. Franchisee will keep us advised, in writing, of all management personnel involved in the operation of the Restaurant. Upon termination of its General Manager, Franchisee must appoint a successor within sixty (60) days and have such replacement General Manager (who we may disapprove in our sole and absolute discretion) trained by Franchisee within thirty (30) days of his/her employment in accordance with our standards (as outlined in the Operations Manual) at Franchisee's expense. Franchisee's replacement General Manager may attend our training program for a fee and subject to space availability. Currently the fee is two hundred dollars ($200) per person per day as described in Section XX.A of this Agreement. Franchisee, its Owners and/or General Manager is responsible for all travel, room, board, and food. We have the right to require that Franchisee's General Manager be at the Restaurant for any inspection we, our affiliates, or third parties conduct.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire and train cooks, and other multi-positional employees for various positions and any administrative staff (referred to as "Employees") in an effort to make all Products, serve customers, and provide Services according to our standards as outlined in the Operations Manual and Section XX.E of this Agreement. Franchisee must ensure that Franchisee, all of its Owners, and General Manager have a valid food handler's supervisor certification in addition to completing a harassment training program and that such certifications are renewed as applicable. A food handler's supervisor certification in food handling and safety in addition to harassment training is necessary for the operation of a Bubba's Shrimp Shack™ Restaurant. Such courses can be taken in a classroom setting or in some states can be completed over the Internet. Franchisee is also solely responsible for Employee's terms of employment, compensation, and the proper training in the operation of a Bubba's Shrimp Shack™ Restaurant. As Franchisee hires a General Manager and Employees, Franchisee can negotiate any rate for such services that is consistent with applicable federal and state laws and regulations. Franchisee is solely responsible for all employment decisions and functions, including hiring, firing, establishing wage and hour requirements, training, disciplining, supervising, performance, and record keeping. Franchisee acknowledges that at no time will Franchisee's Employees be deemed to be employed by us.

Franchisee must not use unethical or illegal tactics to recruit employees. Franchisee shall properly hire Employees per our guidelines and standards (subject to applicable employee protection laws) which may include carefully screening Employees by the use of background checks before employing them, to ascertain fitness for employment, subject to Franchisee's local and states laws. Specifically, Franchisee is strongly encouraged to use its best efforts, including taking every action required by applicable laws especially related to criminal background checks of persons working in the Business, to ensure that no person is employed who has a record of theft, child molestation or abuse, immoral conduct, drug, alcohol or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of the customers or reflect adversely on our reputation or the System (if Franchisee chooses to perform background checks). Franchisee will indemnify us (as described in Section XVIII) for all claims arising out of or relating to Franchisee's Employees and Franchisee's hiring, firing and discipline decisions regarding employees including payment of wages, overtime, and any applicable benefits, as well as failure of Franchisee to utilize background checks on any potential employee.

Franchisee will require its Employees to wear uniform dress bearing one or more of the Marks while working at the Restaurant and shall be of such design and color as we may prescribe from time to time, as set forth in the Operations Manual.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Restaurant.

G. Open Restaurant within Time Limit

Time is of the essence. Franchisee must secure a lease within ninety (90) days of the execution of this Franchise Agreement and open the Restaurant for operation within one hundred eighty (180) days of the date of execution of this Franchise Agreement that includes having obtained our approval prior to opening, subject to Section IX.B of this Agreement. Prior to opening, Franchisee shall complete, to our satisfaction, all the build-out and preparations of the Restaurant, in accordance with specifications set forth in the Operations Manual and as required by local governmental agencies, including installation of all kitchen equipment, furnishings, fixtures, and signage; acquire all technology items (such as: computers or laptops, POS system, camera surveillance systems, sound system, phone system, etc.), uniforms and an inventory of products and supplies; complete our initial training program, and provision to us of all required local information, artwork, and photos for the completion of the Franchisee's web page.

H. Operate Restaurant in Strict Conformity to Requirements

Franchisee must prepare and sell all Products, offer approved Services, serve customers, and operate the Restaurant in strict conformity with such standards, techniques, and operational procedures as we may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without our prior written consent. Franchisee also agrees to purchase all kitchen equipment (as defined in Section XII.I) and technology items (such as: computers or laptops, POS system, camera surveillance systems, sound system, phone system, etc.) and to operate, service, repair, maintain, and clean all such items according to our standards as outlined in the Operations Manual. Franchisee must keep all kitchen equipment and technology items in clean and good working order at all times and purchase only approved parts to repair its kitchen equipment and technology items from our approved vendors and suppliers. All maintenance to the kitchen equipment and technology items that cannot be completed by Franchisee must be performed by our approved vendors. Unless otherwise agreed by us in writing, in no event shall Franchisee use any piece of kitchen equipment or technology item that is more than ten (10) years old. Franchisee agrees to replace all kitchen equipment and technology items at Franchisee's expense as such items (i) become obsolete or inoperable; or (ii) if, in our sole discretion, replacement is necessary because of new functionality, change in software, change in methods of service or because of health or safety considerations. Franchisee has ninety (90) days after Franchisee receives written notice from us to either remove or replace such kitchen equipment or technology item. Failure of Franchisee to remove, replace, and/or maintain its kitchen equipment and/or technology items as described above may result in termination as described in Section XXIII.C of this Agreement.

Franchisee is required to use, sell, and offer only approved Products and Services which meet our standards of quality and which we have approved in writing to be offered in connection with the Restaurant. Products that Franchisee is authorized to use are described in Section XII.I of this Agreement. Due to the nature of our business model, all Products must be prepared at Franchisee's Accepted Location and all Services performed within its Territory or the parameters of its Non-Traditional Location. All Services must be performed from the Accepted Location and must be executed according to our standards within the Franchisee's Territory or within the parameters of its Non-Traditional Location, unless otherwise approved by us in writing (as described in Section VI). Franchisee is also not permitted to sell Products, offer or promote Services (other than through third-party mobile app platforms) through any alternative channels of distribution whether known or hereinafter invented. If authorized by us, all Products sold through an alternative channel of distribution must be prepared and sold only from Franchisee's Accepted Location or prepared and sold from the parameters of Franchisee's Non-Traditional Location. Any attempt by Franchisee to (i) prepare Products at any other location or perform Services from any other location other than the Accepted Location as identified in Section VI of this Agreement; or (ii) sell Products not approved by us through any alternative channels of distribution, other than menu items through third-party mobile app platforms, will result in termination of this Agreement as specified in Section XXIII.C.

Prior to opening the Restaurant for operation, Franchisee must adequately supply its Restaurant with an assortment of kitchen equipment, products, and supplies (as described in Section XII.I) and use such items in accordance with our specifications. Franchisee is also required to offer the programs we specify (such as our proprietary rewards programs referred to as "Loyalty Programs") that we have and may establish in the future and abide by the policies for such programs as developed by us. The term "Loyalty Programs" are repetitive use programs for customers that provide incentives for number of visits or incentives after so many points are acquired relative to dollars spent and also geared towards building brand awareness. Franchisee agrees to discontinue offering any Products, Services, and programs which we may, in our sole discretion, disapprove in writing at any time. There are no limits on our right to change, modify, or discontinue any Product, Service, or program Franchisee is authorized to offer in its Restaurant. We will provide Franchisee with a written list of Products, Services, programs, and other promotional programs Franchisee is required to offer during the initial training program. Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular Product, Service, or program; nor shall any provision herein imply or establish an obligation on our part to reinstate any Product, Service, or programs discontinued by us or for any liability to Franchisee for any loss of revenue incurred by Franchisee as a result of our decision to discontinue a particular Product, Service, or program. We will provide Franchisee with ninety (90) days' notice to implement such Product, Service, or program changes and Franchisee agrees to immediately comply with such changes at its own expense. We may periodically meet with a representative group of franchisees and solicit their input prior to discontinuing any Product, Service, or programs. Franchisee agrees to prepare and offer such Products and Services in the manner and style we specify, which may, from time to time, be amended or modified in writing (email or any other form of written communication), designated, and approved by us. Franchisee must prepare all Products from its Accepted Location in accordance with our recipes, food preparation standards, methods, techniques, processes, and presentation standards; and follow our service standards and methods as designated by us which may, in our sole discretion, change from time to time. Upon our written approval, Franchisee has the flexibility to add any Product that is specific to its geographic area as long as the Product complies with our standards as specified in the Operations Manual. We will respond to Franchisee's request to implement a Product within thirty (30) days from the date the request is received, and we will respond by email or any other form of written communication. We have the right to require, as a condition of our approval and review, that Franchisee submit to us all materials and supporting documentation describing such Product that Franchisee wishes to offer in its Restaurant. Franchisee shall pay the cost of such investigation for approval (if applicable) and we shall not be liable for denying Franchisee's request. We may revoke our approval in our sole discretion where such Product no longer adheres to our standards as specified in the Operations Manual. Franchisee acknowledges that all food preparation, recipes, techniques, processes and presentation, service standards, and methods are integral to the System and failure to adhere to such food preparation, recipes, techniques and processes, service standards and methods are detrimental to the System. Franchisee must not deviate from our required procedures for preparing food, recipes, techniques, processes, presentation, service standards and methods; or use non-conforming items or differing amounts of any items without first obtaining our written request. Failure of Franchisee to (i) use, sell, offer, change, modify, or discontinue any Product, Service, or program; (ii) adhere to our food preparation standards, recipes, techniques, processes, and presentation standards; and/or (iii) adhere to serving customers according to our service standards and methods as outlined above will result in termination of this Agreement as specified in Section XXIII.C.

Franchisee agrees to fully comply with all mandatory specifications, standards, operating procedures, and rules in effect which may change from time to time relating to: safety, maintenance, cleanliness, sanitation, usage of software, performing Services, commercial free music subscriptions, function and appearance of the Restaurant and its kitchen equipment, technology items, décor, and signage. Nothing in this Agreement shall be construed to imply or establish an obligation on our part to incur any liability to Franchisee for any loss of revenue incurred by Franchisee as a result of our decision to change, modify, or discontinue our specifications, standards, or operating procedures. Franchisee agrees that we have the right, in our sole discretion, to change, modify, add, or discontinue any such specifications, standards, and operating procedures. We will provide Franchisee with ninety (90) days' notice to implement such specifications, standards, and operating procedure changes and Franchisee agrees to immediately comply with such changes at its own expense. Failure of Franchisee to adhere to our: requirements for performing Services (as described above), specifications, standards, and operating procedure requirements, as described above, may result in termination as described in Section XXIII.C of this Agreement.

Franchisee must accept credit cards and debit cards and other types of payments as specified by us, which may change from time to time. Franchisee shall also offer for sale, and will honor any incentive, coupon, or gift cards or Loyalty Programs (as described above), which we may institute from time to time, and Franchisee shall do so in compliance with our standards and procedures for such programs to the extent permitted by the laws of the Franchisee's state. These programs may include, without limitation, membership programs, repetitive use for service programs, co-op programs, and other local and national activities. Franchisee's full and complete participation in such programs is required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

Franchisee must respond promptly to all inquiries and complaints in order to achieve customer satisfaction as specified in the Operations Manual. If Franchisee does not provide customers with satisfactory service and/or fails to resolve complaints at the time the complaint is registered or if Franchisee violates operating standards or this Agreement, we may, in addition to our other remedies, complete the services and bill the Franchisee for such services. Franchisee shall reimburse us for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality care and service that we may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by us and as may be modified periodically by us, in our sole discretion.

We may institute various programs designed to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online surveys, customer comment cards, secret shoppers, or otherwise. We will share results of such programs as they pertain to Franchisee's Restaurant, with Franchisee and Franchisee will reimburse us for all costs associated with any and all such programs in the event that Franchisee is not in compliance with this Agreement and the System.

Franchisee recognizes that one of our primary methods of communication with franchisees is through email, newsletters, and/or memos we may periodically publish and an intranet system we may provide to franchisees on our website. Franchisee is responsible for knowing all the information contained in the emails, newsletters, memos, and the intranet system and complying with any standards and specifications provided within them. We may establish and change the specifications, standards, and/or procedures for the operation of the Restaurant through our emails, newsletters, memos, and intranet system. If we establish an intranet system, we will have no obligation to maintain the intranet system indefinitely and may dismantle it at any time without notice and without liability to Franchisee and the following will apply:

(1) We will establish policies and procedures for use of the intranet system. These policies, procedures and other terms of use may address issues such as (i) restrictions on the use of abusive, slanderous, or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with us; (iii) confidentiality of materials that we transmit; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to the intranet system; and (vi) a privacy policy governing our access to and use of electronic communications that franchisees submit on the intranet system. Franchisee acknowledges that as administrator of the intranet system, we can access and view any communication that anyone posts on the intranet system. Franchisee further acknowledges that the intranet system and all communications that are posted to it will become our property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

(2) Upon receipt of notice from us that the intranet system has become operational, Franchisee agrees to purchase and install all necessary additions to their computers and to establish and continually maintain electronic connection with the intranet system that allows us to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connectivity with the intranet system will continue until expiration or termination of this Agreement.

(3) We may use part of the System Brand Fund Fees that we collect under this Agreement to develop, maintain, and further develop the intranet system.

We may require Franchisee to join and participate in various industry specific local or national associations. Such associations may include but are not limited to: the local Restaurant Association, Better Business Bureau and Chamber of Commerce. These associations may be deemed invaluable and necessary for the continued growth of the Restaurant. Franchisee's full and complete participation in such programs and associations is required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense, including membership fees and related costs.

In the marketing and operation of Franchisee's Restaurant, Franchisee will use each of, and only, the take-out menus, contracts, waivers, and/or other forms and/or materials as are designated by us periodically. However, Franchisee may stay subject to the landlord's lease as it may apply to the items in the prior sentence, as long as the lease contains all of the terms and conditions required by this Agreement; the lease is adjusted to accommodate this Agreement (ideally the lease is coterminous with this Agreement but not required); and Franchisee may execute its lender's standard promissory note, personal guaranty, and security agreement provided that the terms and conditions of any promissory note, personal guaranty, and security agreement do not affect or impair this Agreement, or any of our rights or remedies under this Agreement. If Franchisee has two or more Owners or it is an Entity, then Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, or Shareholders Agreement and bylaws, as applicable for our review prior to execution as specified in Section XII.R of this Agreement.

All advertising, promotions, and public relations by Franchisee in any medium shall be conducted in a dignified manner and shall conform to our standards and requirements as set forth in the Operations Manual. Franchisee shall have the right to sell Products and offer Services at any prices or rates Franchisee may determine, except that we reserve the right to establish minimum and maximum prices for any given Product or Service system wide to the extent allowed by federal and state laws. To clarify, Franchisee agrees that we have the right, in our sole discretion, to establish minimum and maximum prices for any Product or rates for any Service system wide, temporarily (for a limited period of time), in specific geographic areas or in conjunction with any promotional and/or marketing program so long as such decisions are made with the honest belief that the measure we are adopting will help everyone in the System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Products and Services offered for sale and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to sell or offer any Product or Service at any price or rate recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Products or Services at the recommended price or rate will enhance Franchisee's revenues, sales, or profits. Franchisee shall participate in and comply with all sales, promotional programs, marketing programs, and/or product promotions promulgated by us periodically.

I. Use Approved Products, Supplies, Kitchen Equipment, Vendors, and Suppliers

Franchisee acknowledges that we have spent considerable time in developing the Products, Services, standards, processes, methods, and technology used in the operation of a Bubba's Shrimp Shack™ Restaurant. Accordingly, Franchisee acknowledges that Franchisee is to use only approved products, supplies, kitchen equipment, vendors, suppliers, and services that include, but are not limited to: seafood (such as different types of shrimp, fish, and shellfish), chicken, fresh produce, breads, dairy products, vegetables, dry goods (such as: beans, spices, seasonings, etc.), sauces, dressings, a variety of non-alcoholic beverages (such as carbonated drinks, teas, and coffee), supplies (such as: paper goods, packaging materials, disposables, and cooking supplies), miscellaneous retail items (such as: plastic cups and apparel for resale), kitchen equipment (such as: deep fryers, one four hob range, walk-in cooler, commercial grade refrigerators, commercial grade freezers, makeline refrigerated units, etc.), furnishings and fixtures, technology items (such as: computers or laptops, POS system, camera surveillance systems, sound system, phone system, etc.), software, signage, uniforms, merchant services, POS, and technology support services, music service providers, and printed advertising materials necessary for the operation of the Restaurant. Franchisee may be required to comply with our procedures for submitting orders for products and supplies, as we may periodically adopt. We may derive income through license fees, promotional fees, advertising allowances, rebates, or other monies paid by approved vendors and/or suppliers. If we require Franchisee to buy products, supplies, or kitchen equipment from us, the price and quality will be comparable to similar products, supplies, and kitchen equipment from other sources. We may take a portion of that income to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy products, supplies, kitchen equipment, or services from a vendor that pays such allowances, we may spend all such fees on related advertising or may place them in the advertising account Fund as described in Section X.B of this Agreement. If we don't require the purchase, we need not place such fees in a separate account or use them on advertising. Franchisee agrees that we may periodically and upon written notice, add to, modify, or change such approved products, supplies, kitchen equipment, vendors, and suppliers and there is no limit on our right do so. Franchisee promises to promptly accept and implement, in the operation of the Restaurant, all such additions, modifications, and changes at Franchisee's expense. In addition, Franchisee acknowledges that:

1. We have spent considerable time designing the decoration and outfitting of a Bubba's Shrimp Shack™ restaurant with kitchen equipment, furnishings, fixtures, décor items, and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual and Section XII.T of this Agreement.

2. To ensure the consistent high quality and uniformity of Products and Services provided by Bubba's Shrimp Shack™ Franchised Businesses, Franchisee must lease or purchase products, supplies, kitchen equipment, and services (as described above) for use in the operation of a Bubba's Shrimp Shack™ Restaurant, from us, our affiliates, or approved vendors who demonstrate to our continuing satisfaction an ability to meet our standards and specifications. We are not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if we, our affiliates, or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of products, supplies, or kitchen equipment where such items are out-of-stock or discontinued. Franchisee is prohibited from purchasing or leasing products, supplies, kitchen equipment, and services from unapproved vendors and/or suppliers

who are not on our approved list without our written approval. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. We will make such approval or disapproval by e-mail or any other form of written communication. Failure of Franchisee to purchase such items from us, our affiliates, or approved vendors and/or suppliers and use such approved items in the operation of its Restaurant may result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

3. In approving any vendor or supplier we may consider factors such as: price, quality, composition, performance, accuracy of product claims, durability, safety, technical specifications, frequency of delivery, design, service maintenance programs, determination of quality control, value, customer service strength, prompt attention to complaints, litigation against the supplier, reputation of supplier, any product recalls instituted by the United States Consumer Product Safety Commission, the supplier's financial strength and capacity to supply franchisee's needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by us and may be disapproved by us anytime thereafter. If Franchisee desires to lease or purchase unapproved equipment, products, supplies, or services from unapproved vendors, Franchisee shall submit to us a written request for such approval. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by email or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that our representatives are permitted to inspect the facilities of the proposed vendor and that the proposed item is delivered to us or our designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor, or supplier and we shall not be liable for damage to or for the return of any sample and Franchisee may be responsible for the product, vendor, and equipment assessment fee as described in Section X.I of this Agreement. We reserve the right, at any time, to re-inspect the facilities and to retest the product or kitchen equipment of any approved vendor and to revoke any approval if the vendor fails to continue to meet our high standards.

4. Franchisee will not make any claims against us or our affiliates with respect to any vendor and/or related supplier for products, supplies, kitchen equipment (as described above) or any other related products or supplies necessary for the operation of the Restaurant (and/or our designation of, or our relationship with, any vendor/supplier/products). WE MAKE NO WARRANTIES REGARDING ANY VENDOR EQUIPMENT, PRODUCTS, OR SUPPLIES AND HEREBY DISCLAIM THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. WE MAKE NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR FREE OF WORMS. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT THE FRANCHISOR WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Franchisee must make any claim with respect to any vendor-related and/or similar matters only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist Franchisee in resolving any disputes with vendors approved and/or designated by us.

5. Franchisee may be required to use and offer for sale any and all privately labeled and branded merchandise or Proprietary Products developed by us, which will be listed in the Operations

Manual (currently not in effect). The term "Proprietary Products" is defined as all products, supplies, kitchen equipment, retail items, or other merchandise for sale and marketing materials all of which are branded with our Marks and all of which must be purchased by the Franchisee directly from us or our approved vendors, unless the Franchisee has submitted and received written approval from us to use an alternate supplier. Currently we do not have Proprietary Products that Franchisee is required to use or offer for sale in its Restaurant. Failure of Franchisee to use and/or offer for sale Proprietary Products (if developed) will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

6. Franchisee acknowledges that we do not now but may in the future require Franchisee to maintain in inventory a minimum representation of kitchen equipment, products, and Proprietary Products in its Restaurant. "Minimum Representation" shall be defined as the continuous maintenance of an amount of kitchen equipment, products, and/or Proprietary Products meeting requirements as defined in the Operations Manual. Franchisee shall at all times comply with our Minimum Representation requirements, if any, and the terms of any auto-ship requirements (currently we do not have any auto-ship requirements, however we do require that Franchisee purchase updates for all advertising, promotional, and marketing materials and miscellaneous forms when designated as mandatory by us and as specified in the Operations Manual). However, if a particular Product does not sell well in Franchisee's Restaurant, Franchisee may request that a specific Product be removed from the required Minimum Representation list. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. We shall make such approval or disapproval by email or any other form of written communication.

7. Franchisee shall not make any changes to any Product, Proprietary Products, or any third-party products or kitchen equipment including modifying kitchen equipment, changing the containers, packaging, labeling, promotional materials, advertising, cartons, or the like without our or the manufacturer's prior written approval, which may be withheld in the sole discretion of us or the manufacturer. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

8. Franchisee may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to distribute products, supplies, kitchen equipment, and/or Proprietary Products or third-party products inside or outside the structure or adjacent structures where the Accepted Location is located without our written consent. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of our receipt of Franchisee's written request. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.

9. Franchisee shall not manufacture or produce any piece of equipment or any product that is similar to, or competes with any of our Products, Proprietary Products, or third-party product or kitchen equipment, or in any channel of distribution selling similar products or kitchen equipment without our advanced written consent or the consent of the manufacturer, which may be granted or denied in our or the manufacturer's sole discretion. Violation of this shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.

10. Franchisee must inspect all kitchen equipment and products promptly upon receipt and may reject any kitchen equipment or product that fails in any material respect to conform to manufacturer's description (if applicable). Any kitchen equipment or product that has not been rejected will be considered accepted. Rejected kitchen equipment or products must be returned to the manufacturer within three (3) business days of the date on which manufacturer authorizes the return or as manufacturer specifies.

11. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that we have already and at our sole option, we may continue to establish additional strategic alliances or preferred vendor programs with national or regionally-known suppliers who are willing to supply all or some Bubba's Shrimp Shack™ restaurants with some or all of the products, supplies, kitchen equipment (as defined above) and/or other products or services that we require for use and/or sale in the development and/or operation of the Restaurant. In this event, we may limit the number of approved vendors with whom Franchisee may deal, designate sources that Franchisee must use for some or all of the above items, and/or refuse any of Franchisee's requests to approve vendors or suppliers if we believe that this action is in the best interests of the System. We shall have unlimited discretion to approve or disapprove of the vendors who may be permitted to sell such items to franchisees.

12. Franchisee agrees to purchase, use, maintain, and update at Franchisee's expense all technology items and software meeting our specifications, as we may modify them. Franchisee will be required to purchase such items from us, our affiliates, or approved vendors. We reserve the right to have independent access to all information that Franchisee stores in any POS system, computer, tablet, software or phone recordings related to the Restaurant. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding such items and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support, and/or updates of and to the required systems are the Franchisee's responsibility.

13. We cannot estimate the future costs of the technology items (as described above) or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining such items (including any additions and modifications) and required networking and technology support services. We have no obligation to reimburse Franchisee for any technology item, software, networking, or technology support costs. Within ninety (90) days after Franchisee receives notice from us, Franchisee agrees to obtain the technology item components and software that we designate and to ensure that Franchisee's technology items and software as modified, are functioning properly.

14. Franchisee may be required to use our proprietary software for the operation of the Restaurant (currently not in effect). If we develop proprietary software and require Franchisee to use such software, we will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such software for the operation of its Restaurant. If developed, we will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs, and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any propriety software ("Software"), if developed, will be subject to the following terms:

    a. Franchisee will use our Software on a computer or POS system that: (i) meets our computer and POS system hardware specifications; and (ii) is located at your Restaurant or on a backup system if the original computer is inoperable. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and data communications purposes and only in connection with the Restaurant and not for re-marketing or redistribution under any circumstances;

    b. Franchisee acknowledges and agrees that we (or any of our affiliates) will be the sole and exclusive owner of all right, title, and interest in and to our Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish, or invalidate our ownership rights in our Software;

c. Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops, and we will have the right to use such ideas and suggestions. We shall own all copyrights and other intellectual property rights to all modifications and suggestions proposed by Franchisee. The term "all copyrights and other intellectual property rights" shall mean all means, methods, and processes, by all media whether now known or hereinafter invested, including complete and entire interactive rights and rights to derivative works. This Agreement shall be a work for hire. In the event that a court of competent jurisdiction holds that this Agreement is not a work for hire, then the Franchisee agrees to execute all documents that we deem are necessary to assign all copyright and other intellectual property rights to us. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;

d. We will have the right at all times to access Software and to retrieve, analyze, and use all the data related to the Restaurant in Franchisee's files stored on Franchisee's POS system, computers, tablets, or any other device. Additionally, Franchisee will electronically transfer all files and reports related to the Restaurant to us on our request. All information related to the Restaurant that Franchisee stores in any POS system, computer, or tablet shall become our confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding our Confidential Information.

e. Franchisee and Franchisee's employees will not make available the Software, or portions thereof, to any person other than Franchisee's or our employees without our prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Restaurant; (ii) translate, reverse engineer, reverse compile, disassemble, modify, alter, or change, or create derivative works based on the Software; or (iii) sublicense, rent, lease, sell, convey, assign, or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software may result in termination of this Agreement as specified in Section XXIII.C of this Agreement;

f. Franchisee acknowledges and agrees that the Software, if developed, will be our valuable, proprietary product, the design and development of which took the investment of considerable time, money, and effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that it will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We hereby claim and reserve all rights and benefits afforded under copyright law, patent law, trade secret law, intellectual property law, and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect the Software against improper use, dissemination, or disclosure;

g. ANY SOFTWARE SHALL BE PROVIDED ON AN "AS-IS" BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE DO NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. WE MAKE NO WARRANTIES THAT THE SOFTWARE IS FREE FROM BUGS, VIRUSES, TROJAN HORSES, OR WORMS. WE MAKE NO WARRANTY REGARDING ANY OPEN-SOURCE SOFTWARE CONTAINED IN THE SOFTWARE. In no event will we be liable to you for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;

h. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately and automatically should Franchisee fail to adhere to any of Franchisee's obligations under this license or if this Agreement expires or is terminated for any reason;

i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would have no adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;

j. In the event Franchisee fails to adhere to any of Franchisee's obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and

k. Franchisee must update all POS systems, computers and tablets upon our request to optimize performance of the Software.

15. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither Franchisee nor any of its managing partners, managing members, members, shareholders or other Owners of Franchisee will make any claims) about any loss of data, loss of information, inability to use, failures, errors, or any other occurrences relating to any POS system, computer, tablet, closed circuit television system, computer hardware, or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that

information about Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee rely, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

16. We may set standards or specifications for leases and real estate at our discretion. We have set standards and specifications for the construction and build-out of the Restaurant; and equipment, furniture, fixtures, décor items, and signage used, including our subjective determinations relating to quality, value, and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of any particular product or piece of kitchen equipment, nor shall any provision herein imply or establish an obligation on the part of us and our affiliates to sell kitchen equipment, products, or supplies to Franchisee if Franchisee is in arrears on any payment to us, our affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of such items (if applicable), we or our affiliates shall not be obligated to sell such items to Franchisee.

J. Use Approved Design and Signage for the Restaurant

In operating a Bubba's Shrimp Shack™ Restaurant, Franchisee must adhere to our required signage standards and specifications. Franchisee may use an approved supplier for all such signage or submit an alternate supplier to us for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of our Names and Marks. Franchisee shall be totally responsible for obtaining and equipping the Restaurant with the signage as required and approved for use by us from time to time. The color, size, design, and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, or unapproved video, vending, or gaming machines, and/or other similar devices and décor items in the Restaurant without our prior written consent.

K. Participation in the Operation of the Restaurant

Franchisee acknowledges that a Bubba's Shrimp Shack™ restaurant involves hard work and long hours, similar to most restaurants that are owner operated. Franchisee acknowledges that we have not represented that this business is going to be easy for Franchisee (or any of its Owners) and agrees to participate in the day-to-day operation of the Restaurant. Regardless of whether it is the Franchisee or one of its Owners who are involved in the day-to-day operation of the Restaurant, Franchisee agrees that its Restaurant must be at all times under the supervision of a General Manager approved by us. Franchisee agrees that the General Manager will oversee the general operation of the Restaurant and supervise all Employees. The General Manager will also be responsible for providing continuing guidance, oversight, day-to-day management, enforce all food preparation and service standards, and properly process all paperwork, reports, and complaints.

L. Advertising the Restaurant

Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising materials conform to our standards and requirements as set forth in our Operations Manual or otherwise designated by us. Such advertising may include but is not limited to: any telephone, email, Internet, domain name, electronic network, directory, and listings of the Restaurant per our written approval. All items mentioned are our property and on termination will revert to us. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Franchise Business in connection with any other business, except with our prior written approval. Franchisee shall obtain our prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans and/or materials. Franchisee shall submit such unapproved plans and materials to us (by personal delivery, electronically or through the mail). Franchisee shall not use such plans or materials until we approve that specific plan or material and shall promptly discontinue use of any advertising or promotional plans and material upon our request. We shall approve or deny Franchisee's request by email or any other form of written communication, which approval is in our sole discretion within thirty (30) days of receipt of Franchisee's request. Any plans or materials submitted by Franchisee to us, which have not been approved or disapproved in writing, within such thirty (30) day period shall automatically be deemed not approved.

Franchisee will not independently advertise or promote in any media (including on any Website as defined in Section VI) without our prior written approval, except when using materials previously approved by us. We, our affiliates, and/or approved vendors will perform all web page content revision and Franchisee is responsible for any costs related to such revisions. Any requests for changes, edits, or updates to Franchisee's web page or any type of website promotion over the Internet must be approved by us in writing. We shall approve or deny Franchisee's request by e-mail or any other form of written communication, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Franchisee will participate in at its own expense and cooperate with all advertising and promotional programs we or any advertising group of franchisees selects, including any franchise marketing council we may implement. Franchisee may be required to follow or maintain sales pricing for Products and Services. We will set minimum and maximum prices and suggest pricing to the extent allowed by law.

Franchisee, its Owners, and General Manager shall at all times use its best efforts to promote and increase recognition of the Products and Services offered by the Restaurant pursuant to the System and Operations Manual, to affect the widest and best possible distribution of Products and Services from the Restaurant and to devote its best efforts to growing the Franchise Business.

M. Maintain Restaurant Hours

We require that Franchisee's Restaurant is open for operation seven days a week at minimum from 11am-9pm Monday through Saturday; and from 11am to 8:30pm on Sunday; except for holidays (as specified in the Operations Manual). The only exception to the above is if Franchisee is given written permission by us to operate at a lesser period; or if the hours of operation for the Restaurant are required by the lease of the premises on which the Restaurant is operated. It is required that Franchisee maintains a telephone answering system to take messages in addition to monitoring an email address for the Restaurant and respond to concerns outside of regular business hours.

N. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail in the operation of the Restaurant is important to the Franchisee, us, and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the Products and Services offered by the Restaurant under the System, and to protect our Marks, reputation, and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing consumer demands. As a consequence, changes, modifications, and variations to the System's standards may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify, or change the System, including without limitation the adoption and use of new or modified trademarks, Products, Services, programs (such as our Loyalty Programs), kitchen equipment, signage, décor, operational methods (including food preparation, recipes, techniques, processes, and presentation), service standards and methods, employee hiring and training guidelines, retention programs, our website, advertising, sales, and marketing strategies. Franchisee promises to promptly accept, implement, use, and display in the operation of the Restaurant, all such additions, modifications, and changes at Franchisee's expense.

Franchisee agrees to maintain high standards of honesty, integrity, fair dealing, and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive, excessive, or illegal collection techniques or other activity; or sell any product which we determine to be harmful to the goodwill or to reflect unfavorably on the reputation of Franchisee or us, the Franchised Business, or the Products and Services sold or offered thereof; or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee or otherwise is in violation of any applicable laws. The above limitations are closely related to the business image, purpose, and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business;

We will not require Franchisee to make any changes, modifications, and/or variations to the System that are not required of all franchisees (unless such change, modification, or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations, or customs); further we may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisee's failure to comply with additions, modifications, or changes to the System within ninety (90) days of such written notice is an incurable default as described in Section XXIII.C of this Agreement.

O. Telephone Number of Restaurant and Web Page

Franchisee understands and agrees that the telephone number(s), the URL address, web page, Websites for the Restaurant (in addition to any mobile phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, web page or Websites for the Restaurant without prior notice and written approval by us. Franchisee shall advertise and publicize the telephone number(s), the URL address, web pages, and Website for the Restaurant in the manner prescribed by us. As stated above, all telephone numbers, URL addresses, web pages, Websites, Internet or similar connections, directory, and listings used in the Franchised Business are our property and upon termination will revert to us.

P. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to us all products, equipment, discoveries, concepts, methods, techniques, recipes, formulas, processes, photographs, video presentations, promotions, operational procedures, inventions or ideas, whether patentable or not, relating to our business, which are conceived or made by Franchisee or any Owner, agent, employee or independent contractor of Franchisee solely or jointly with others, during the term of this Agreement, whether or not our facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such products, equipment, discoveries, concepts, methods, techniques, recipes, formulas, processes, photographs, video presentations, promotions, operational procedures, inventions, or ideas are the exclusive property of us, and that we shall have no obligation to compensate the Franchisee for any such discovery or idea. However, as a matter of corporate policy, we may, in our sole discretion, create an incentive program to reward Franchisee, its officers, directors, managers, members, partners, or shareholders for any such new product, equipment, discovery, concept, method, technique, recipe, formula, photograph, video presentation, process, or improvement that we implement throughout the System.

Franchisee, its officers, directors, managers, members, partners, or shareholders agree to execute all documents deemed reasonably necessary by us to assign all such patent, trade secret, trademark, and copyright rights in any Franchisee discovery or idea to us. The term “all copyright and intellectual property rights” shall mean all means, methods, and process, by all media whether now known or hereinafter invested, including complete and entire interactive rights and rights to derivative works. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System. The Franchisee agrees to execute all documents that we deem reasonably necessary to carry out such transfer of copyright and intellectual property rights to us.

Q. Permit Franchisor to Enter Restaurant

Franchisee shall permit us and our agents or representatives to enter the Restaurant at any time during normal business hours without notice for the purpose of conducting inspections to inspect the operations of the Restaurant, review restaurant operations (which includes photographing and taking video of the operations of the Restaurant for observation purposes) and to remove samples of food and/or non-food products, without payment, for our review to determine if such samples meet our then-current standards and specifications. We have the right to require that Franchisee’s General Manager be at the Restaurant for any inspection we, our affiliates, or third parties conduct. In addition, we may use secret shoppers to inspect and ensure that unauthorized products, supplies, kitchen equipment, and services (as described in Section XII.I) are not being used, offered, or sold. Franchisee shall cooperate fully with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, we shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. In addition, to maintain the highest degree of quality, if Franchisee fails an inspection twice in any two (2) year period the Franchisee will also be responsible for the two-thousand-dollar ($2,000) inspection fee (as described in Section X.I). If Franchisee fails a third or additional inspection in the same two (2) year period, we have the option of charging the two-thousand-dollar ($2,000) inspection fee or to terminate Franchisee as described in Section XXIII.C of this Agreement. The foregoing shall be in addition to any other remedies we may have pursuant to this Agreement.

R. Additional Requirements for Corporate or other Entity Franchisees

If Franchisee is or becomes a corporation, limited liability company, limited liability partnership, general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Restaurant;

2. Franchisee’s Certificate, Articles of Incorporation or Articles of Organization, Certificate of Formation, Shareholders Agreement, Operating Agreement, Partnership Agreement, Business Trust Agreement, and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Restaurant and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish us promptly upon request copies of Franchisee’s Certificate of Formation, Articles of Incorporation or Articles of Organization, Bylaws, Operating Agreement, Partnership Agreement, Business Trust Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;

3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to us upon request;

4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership except in accordance with the provisions of Section XV of this Agreement. All securities or other ownership interests issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

   > THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH BSS FRANCHISING, LLC AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION (IF THE FRANCHISEE IS A LIMITED LIABILITY COMPANY, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT, IF THE FRANCHISEE IS A PARTNERSHIP, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE PARTNERSHIP AGREEMENT. IF THE FRANCHISEE IS A BUSINESS TRUST, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE TRUST AGREEMENT);

5. Any individual or Entity, who owns ten percent (10%) or more in the Franchise Business, shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement, provided, however, that the requirements of this Section XII.R shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation");

6. If Franchisee is or becomes a partnership, corporation, or limited liability company, Franchisee shall furnish us a copy of its partnership agreement or comparable agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish us with a copy of its operating agreement and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish us a copy of its shareholders agreement, bylaws, and any other documents we may reasonably request, and any amendments thereto, from time to time; If Franchisee is or becomes a business trust, Franchisee shall furnish us a copy of its trust agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If such change to a franchisee or to an entity is proposed (or has occurred), we shall have the right to do any of the following: (i) require the new entity to sign the Franchise Agreement and all Owners sign guarantees; (ii) require the representatives of the entity to sign the Franchise Agreement and provide that it and the Owners are all franchisees; or (iii) take no action;

7. Each individual or Entity holding a ten percent (10%) or greater ownership or beneficial ownership interest in the Franchisee's Business, directly or indirectly, (including each individual holding a fifty percent (50%) or greater interest in any limited liability company, partnership, or corporation which has a ten percent (10%) or greater interest in the Franchisee's Business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 5 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and

8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate, or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining our written consent which consent shall be given or withheld within thirty (30) days of Franchisee's request.

S. Site Selection

Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a site for the Franchise Business to be established under the Franchise Agreement and for equipping the Restaurant at such premises. A typical Bubba's Shrimp Shack™ restaurant has approximately one thousand five hundred to two thousand five hundred (1,500-2,500) square feet of space. The space for a Bubba's Shrimp Shack™ Restaurant must be enclosed and separate from other businesses with its own locking door. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by us in writing. Franchisee may not sign a lease (or a contract to purchase the premises, if applicable) for the Restaurant until Franchisee has obtained our written approval. Franchisee must not invest any monies for a site in which Franchisee wishes to open a Restaurant until Franchisee has obtained our written approval for the site which will be made by email or any other form of written communication. On the execution of any lease for the Franchise Business, Franchisee will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Restaurant must be approved by us.

**FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A BUBBA'S SHRIMP SHACK™ FRANCHISE OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.**

Franchisee acknowledges that we have spent a considerable amount of time choosing and creating the layout, decoration, and outfitting for Bubba's Shrimp Shack™ restaurants. It is part of our trade dress. Franchisee acknowledges and agrees that the design, layout, and other characteristics of the Restaurant constitute and/or contain Confidential Information and/or trade secrets of ours. Franchisee agrees that the Restaurant shall be maintained and operated as follows:

1. Franchisee will maintain the Restaurant and every component of the kitchen equipment, furnishings, fixtures, and technology items in good order and repair at all times as specified in the Operations Manual;

2. Franchisee will keep the Restaurant fully insured as specified in this Agreement and in the Operations Manual;

3. Franchisee will keep the Restaurant at all times in a clean and tidy condition and free of any advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage, colors, and logos in the Restaurant and upgrade or review the same as specified in the Operations Manual;

4. Franchisee will not alter or in any way amend the appearance of the Restaurant, or any kitchen equipment, furnishings, fixtures, technology items, and signage contained within the Restaurant as specified in the Operations Manual;

5. Franchisee will maintain all kitchen equipment, furnishings, fixtures, technology items, and signage as specified from time-to-time in the Operations Manual and may be required to upgrade such items as technology advances or in our sole discretion because of new functionality so as to always use our then-current specifications;

6. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Restaurant. Franchisee shall furnish to us, immediately or within three (3) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state, or local governmental authority with jurisdiction over the Restaurant; and

7. Franchisee may be required to use only approved service centers for repairs and maintenance of all kitchen equipment in the Restaurant.

Franchisee shall not execute a lease or sublease for the Restaurant or make any modifications or amendments to the lease or sublease, without our prior written consent, which we may grant, condition, or withhold in our Business Judgment. Franchisee will deliver to us a copy of any lease or sublease for our review at least ten (10) days before execution. Franchisee must deliver a copy of the signed lease or sublease (and master lease if applicable) to us within five (5) business days after it is signed. We do not offer legal services to Franchisee and Franchisee is encouraged to consult with independent legal counsel for a legal review of the lease. Franchisee shall ensure that the lease or sublease for the Restaurant contains, in an addendum or otherwise, the following provisions which:

1). Permit Franchisee to operate a Bubba's Shrimp Shack™ Restaurant in accordance this Agreement and the Manuals;

2) Provide that the site will be used only for the operation of a Bubba's Shrimp Shack™ Restaurant, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;

3) Require the lessor to concurrently provide us with a copy of any written notices of default to Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;

4) Provide us with a right to take assignment and possession of the Restaurant, without the lessor's consent or any additional consideration. If we exercise this right and Franchisee is in good standing under the lease, we'll sign a sublease with Franchisee or take an assignment of the lease, for the same rent Franchisee is paying. In any case, we won't have any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will, when Franchisee signs this Agreement, also sign the Collateral Assignment of Lease attached as Schedule 6. If Franchisee loses lease rights to the site in connection with any bankruptcy, the lessor will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;

5) Provide that the lessor consents to the use of the Marks, trade dress, and other aspects of the System, as modified from time-to-time, and give us the right to enter the

premises during normal business hours for purposes of inspection, to take steps to protect the Marks and trade dress, and/or prevent/cure any default; and

6) Not contain any clause providing that if the Franchisee sells the assets of its Restaurant, or the stock/membership, units/partnership units, of the Restaurant, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

T. Development and Construction of the Restaurant

Franchisee must select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of site design, architectural and working drawings necessary to complete construction and/or build out at the Approved Location. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build out of the Restaurant that includes specifications for the Restaurant layout, kitchen equipment specifications, storage, furnishings, fixtures, technology items, décor, and signage. We must review Franchisee’s final set of drawings and plans prior to implementation. Such drawings, plans, and specifications are subject to alteration as may be necessary in our sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications. We reserve the right to receive rebates, commissions, or other forms of consideration from designated or approved vendors and suppliers involved in the construction of Franchisee’s Restaurant or supplying kitchen equipment, furniture, fixtures, technology items, décor, and signage for the Restaurant and to use such rebates, commissions or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions, or other consideration to Franchisee.

We would expect that a Bubba’s Shrimp Shack™ Restaurant location would need construction improvements. Costs may vary widely depending on such factors as property location, size of the property, the condition of the property, and the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, health, sanitation, clearances, inspections, permits, and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee’s location. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without our prior written permission. Any such change made without our prior written permission shall constitute a material default under this Agreement and we may withhold our authorization to open the Restaurant until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

Franchisee shall comply with all federal, state, and local laws, codes, and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design, and operation of the Restaurant. If Franchisee receives any complaint, claim, or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide us with a copy of such notice immediately or within five (5) days after receipt thereof. Franchisee shall remedy the problem within the required time frame or review with us the matter and comply with our direction regarding the timing and nature of the remedy.

Except as provided in Section IX.A of this Agreement, Franchisee shall construct, furnish, and open the Restaurant according to the requirements contained herein, and Franchisee shall open the

Restaurant no later than one hundred eighty (180) days from the Effective Date. Prior to opening for business, Franchisee shall provide us with evidence of lien-free completion of all work (including, without limitation, any and all mechanic liens) and to comply with all pre-opening requirements set forth in this Agreement (including without limitation those with respect to the grand opening advertising program), the Operations Manual, and/or elsewhere in writing by us.

Franchisee shall not open the Restaurant for operation until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited to, materials, quality of work, kitchen equipment, furnishings, fixtures, signage, decor, and paint and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Restaurant for operation does not constitute a waiver of our right to require Franchisee to conform the Restaurant to our standards.

U. Training

Prior to Franchisee's opening of the Restaurant to the public, Franchisee, its Owners (if it is an Entity) and General Manager shall complete to our satisfaction our two (2) week training program required by this Agreement within sixty (60) days of the date Franchisee anticipates opening the Restaurant for operation. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee and/or Franchisee's designated individual(s) from time to time. We may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee's designated individual(s) who fail to demonstrate an understanding of the management training acceptable to us. If Franchisee or Franchisee's designated individual's management training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to us. If Franchisee's new candidate does not adequately complete the management training, then we shall have the option of terminating this Agreement. We shall provide instructors and training materials for all required training programs; and Franchisee, its Owners, and/or General Manager who attend the training shall be responsible for all other expenses incurred in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

V. Ongoing Training and Support.

Franchisee will have access to our personnel for questions, ongoing training, and support by phone and e-mail during regular business hours (Eastern Time Zone). We will continue to consult with and advise Franchisee; provide telephone assistance, free of charge, to answer any questions from Franchisee or its staff (Section XX.A of this Agreement), provide updates to approved Products and Services in addition to Manual specifications, marketing, and operational updates as they become available; review advertising, product, supply, kitchen equipment, vendor, and/or supplier approval requests; and administer the System Brand Fund.

## XIII. OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Overall Coverage Required

Before Franchisee opens a Bubba's Shrimp Shack™ Franchised Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify) and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee shall list us as additional insured on all its insurance policies. Franchisee will procure and maintain general liability insurance with a minimum policy limit of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate (this policy should include general tort, premises damage, personal and advertising injury and should be at least $2,000,000) in addition to product liability insurance (covers Franchisee for damages that result in injury from products Franchisee distributes) and property and casualty insurance with a minimum policy limit of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate or an amount specified by us. Franchisee must also procure and maintain "All Risks" or "Special Form" insurance (coverage for the full cost of replacement of the premises and all other property), employer liability insurance and business interruption insurance to fully insure loss of earnings for a period of one hundred eighty (180) days or longer as may we specify.

For any construction, renovation, refurbishment, or remodeling of the site, Franchisee may be required to ensure that its general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders risk, product liability, and independent contractor's coverage) with limits of no less than one million dollars ($1,000,000) per claim, naming Franchisee and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law and as required by the lease. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

To the extent available, we may require Franchisee to obtain: automobile liability insurance, professional liability insurance (covers Franchisee for damages that do not result in property damage or bodily injury), employment practices liability insurance, employee dishonesty insurance and crime insurance as well as other disability benefits type insurance as may be required by the statute or rule of each state, with policy limits of one million dollars ($1,000,000) or in the amount we specify.

All insurance policies will name Franchisee as certificate holder and us and our affiliates as an additional named insured with waiver of subrogation by Franchisee for the benefit of us. We may establish minimum standards for coverage to be met by underwriters for insurance. Before beginning operations, Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance and a complete copy of all insurance policies within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and shall, in our sole discretion, be deemed an immediate material breach of this Agreement as set forth in Section XXIII.C. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, we may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage, and death or otherwise, arising directly or indirectly out of the Franchised Business.

Franchisee shall notify us immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.

We reserve the right to change or modify (including increasing) the required minimum coverage limits. We make no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Restaurant. Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this agreement, Section XVIII. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Restaurant is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

Franchisee shall furnish us with certified copies of each of the insurance policies described above on either the earlier of the opening of the Restaurant for operation or one hundred eighty days (180) days following the date this Agreement is executed.

## XIV. **OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS**

### A. Bookkeeping, Accounting and Records

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis are essential to the efficient operation of the Restaurant. If Franchisee is not qualified to maintain accurate financial records, in our reasonable determination, the Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchisee and who will attend to the bookkeeping for the Restaurant not less than twice a week for that purpose.

Franchisee shall maintain during the term of this Agreement and shall preserve for a minimum of seven (7) years, full, complete accurate records of sales, payroll, accounts payable, and accounts receivable in accordance with the standard accounting system described by us in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to this business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide us with all hard copy and/or digital copies of reports as we prescribe on or before the seventh (7$^{th}$) day of each month or daily if we require. Franchisee will also deliver or provide electronic access to business records (we will have independent access to all information that Franchisee stores in any POS system, computer, tablet, software, or phone recordings related to the Franchised Business), including an itemized report of Franchisee's Gross Revenue for the prior period on a form we prescribe, which will include payment for that periods' or months' fees due, and may include, to the extent that we require:

1. Franchisee's profit and loss statement, payroll records, certification, or records of Gross Revenue (as defined in Section X.A), vendor summary reports, and report of account receivables for the week, day, month, or period reported; and/or

2. Copies of any and all receipts and contracts with updated location information in any format we specify;

3. Copies of all invoices for purchases of all products, supplies, and kitchen equipment;

4. Copies of Franchisee's most recent sales tax report and/or sales tax return;

5. Copies of all inspections for the Restaurant from governmental agencies;

6. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);

7. Copies of all bank deposits, and bank deposit records made by the Franchisee; and

8. A complete list of all customers and contact information (including but not limited to all: email addresses, physical addresses, and telephone numbers) who have filed a complaint (internally, with governmental agencies, or with third parties such as the Better Business Bureau) or sought any type of refund during the preceding month by the end of the seventh ($7^{th}$) day of each month, bi-monthly, or as we require.

Franchisee acknowledges and agrees that we, at all times during the term of this Agreement and after termination, expiration, or cancellation of this Agreement, have the right to access (electronically or otherwise) all Business Records of the Franchise Business. We may use, transfer, copy, or analyze such Business Records as we determine in our sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, insurance policies, databases, and the like (whether in print, electronic, or other form), including all names, addresses, phone numbers, email addresses, contracts, financing arrangements, vendor records, and all other records contained in databases created and maintained by Franchisee pertaining to the operation of the Restaurant, including but not limited to records of customers, employees, vendors, and other professionals related to the Restaurant.

Franchisee will be required by us to obtain specific POS systems, computers, and use specific software, including, without limitation, a license to use our Software (if developed by us), or any of our vendors in accordance with Section XII.I of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining the POS system, computers, and software and Franchisee agrees to pay any software license or maintenance fee (if required). Franchisee agrees to maintain, upgrade, update, etc. the POS system, computers, and any additional licenses for any software as necessary (upgrades, maintenance, and support for our proprietary software (if developed) will be provided by us as described in Section XX.I). We have the right to charge a reasonable fee for any additional licenses, modification, maintenance and/or support of proprietary software that we may license to Franchisee and other products and services that we may furnish to Franchisee related to the POS systems and computers.

Franchisee will adopt a fiscal year as approved by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to us accounting, tax, and other information or copies of documents, as we request.

B. Franchisor's Right to Audit

We or our agents may enter the Franchisee's location to examine or audit Franchisee's business at any reasonable time without notice. We may examine, inspect, or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, purchase agreements, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, insurance policies, and other documents. We will bear the cost of the audit, provided however, if Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period, then Franchisee will pay the audit costs in addition to amounts owed to us plus interest at eighteen percent (18%) per annum (1.5% per month) for all understated Gross Revenues or the maximum rate allowed by the laws of the state in which Franchisee's business is located as specified in the Operations Manual. Franchisee will immediately pay us all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse us for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging, and wage expenses and reasonable accounting and legal costs), and, at our discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to us. If an inspection discloses an understatement in any payment to us of two percent (2%) or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII.C. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

C. Method of Payment

All payments Franchisee makes to us will be by any method we specify, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.D of this Agreement). All payments to us and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. Notwithstanding any other provision in this Agreement to the contrary, in the event the United States currency is redeemed, renominated, or another currency is issued in its place the new currency will be required. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to us. Franchisee is responsible for any fees associated with payment methods other than cash, check, or electronic transfer.

D. Submission of Financial Statements

Franchisee will provide us with a copy of Franchisee's year-end annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures. Such statements will be prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP"), by an independent accountant, and Franchisee will deliver the financial statements to us within ninety (90) days after Franchisee's fiscal year end.

E. Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders, our purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Restaurant; however, we have no obligation to do so. Should we have acquired Franchisee's Restaurant and intend to sell it to a prospective franchisee, we may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers, and creditors concerning the Restaurant and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Restaurant as we may request.

## XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

### A. Names and Marks are Licensed by Franchisor

We warrant with respect to our proprietary Names and Marks that:

1. Pursuant to a License Agreement between us and Bubba's Shrimp Shack, LLC, we have been granted the exclusive right to license the use of the Names and Marks to establish Bubba's Shrimp Shack™ franchises in the United States.

2. We will take such steps as we deem reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and

3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Names and Marks. We and Franchisee shall investigate such use, applications, or registrations, if any, and we shall in our sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by us shall not constitute a ground for the termination of this Agreement. In the event we determine in our sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if we shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by us. We shall not otherwise be liable for any losses or any consequential damages, incidental damage, exemplary damages, special damages, including lost future profits, resulting from, or arising out of any trademark, service mark, and/or unfair competition claim(s). We shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.

4. We will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operations Manual as well as our policy statements, which underlie the goodwill associated with and symbolized by the Names and Marks.

### B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's licensed use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall: (i) use only the Names and Marks as are approved in writing by us for Franchisee's use; (ii) use them only in the manner authorized and permitted by us; and (iii) acknowledge that in any use whatsoever of the Names and Marks, the Names and Marks are identified as being the Names and Marks registered to or owned by Bubba's Shrimp Shack, LLC with exclusive rights given to us;

2. Franchisee shall use the Names and Marks only in connection with the operation of the Restaurant and in advertising for the Restaurant conducted at or from the Franchisee's web page, and Accepted Location;

3. Franchisee shall use and display, as we may require in the operation of the Restaurant, a notice in the form approved by us indicating that Franchisee is a "Franchise of BSS Franchising, LLC" and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and that Franchisee uses them under a license;

4. Unless otherwise authorized or required by us, Franchisee shall operate and advertise the Restaurant under the Name and Mark "Bubba's Shrimp Shack™";

5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of our rights and a material breach of this Agreement;

6. Franchisee must obtain our approval for any use of any item of printed or digital material of any kind bearing any of the Names or Marks, unless we supplied the item. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of trademark registrations and copyrights as we specify.

7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on our behalf;

8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;

9. Except as otherwise permitted in this Agreement, Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URL's, Websites, links, metatags, locators, and search techniques;

10. Franchisee shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by us or our counsel to obtain protection for the Names and Marks or to maintain their continued validity and enforceability;

11. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify us and shall cooperate fully with us in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our sole opinion, be reasonably necessary or advisable to protect and maintain the interests of us or any other interested party in the Names or Marks. Other than what is stated in this Agreement, we are not obligated to protect Franchisee's right to use the Marks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Marks or to change the Marks at Franchisee's expense. We will control all such litigation, arbitration, and mediation involving the Marks. The Franchisee has no authority to institute any litigation, file any arbitration, or institute any request for

mediation regarding the Marks, nor does the Franchisee have any authority to enter into any settlement negotiations. Although we are not contractually obligated to protect the Marks or Franchise's right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously;

12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Restaurant in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and

13. Franchisee further agrees to follow all our quality standards that are inherent in the Names and Marks. Such quality standards are contained in the Operations Manual, as well as various memos or policy statements issued by us, and may be changed from time to time at our sole discretion.

C. <u>Franchisee Will Not Challenge Franchisor's Rights in Its Use of the Names and Marks</u>

Franchisee agrees and acknowledges that:

1. As between the Parties hereto, Bubba's Shrimp Shack, LLC is the owner of the Names and Marks, and it has all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;

2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;

3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;

4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;

5. Any goodwill arising from Franchisee's use of the Names and Marks in its Restaurant under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;

6. We reserve the right to substitute different Names and Marks for use in identifying the System, the Restaurant, and other Franchised Businesses operating there under;

7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute, or add Names and Marks. We cannot and do not make any guarantee that a modification, discontinuance, or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance, or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to us with superior rights;

8. Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person, or corporation;

9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and thus we have and retain the rights, among others:

   a. To use the Names and Marks in connection with offering and selling Products, Services, and kitchen equipment (if we choose to sell kitchen equipment in the future);

   b. To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising, and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify and only with our prior written consent. We retain the right to approve any linking to or other use of our website or any other website specific to our Products and Services;

   c. To grant other franchises or licenses for the Names and Marks, in addition to those already granted to existing franchisees; and

   d. To develop and establish other systems using similar names and marks, or any other proprietary marks and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

10. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents, and others, at wholesale, retail, and otherwise, in the production, distribution, and sale of Products, kitchen equipment, and/or Software (if developed) bearing the Names and Marks licensed or other names or marks. Franchisee shall not under any circumstances engage in any wholesale trade or sale of System products, kitchen equipment, and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any System product, kitchen equipment, and/or Software or any of these items that are not part of our System.

D. Ownership of Intellectual Property

Franchisee acknowledges that we are the exclusive owner of the intellectual property which includes the following: our Names and Marks (some by license from Bubba's Shrimp Shack, LLC), all Confidential Information, all intellectual property associated with the Names and Marks and the System, all vendor and supplier relationships, all Employee and customer lists and all customer phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Restaurant. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's Employee and customer lists including information we may request related to such Employees and customers. The use of any or all such intellectual property shall not create in Franchisee, or its Owners, if it is an Entity, title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee, nor any of its Owners shall directly or indirectly assert any right, title, or interest in or to any of the Marks or any other part of the intellectual property other than as provided for in this Agreement. Franchisee acknowledges that we shall own all intellectual property rights to any materials provided to the Franchisee by us or developed by the Franchisee pursuant to this Agreement. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods, and processes, including complete and entire interactive rights, and rights to derivative works.

## XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

### A. Franchisee Shall Learn of Proprietary Matters

Franchisee acknowledges that it will obtain knowledge of proprietary matters, methods, techniques, and business procedures of ours that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding: the System, build-out specifications, layout, design, décor, and signage; distinctive Products, Services, proprietary recipes, spices, and sauces; specifications for all products, kitchen equipment, supplies, and services used; vendors and suppliers, software, advertising, marketing and promotional materials (including photographs of food), service standards, and operational strategies necessary for the operation of the Restaurant in addition to our Operations Manual. Franchisee further acknowledges that all Confidential Information was not known to Franchisee prior to execution of this Agreement and that our methods are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Any person or entity, which has been or becomes a franchisee of the System and any investors therein;

2. Any person or entity which is, has been, or becomes a patron of the Bubba's Shrimp Shack™ Restaurant or catering customer;

3. The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;

4. The operating procedures of the System, including without limitation: how to prepare all menu items, specific cooking methods and techniques; knowledge of all ingredients and product specifications, kitchen equipment operation, and safety procedures; usage of the POS system and software, cost and pricing strategies, how to manage inventory levels, how to use our advertising, promotional, and marketing materials, recommendations for hiring and training employees, and best practices for record keeping and recommended accounting procedures;

5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, training, profitability, earnings and losses, and capital and debt structures;

6. The Products and Services offered to customers of a Bubba's Shrimp Shack™ Restaurant, including, without limitation, the scope of products in development and/or developed, services performed, and services refused; and

7. All documentation of the information listed in Section XVI.A including, without limitation, our training program and Operations Manual. During the term of this Agreement and for a period of five (5) years following the expiration or termination of this Agreement, Franchisee (including anyone related to Franchisee) agrees not to use, divulge, directly or indirectly, any Confidential Information, without our prior written consent. Nothing contained herein shall be construed as to require Franchisee to divulge any secret processes, techniques, formulas, or the like.

### B. Franchisee's Employees Will Not Disclose Confidential Information

Franchisee must keep the methods of operations (confidential information found in manuals, materials, and other documents) and Operations Manual confidential and not disclose them except to Franchisee's employees, agents, and representatives, as they must have access to it in order to operate a Bubba's Shrimp Shack™ Restaurant. Franchisee must follow all our security procedures, which include the execution and delivery to us of approved nondisclosure or non-competition agreements from its General Manager within one week after they are hired. These agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose, or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation or other Entity, any of our Confidential Information.

The Operations Manual (and all other manuals) are, and remain, our exclusive property. We will loan Franchisee one copy (hard or electronic) of the Operations Manual for the term of this Agreement. Franchisee must return the Operations Manual (and/or destroy any electronic versions of the Operations Manual) to us at the termination or expiration of this Agreement for any reason, or at any other time at our request. The Operations Manual contains mandatory and suggested specifications for the Restaurant, service standards, and operating procedures and further defines Franchisee's other obligations under this Agreement. We may change or add to the Operations Manual to reflect changes in our image, specifications, procedures, and methods of operation, and will lend Franchisee copies of any changes or additions. However, we will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee shall not copy any part of the Operations Manual (except for designated training sections), either physically or electronically. If Franchisee's copy of the Operations Manual is lost, destroyed, or significantly damaged, Franchisee must replace the Operations Manual at its own expense as set forth in <u>Section XX.G</u>.

C. <u>Relationship with Former Franchisees</u>

Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) may have the ability to compete unfairly with Franchisee and/or other members of the Bubba's Shrimp Shack™ System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give, or otherwise transfer or deliver to any former franchisee or allow any former franchisee to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by us or which bear any of our Names and Marks; any other materials or publications of ours, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the System, Restaurant, or Confidential Information which is not available to the public.

2. Franchisee will not refer prospective customers to any former franchisee.

3. Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time, and place of any meetings of franchisees.

4. If Franchisee observes any former franchisee using any of the Names and Marks in any way or utilizing a business facility for which the Names and Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to us along with all details available to Franchisee.

5. Franchisee shall in general have no dealings with former franchisees.

6. The provisions of this Section XVI.C shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:

    i. Franchisee receives a new franchisee directory in which such franchise does not appear; or

    ii. Franchisee receives written notice from us that one or more franchise agreements have expired or a franchisee has been terminated.

D. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause us irreparable harm, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies, which we may have.

E. Franchisor's Patent Rights and Copyrights

We do not own rights in or to any patents that are material to the Franchise at this time. However, we claim copyright protection for several aspects of the System such as our: Operations Manual, Software (if developed), Products, product specifications, recipes, signage, website, all marketing and promotional materials (including photographs of food), sales, and operations literature. Such copyright ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.

F. Franchisee Shall Not Contest Franchisor's Ownership Right to Any Confidential Information, Trade Secrets, Patents, or Copyrights

Franchisee expressly understands and acknowledges that:

1. We are the owner of our Confidential Information, trade secrets, copyrights, and patent rights;

2. Franchisee shall not directly or indirectly contest the validity or the ownership of our Confidential Information, trade secrets, copyrights, and patents;

3. Franchisee's use of our Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;

4. Any goodwill arising from Franchisee's use of the Confidential Information, trade secrets, copyrights, and patents in its Restaurant under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the

Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;

5. We reserve the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System;

6. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute, or add any new Confidential Information, trade secrets, copyrights, and patents. We cannot and do not make any guarantee that any modification or discontinuation of any aspect of the System or any other System related change will not be required. In any such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance, or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents;

7. Franchisee hereby agrees not to register or attempt to register or license any Confidential Information, trade secrets, copyrights, or patents in Franchisee's name or that of any other firm, person, or corporation; and

8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and we thus have and retain the rights, among others:

   a. To use the trade secrets, Confidential Information, patents, and copyrights in connection with offering Products and Services;

   b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising, and co-branding arrangements;

   c. To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees; and

   d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

9. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through us or our employees, representatives, licensees, assigns, agents, and others, at wholesale, retail, and otherwise, in the production, distribution, and sale of products and/or kitchen equipment (if we develop kitchen equipment in the future) bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, products and kitchen equipment included as part of the System.

## XVII. <u>**SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS, AND LAWSUITS**</u>

A. <u>Franchisee Must Notify Franchisor of Lawsuits</u>

Franchisee shall notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee (including if Franchisee or any of its Owners are charged with or found guilty of a felony as defined in its state), and of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Restaurant, including, without limitation, any criminal action or other proceedings brought by Franchisee against its Employees, customers, or other persons. Franchisee shall give advance written notice of Franchisee's intent to institute legal action against us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

B. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Restaurant. Franchisee shall pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments to us required under this Agreement, unless tax is credited against income tax otherwise payable by us.

C. Franchisee May Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the premises of the Restaurant, or any improvements thereon.

## XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name or the name of any of our officers, owners, managers, members, agents, directors, shareholders, or employees. Franchisee further understands and agrees that we, and our officers, owners, managers, members, agents, directors, shareholders, and employees, shall in no event have or assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Restaurant or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms "claim, loss, or obligation" will include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing claims, losses, or obligations.

Franchisee shall defend, indemnify, and hold us and our officers, owners, managers, agents, directors, members and employees harmless from all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims arising as a result of the operation and/or maintenance of any equipment or vehicles, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements, and related expenses), penalties, and/or any other liability of any kind or nature, however arising out of or otherwise connected with and/or related to any act, error, and/or omission of Franchisee (including Franchisee's ownership, operation, training of Employees and/or management of the Franchised Business); and/or any referral, service provider, supplier, or other agent/independent contractor or employee of Franchisee including acts, errors, or omissions committed or incurred, negligent, or intentional acts in connection with Franchisee's operation of the Restaurant; libel, slander, or any other form of defamation by Franchisee and any infringement, violation, or alleged infringement or violation of any Name, Mark, patent, or copyright or any misuse of the Confidential Information. This provision includes any liability arising from labor or employment law violations as well as any liability related to joint employer and harassment claims. This provision includes all claims as indicated above, of ours, directly against Franchisee (without third-party involvement) due to acts or omissions of Franchisee in which we suffer damages including but not limited to, harm to our goodwill and reputation.

We will have the right to control all litigation, including selection and management of counsel, and to defend and/or settle any claim, against and/or including us and/or our-related persons/entities, or affecting our and/or their interests with no obligation to Franchisee and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive termination of this Agreement.

## XIX. **MISCELLANEOUS COVENANTS OF FRANCHISEE**

### A. Covenants are Independent

The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

### B. Franchisee's Principals

The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders, officers, directors, and their spouses or other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The Franchisee shall list its initial Principals on Schedule 7 of this Agreement.

### C. Franchisee Will Not Compete Against Franchisor

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training, our Confidential Information, and our System.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a period of two (2) years from the date of (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section XIX.C, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any business using any aspect of the System, the overall Bubba's Shrimp Shack™ business concept, with similar Products and/or Services of a Bubba's Shrimp Shack™ Restaurant within a ten (10) mile radius of the Accepted Location designated hereunder, or within a ten (10) mile radius of any other System franchise or company-owned business in existence or planned as of the time of termination or expiration of this Agreement as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement. For purpose of clarification, Franchisee may not, during the term of this Agreement, operate a competing business any place.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in any other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of our training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section XIX or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants us an option to purchase Franchisee's Restaurant on expiration or termination of this Agreement. In such case, we may exercise this option by giving thirty (30) days' written notice to Franchisee (Sections XXII.C and XXII.E). On termination or expiration, Franchisee will deliver to us a list of Assets (as described in Section XXIV.G) and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

D. Exception to Covenant Not to Compete

Section XIX.C hereof shall not apply to ownership by Franchisee or any of its Owners of less than a five percent (5%) beneficial interest in the outstanding equity securities of any Publicly-Held Corporation. As used in this Agreement the term "Publicly-Held Corporation" shall be deemed to refer to a corporation whose securities have been registered under the Federal Securities Exchange Act of 1934.

E. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee agrees that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity:

1. Solicit, service, sell, or attempt to divert business directly or indirectly to any competitor by direct or indirect inducement or otherwise, or any customers of its Restaurant or any other franchisee including company-owned businesses with which or with whom Franchisee has had contact during the term of this Agreement; or

2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both.

F. Franchisor Is Entitled to Injunctive Relief

In addition to any and all remedies and damages to which we are entitled, in order to protect our Names, Marks, Products, Services, Confidential Information, proprietary materials and rights, and goodwill, we may seek a permanent injunction and preliminary or temporary equitable relief we deem necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that we may obtain the injunctive relief and enter it in any court or arbitration forum that we deem appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of us to avoid irreparable harm and to protect, our Names and Marks, Products, Services, Confidential Information, methods of operation, copyrighted materials, patents, trade secrets, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that we have an adequate remedy at law. Franchisee further waives any requirement that we post a bond or other security, to the extent permitted by law.

G. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants of this Section XIX. Franchisee further agrees that we shall be entitled to set off any amounts owed by us to Franchisee against any loss or damage to us resulting from Franchisee's breach of this Section XIX.

H. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section XIX and there shall be no set off for Franchisee's claim. Franchisee agrees to pay all damages, costs, and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Section XIX.

I. Disclosure of Contact Information in FDD

Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by Virginia and other state agencies and the Federal Trade Commission, and that such inclusion may result in prospective franchisees contacting Franchisee.

## XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE, AND SERVICES

We shall provide Franchisee with the following assistance and services:

A. The Training Program

We will provide our initial training program at our headquarters or another location of our choice. Initial training will take place after Franchisee pays the Initial Franchisee Fee, but before Franchisee opens Restaurant for operation. We will provide this initial two (2) week training program without charge for Franchisee and up to three (3) additional individuals (total of four people), being the Owners or General Manager as designated by Franchisee no earlier than sixty (60) days prior to when the Franchisee anticipates opening the Restaurant for operation. Franchisee will, however, be responsible for travel, accommodation, food, and other costs for all its attendees. Franchisee, its Owners, and/or General Manager must attend and satisfactorily complete training within sixty (60) days that Franchisee anticipates opening the Restaurant. If Franchisee, its Owners, or General Manager fails to timely complete the initial training program to our satisfaction, Franchisee has the right to appoint another General Manager to be trained by us at Franchisee's expense and if the other General Manager does not satisfactorily complete the training, then we may terminate this Agreement as described in Section XXIII.C. Any person designated by Franchisee to replace a previously trained Owner or General Manager must be trained by Franchisee within thirty (30) days of first employment, at Franchisee's cost. For a second or subsequent franchise, we will not be obligated to provide additional training to Franchisee, its Owners, or General Manager.

We may reasonably require Franchisee, its Owners, or General Manager to receive or attend and complete to our satisfaction additional or advanced training from time to time. Franchisee may be required to pay a fee for such training of up to two hundred dollars ($200) per person per day. Franchisee must also pay for travel, food, and accommodations and all other related expenses. We will attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, we may provide additional training to Franchisee for Franchisee's Owners and/or General Manager at Franchisee's request. Franchisee may be required to pay us any additional costs over and above the additional training fees such as travel that we reasonably incur should training be held at Franchisee's Restaurant. If additional training is held at our corporate headquarters, Franchisee will be responsible for travel, food, and accommodations and other expenses of its trainees.

We offer training resources, such as the Operations Manual, to assist franchisees at their business location. Franchisee acknowledges that its compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our representation and the guidance of the Names and Marks and to maintain the uniform quality of operation throughout the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Names and Marks, the Operations Manual is not designed to control the day-to-day operation of the Business. Franchisee shall give us not less than sixty (60) days' notice of the dates and times when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and us.

i. We shall also offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Restaurant including refresher training programs, seminars, workshops, and annual conferences and information may be available through the intranet system on our website for the benefit of the Franchisee and the Franchisee's employees. We may charge a reasonable fee for additional training if deemed appropriate (distinct from continuing education) but not to exceed the additional training fee. All traveling, food, accommodations, and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending additional training shall be paid by Franchisee.

ii. We may conduct an annual conference at such place as shall be designated by us for all Franchisees but initially will most likely be our headquarters. A registration fee for each participant may be required not to exceed five hundred dollars ($500) per person and Franchisee will be responsible for costs and expenses associated with attending the conference such as travel, food, and accommodations. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.

iii. We may provide continuing education sessions ("Continuing Education") at locations designated by us, but most likely at our headquarters. Continuing Education sessions may have a registration charge of two hundred dollars ($200) per day per person. Franchisee is responsible for all costs associated with attending such sessions such as travel, food, and accommodations or our expenses (such as travel, food, and accommodations) if we provide Continuing Education sessions onsite at Franchisee's Restaurant. The Continuing Education sessions will normally not exceed one (1) day and it is expected we will at least have quarterly sessions subject to special need. The content will cover particular aspects of the Franchise including but not limited to new Products and Services, updated recipes, food preparation and presentation standards; updated lists of approved products, supplies, kitchen equipment, or services Franchisee is authorized to use; updated or new operational service standards and methods, POS system and software developments; sales, merchandising, promotional programs, and marketing materials; administration and so forth. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria.

We may, but are not obligated to, offer additional training resources to the Franchisee to be determined by us, for the operation, advertising, and promotion of the Restaurant which may include certification programs, seminars, workshops, product or service training programs, annual conventions, and information available through our website for the benefit of the Franchisee and the Franchisee's employees. We may charge a reasonable fee for additional training if deemed appropriate. Any and all travel, food, accommodations and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by the Franchisee.

As part of the initial training program, we will provide Franchisee with: a written list of approved Products, Services, and programs (such as our Loyalty Programs) Franchisee can offer in its Restaurant; a written list of approved vendors and suppliers to lease and/or purchase products, supplies, kitchen equipment and services from; a written list of recipes including food preparation and presentation standards; a written list of Minimum Representation requirements; a written list of service standards; a written list of cleaning standards; our Operations Manual, product knowledge and specifications, strategies for leasing and/or purchasing kitchen equipment, products, and supplies; inventory management, kitchen equipment operations, operational standards and techniques in efficiencies, recommended hiring and training guidelines, safety procedures, sales, and promotional strategies; suggested pricing and rates for Products and Services in addition to software programs as described in Section XX.I that may or may not have been developed by us (or our affiliates) and required in the operation of each Restaurant. We reserve the right, in our sole discretion, to add, modify, and change such training from time to time. Franchisee will be responsible for all costs associated with the administration of such changes.

We will provide Franchisee with any Software, if developed. Basic initial training for the Software and all other software programs necessary to run the Restaurant will be provided as part of the initial franchise training program. In addition, we may provide technical support, ongoing assistance, consultation, and upgrade requirements for Franchisee's POS system, computers, and software. We will update and make changes to the Software, if developed, as we deem necessary. We will provide recommendations for other software programs necessary for the operation of the Restaurant. All costs associated with installation, upgrading, protecting, and maintaining the POS system, computers, and all other software programs necessary for the operation of the Restaurant are the sole responsibility of the Franchisee.

We will provide up to seven (7) days of either pre-opening or grand opening supervision to Franchisee at its location when Franchisee opens its Restaurant for operation. Franchisee shall give us not less than thirty (30) days' notice of when Franchisee wants us to provide either pre-opening or grand opening supervision and guidance. The dates for our visit for such assistance and guidance must be mutually agreed upon by Franchisee and us. Such assistance shall be completed no earlier than thirty (30) days prior to the opening date of the Restaurant for operation and completed no later than ninety (90) days once the Restaurant is open for operation. Any costs incurred by us in connection with the pre-opening or grand opening supervision and assistance onsite at Franchisee's Restaurant within the timeframe as described above will be paid by us. If Franchisee does not take advantage of this onsite assistance and guidance within the timeframe described above, then we are not obligated to provide such assistance to Franchisee without charging Franchisee for the actual wages and travel expenses incurred by us. For Franchisee's second and subsequent Franchised Businesses, we will provide the same pre-opening or grand opening supervision and assistance as described above; however, Franchisee will be responsible for actual wages and travel expenses incurred by us. In such circumstances where Franchisee is responsible for actual wages and travel expenses, we will provide Franchisee with invoices for amounts owed and we may require Franchisee to pre-pay all or a portion of the actual amounts incurred by us. Additional support requested by Franchisee will be subject to the training charges as described in Section XX.A.

We will provide ongoing guidance in the operation of Franchisee's Restaurant and provide assistance to resolve operational challenges that Franchisee may encounter outside the scope of the

Operations Manual. We can furnish this guidance in whatever manner we consider appropriate in our Business Judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee and its staff (responses to be provided as promptly as possible during regular business hours Eastern Time Zone). We will conduct, when and as frequently as we deem advisable, onsite inspections of the Restaurant and evaluations of management and operations to assist the Franchisee in maintaining System standards, quality, appearance, and service. If we have not inspected the Franchisee's Business in the past twelve (12) months and Franchisee would like to have an inspection performed, Franchisee must notify us in writing and we will perform an inspection within three (3) months of Franchisee's request. Any inspection that Franchisee requests, the cost of the inspection will be at Franchisee's expense. We may furnish guidance in writing, telephonically, through training programs, and/or onsite consultations or web-based computer training, among other methods. Onsite consultations are subject to additional training fees (as mentioned above) in addition to any and all travel, food, accommodations, and other expenses incurred by us and shall be paid by Franchisee.

We will provide guidance to Franchisee in its efforts to obtain all licenses, permits, approvals, and inspections required by governmental agencies to construct and operate the Restaurant. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such licenses, permits, approvals and inspections and all out of pocket costs associated with obtaining and maintaining such licenses, permits, approvals, and inspections as described in Section XII.C of this Agreement.

We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans and materials (including photographs of food) for local advertising as described in Section XII.L of this Agreement and may direct the discontinuance of such plans and materials (including all photographs of food), from time to time. We must review and approve prior to the Franchisee's use, all other advertising, and promotional materials, pursuant to Section XII.L. The Franchisee will not use any disapproved advertising or promotional materials.

We may provide emails, memos, newsletters, bulletins, brochures, manuals, and reports, if any, as may from time to time be published by or on our behalf regarding our plans, policies, developments, and activities. In addition, we may provide such communication concerning new Products, Services, programs (such as our Loyalty Programs), industry developments, recipes, food preparation, kitchen equipment, operating procedures, training, software, marketing, advertising, and improvements to management that we feel are relevant to the operation of the Restaurant and communication with other franchisees by means of our intranet system. We may also establish a Franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate with franchisees. We have the power to dissolve, merge, or change such peer advisory groups.

We shall also provide guidance and specifications for all kitchen equipment, furnishings, fixtures, technology items (as described in Section XII.I), software, and signage necessary to operate the Restaurant. In addition, we shall provide guidance for establishing standardized accounting, bookkeeping, cost management, and inventory tracking systems. The cost for such updates and/or upgrades is Franchisee's responsibility.

All of our obligations under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from, or obtain relief for breach of such obligations, either directly or by subrogation.

B. Web Page

We will provide to Franchisee a Bubba's Shrimp Shack™ URL housed within the corporate website that will include online ordering functionality and may include portals online for additional training, advertising, operational, and support materials. Franchisee may customize parts of the web page with our approval; however, the look of the web page must remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits, or updates to the web page must be performed by us, our affiliates, and/or approved vendors. Upon approval of Franchisee's request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website or perform any type of website promotion over the Internet without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising, or disseminating any information on a Website, regarding the Restaurant as described in Section VI of this Agreement. We shall own all copyright and other intellectual property rights to the web page, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXIV.E and this Agreement constitutes a "work for hire." In the event that an arbitral panel or a court of competent jurisdiction holds that the customizations or contents are not works for hire, then Franchisee agrees to assign all copyright and other intellectual property rights to the customizations to us. The term "all copyright and other intellectual property rights" shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivate works.

C. Site Selection

Franchisee has the responsibility for selecting a site for its Restaurant. If Franchisee is leasing a space for the Restaurant, we must review and approve the lease prior to the lease being signed. If Franchisee is purchasing property, we must review and approve the purchase contract prior to it being signed. We will review and approve or disapprove the location of the Restaurant and will not unreasonably withhold our approval. We shall have the right, but not the obligation, to inspect the Restaurant prior to opening. Franchisee is responsible for all lease negotiations.

We do not represent that we have any special expertise in selecting sites. Therefore, our approval of a site is not a representation or warranty that the Restaurant will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. Franchisee agrees that our approval or disapproval of a proposed site does not impose any liability on us.

D. Restaurant Layout and Design

We will assist the Franchisee in the review of the layout and design of the Restaurant prior to the Franchisee signing a lease or sublease. We will provide Franchisee with guidelines of the layout and design of its Restaurant, however, Franchisee may need to hire its own architect, at its own expense, to create a complete set of drawings based on the facility size and local permitting requirements. We must review and approve Franchisee's architect's final plans. We do not represent that we have any special expertise in approving architectural plans. Our approval of Franchisee's architectural plans is not a representation or warranty that such plans will meet local permitting requirements or that such plans will not have to be revised or done over again to get final approval by local authorities. Approval is intended only to indicate that the Restaurant is set up and meets our minimum criteria. Franchisee agrees that our approval or disapproval of Franchisee's architectural plans do not impose any liability on us. The costs of leasehold improvements, equipment, furniture, fixtures, technology items, signs, and décor for finishing out the Restaurant are the responsibility of the Franchisee.

We will make available to Franchisee, at no charge, and advise Franchisee with regard to design plans, floor plans, and mandatory specifications for the construction and layout of the Restaurant which includes the exterior and interior design. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state, or local law, code, or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health, and building codes, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, standard plans and specifications for the Restaurant, subject to our approval, as provided in Section XII.T of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to our general criteria.

Franchisee understands and acknowledges that we have the right to modify the final set of drawings, architectural plans, floor plans, schematics, and/or specifications as we deem appropriate (however we will not modify the final set of drawings, architectural plans, floor plans, schematics and/or specifications for the Restaurant developed pursuant to this Agreement once those final set of drawings, architectural plans, floor plans, schematics, and/or specifications have been approved by us and given to Franchisee).

E. Hiring Employees

We will provide Franchisee with recommended guidelines when hiring Employees (defined in Section XII.F of this Agreement) for its Restaurant. These guidelines are provided for reference only and Franchisee acknowledges that it bears the sole responsibility for hiring, training, and firing Employees. Further, Franchisee acknowledges that we are not responsible for and do not direct or control the conduct of Franchisee's employees. Such recommendations and suggestions will be covered in the initial training program and are specified in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at our discretion. Franchisee can negotiate any rate for Employees. Franchisee may be provided with a recommended rate or wage schedule and may elect to use, subject to applicable laws, these rates or wages as a guide when hiring Employees. Franchisee acknowledges that we have made no guarantee or warranty that using such recommended or suggested rates or wages will enhance Franchisee's sales or profits. Rate or wage negotiations with Employees are the sole responsibility of the Franchisee. Franchisee acknowledges that it is fully in charge of hiring all employees and for managing those employees on an on-going basis. Our input as to hiring and management of employees are suggestions and guidelines which we believe are important, and except for specific requirements set forth in this Agreement or the Manual, Franchisee is responsible for making all employee related decisions.

Failure of Franchisee to adhere to our guidelines and standards when hiring Employees, which may include the requirement of criminal background checks for all prospective employees, may be considered a breach of this Agreement and we may terminate the Agreement in our sole discretion, except where the Franchisee has reasonable cause to deviate from our standards as described in Section XXIII.C of this Agreement.

F. No Warranties Other than in Writing

With respect to any products, supplies, kitchen equipment, and services (as described in Section XII.I) provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability, quality of such items, accuracy of informational content, system integration, and suitability for a particular purpose being expressly disclaimed. In addition, we make no warranties regarding any open-source code contained in any software that we may provide to the Franchisee. We do not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

We are not liable for any guarantee that Franchisee or any Owners, General Manager, agents, or Employees make to any customer or third party. Franchisee will offer and fully comply with any of our

Loyalty Programs, membership programs, gift card programs, and/or promotions as developed and designated by us as described in Section XII.H of this Agreement. Franchisee will not misrepresent or omit or fail to state any guarantee when such programs are implemented.

G. Operations Manuals

We will revise the Operations Manual and the contents of any other manuals and materials created or approved for use in the operation of the Restaurant, from time to time as we deem necessary to improve on its methods of operations. Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard. We will lend Franchisee the confidential Operations Manual for the initial Franchisee training session and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of the Operations Manual loaned to Franchisee is lost, stolen, or destroyed before Franchisee returns it to us, Franchisee must replace such manual at its own expense.

The Operations Manual is designed to protect the System and the Names and Marks associated with the System, and not to control the day-to-day operation of the Business. Franchisee at all times will remain responsible for the operation of the Business and all activities occurring at or associated with the Business.

Franchisee shall at all times treat the Operations Manual, and any of our written directives, any business plans, and specifications, and any other manuals created for or approved for use in the operation of the Restaurant, and any supplements thereto, and the information contained therein, in trust and as Confidential Information, as well as our trade secrets, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manual, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain our sole property and shall at all times be kept and maintained in a secure place at the Restaurant premises.

Any suggestions the Franchisee may have concerning the improvement of Franchisee's web page or our: Products, Services, programs, recipes, facilities, or service format; products, supplies, kitchen equipment, services, vendors, and/or suppliers (as described in Section XII.I); our website (and Franchisee's web page), and advertising and marketing materials are encouraged and shall be considered by us when adopting or modifying the standards, specifications, and procedures for the System.

H. Selecting Vendors

We shall provide Franchisee with a written list of approved vendors and suppliers that may include or be limited to us or our affiliates for products, supplies, kitchen equipment, and services (as described in Section XII.I) necessary for the operation of the Restaurant. We will provide Franchisee with a list of all approved products, supplies, kitchen equipment, and services that Franchisee is authorized to use, offer, or sell in the operation of its Restaurant; and a written list of all approved vendors and suppliers to lease and/or purchase such items from during the initial training program. Franchisee understands that such lists will be updated and may change periodically at our discretion and Franchisee agrees to implement such updates at Franchisee's expense as described in Section XII.I of this Agreement. We will train Franchisee on strategies for leasing and/or purchasing such items during the initial training program. Franchisee will be required to submit in writing alternate products, supplies, kitchen equipment, services, vendors, or suppliers to us for approval as described in Section XII.I of this Agreement. Franchisee acknowledges that we may receive rebates and/or other payments from some or all of the approved vendors.

I. Availability of Products, Supplies, and Kitchen Equipment

We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and our affiliates, maintain a reasonable supply of products, supplies, and kitchen equipment (as described in Section XII.I) for purchase by Franchisee. We require that the Franchisee lease or purchase such items from us, our affiliates, or approved vendors, and/or suppliers. We will provide Franchisee with a list of written specifications for such items along with a list of approved vendors and Franchisee is responsible for acquiring all such items as are necessary for the operation of the Restaurant. All items that are provided by us will be competitively priced, taking into account equivalent quality and other reasonable considerations.

We reserve the right to establish minimum and maximum pricing on certain Products and rates for approved Services from time to time based on competition prevalent within the restaurant industry, as legally allowed (as further described in Section XX.K). We shall publish inventory and Minimum Representation requirements in the Operations Manual and such requirements may be amended from time to time by us in our sole discretion.

We reserve the right to implement a centralized purchasing system for franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by franchisees. We may utilize such rebated funds in any manner we choose in our sole discretion as more fully described in Section X B. We reserve the right to require franchisees to purchase all products, supplies, kitchen equipment, and services (as more fully described in Section XII.I) through our proprietary business to business intranet portal.

J. Advertising and Promotion

We shall develop and provide creative materials (including photographs of food) that could be used for local and regional advertising at our expense and make such advertising and promotional materials available to our Franchisees. Publication or distribution of such materials in the Franchisee's market area shall be at Franchisee's own expense. We will provide specific guidelines for advertising, marketing, and promotions initiated by individual franchisees and shall reserve the right to disapprove any advertising, marketing, and promotions, which, in our opinion, are not in accordance with these guidelines. However, no such approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in our opinion, be detrimental to any franchisee or any part of the System or the Franchise.

K. Suggested Pricing for Products and Services

We will provide Franchisee with guidance and suggested pricing for Products and rates for Services offered by our franchisees. Franchisee shall have the right to sell and offer Products and approved Services at any price and/or rate Franchisee may determine and we reserve the right, to establish minimum and maximum pricing for any given Product or Service nationwide to the extent allowed by federal and state laws as explained in Sections XII.H and XII.I of this Agreement. Suggested pricing for Products and rates for Services may vary from region to region to the extent necessary to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to sell or offer any Product or Service at any price and/or rate recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Products or Services at our recommended prices and/or rates will enhance Franchisee's revenues, sales, or profits.

We will provide Franchisee with recommended procedures when providing refunds and establishing Employee meal incentives in addition to a sample set of forms including policies, contracts, waivers, agreements, brochures, promotional and marketing materials (including photographs of food) in addition to various operational forms for use in the Restaurant. We do not warrant the completeness, legality, or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At our discretion, any and all forms used by Franchisee shall be subject to our review and approval and our decision of such approval will be provided within thirty (30) days after such forms are received by us.

We will continue to research and develop new Products, Services, and programs as we deem appropriate in our sole discretion. We may conduct market research and testing to determine consumer trends and salability of new Products, Services, and programs. If we select Franchisee, Franchisee can choose to participate in a market research program to test market new Products, Services, and programs in the Restaurant and provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of products, supplies, kitchen equipment, or services being tested and to effectively promote and make a good faith effort to offer and/or sell Products and Services associated with them. Franchisee shall participate in and comply with our Loyalty Programs and all sales and promotional programs, and/or Product promotions established by us.

L. Business Planning Assistance

After Franchisee signs this Agreement, we may review and comment on any business plan and pro forma financial projections Franchisee prepares. We do not represent that we have any special expertise in reviewing or developing business plans, or that any business plan developed by us will result in any profits, revenues, incomes, margins, or sales. Our review and commentary of a business plan, or financial pro-forma, is not a representation or warranty that the Franchisee's business will be profitable, that the Franchisee will earn any revenues, or that Franchisee's sales will attain any pre-determined sales levels. Our review and commentary are intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on us. Franchisee specifically acknowledges that we have not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.

## XXI. **VARYING STANDARDS**

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion, and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular Restaurant or circumstance, physical characteristics, freeway access, density of population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such franchisee's Restaurant. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly require us to grant such a similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion," "sole discretion," and/or "Business Judgment," whether in this Agreement or another context, we and Franchisee agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisee's individual interests or the interests of any other franchisee(s). Franchisee, we, and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments, and emerging business opportunities. Therefore, we and Franchisee agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in material compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

## XXII. **RELOCATION, ASSIGNMENT, TRANSFER, SALE, OR PURCHASE OF FRANCHISED BUSINESS**

### A. Relocation

Any relocation: (1) shall be to a location within the Territory or Non-Traditional Location (unless waived by us), (2) requires our prior written consent, which we may grant, condition, or withhold in our Business Judgment (and may be withheld, in any case, if Franchisee is not in good standing), (3) will be at Franchisee's sole expense, and (4) will require that Franchisee (and each Owner if an Entity) sign a general release.

### B. General Requirements for Assignment by Franchisee

Franchisee shall not voluntarily or involuntarily transfer, sell, assign, or encumber any interest in or ownership or control of Franchisee, the Franchised Business, and/or its assets, the Restaurant or this Agreement (however Franchisee is allowed to transfer up to twenty percent (20%) of its shares or other ownership interests as described below), except in the ordinary course of business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Restaurant, without our prior written consent. Any attempted sale, assignment, or transfer of any interest in Franchisee, the Franchised Business, and/or its assets, the Restaurant, or this Agreement without our prior written consent will be a default under the terms of this Agreement and will be voidable by us. In granting any such consent, we may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with us, our affiliates, and all suppliers;

2. The proposed transferee (if an Entity then its Owners) must meet our then-applicable standards;

3. The proposed transferee (or if an Entity, its owners, managers, directors, or officers) must not operate a franchise, license another or operate businesses offering products and services similar to those offered by a Bubba's Shrimp Shack™ Restaurant;

4. We shall charge a flat transfer fee of five thousand dollars ($5,000) to Franchisee when transferring a part of its Franchise Business (defined as up to 49% of the stock, membership units, partnership units, or share of any business trust); or a flat transfer fee of ten thousand dollars ($10,000) when Franchisee transfers its entire Franchise Business upon our written consent (defined as all other transfers). The term "flat transfer fee" means that Franchisee shall pay this amount regardless of whether our actual cost to process the transfer is higher or lower than such amount. The flat transfer fee will include, but not be limited to, reasonable attorney's fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, out of pocket costs properly attributable to the transfer). In addition, if the transferee was already in our lead database at the time of first contact between Franchisee and the transferee, we may require Franchisee to pay a referral fee (which amount will be customary for the transaction), in addition to the flat fee of five thousand dollars ($5,000) or ten thousand dollars ($10,000) described above, plus the

amount of any broker fees that we are responsible for paying to third parties (does not include our employees);

5. Transferee must pay for and successfully complete the training programs then required of new franchisees at a cost of two hundred dollars ($200) per person per day and its expenses, subject to increase from time to time.

6. Franchisee shall have substantially complied with all the terms and provisions of this Agreement, any amendment hereof, or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;

7. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our managers, officers, directors, members, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement and/or any new franchise agreement;

9. The transferee must meet our subjective and objective standards, including all quality standards, and demonstrate: experience, talent, skills, educational, managerial, business, and financial capacity, the aptitude, and ability to operate a Bubba's Shrimp Shack™ restaurant; and adequate financial resources and capital to operate the Restaurant;

10. The transferee (and, if an Entity, its Owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign the then current form of this Agreement then being used by us, but where the term will end on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement and the following requirements apply: (i), the transferee shall sign all other ancillary agreements as we may require for the Franchise Business as required under the then current form of this Agreement, which agreements shall supersede this Agreement in all respects, and (ii) additional changes to the terms of the Agreement may be made at our sole discretion, which include, without limitation, an increase in royalty fee payments and/or advertising contributions, and/or changes to renewal rights;

11. The transferee, at its expense, shall upgrade the Restaurant to conform to our then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;

12. Franchisee shall remain liable for all of the obligations to us in connection with the Franchise Business it incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

13. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors, and governmental authorities for all material permits, approvals, and licenses;

14. Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests to any person or entity, in the aggregate, without invoking this provision, provided that in connection with any such transfer of more than ten percent (10%) ownership, the transferee executes the same Guaranty and other agreements which would be required upon execution of this Agreement by Franchisee, if such transferee had then been the owner of such percentage of Franchisee's shares or other ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;

15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Restaurant from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;

16. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws, and/or laws governing franchise sales;

17. Franchisee agrees that we may (but are not required to) discuss with Franchisee and/or the proposed transferee any matters related to any transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;

18. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability;

19. Franchisee and its Owners and/or Principals will agree not to compete, not to divert business, or attempt to hire employees, after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in Section XIX.C of this Agreement; and

20. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other Bubba's Shrimp Shack™ Restaurants that Franchisee or its Principals own and operate) identify itself or any business as a current or former Bubba's Shrimp Shack™ restaurant owner or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Bubba's Shrimp Shack™ restaurant in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us as described in Sections XXIV.A and XXIV.C of this Agreement.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Ownership Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Franchised Business or any type of ownership interest in the Franchisee or Franchised Business if the proposed transferee has, in our sole opinion, taken on too much debt.

C. Transfer, Sale, or Assignment by Franchisor and Franchisor's Right of First Refusal

Franchisee acknowledges that we have an unrestricted right to sell, transfer, or assign our rights or obligations under this Agreement to any transferee or legal successor of ours.

We have a right of first refusal regarding any proposed sale, assignment, or transfer by Franchisee subject to this Agreement. During the term of this Agreement, if Franchisee, or any of its Owners wish to sell, assign, or otherwise transfer an interest in this Agreement, the Franchised Business and/or its assets, or an ownership interest in Franchisee (collectively, the "Interest"), then Franchisee will comply with the requirements of Sections XXII.B, XXII.C and XXII.E of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding such a proposed sale, assignment, or transfer and then send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. Before agreeing to any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. 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. The bona fide offer with the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer a ten-thousand-dollar ($10,000) earnest money deposit (if a proposed disposition is part of a transaction involving additional Franchised Businesses, operating under other Franchise Agreements or license agreements with us, the proposed buyer must pay Franchisee this earnest money deposit for each Bubba's Shrimp Shack™ Restaurant involved).

To enable us to determine whether we will exercise our option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as we may require (as noted below). If we elect to purchase said Interest, closing on such purchase must occur within ninety (90) days from the date of notice to the Franchisee of our election to purchase said Interest. Our right to exercise the option afforded by this Section XXII.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XXII.B, with respect to a proposed transfer of any Interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the "Trigger Date"), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The "Preliminary Due Diligence Package" is information and copies of documents (where applicable) that Franchisee supplies to us which consists of Franchisee's Restaurant financial statements (including weekly and monthly revenue information) for the preceding three (3) years, a copy of the Restaurant's current lease or sublease (if applicable and if we do not already have it), information about the number and compensation of employees working at the Restaurant, the Franchisee's merchant account printouts for the past three (3) years, the Franchisee's bank statements for the past three (3) years along with a description of competing seafood restaurants or other type of food service businesses offering similar Products and Services operating within the Territory or Non-Traditional Location (if operating a Non-Traditional Location). If we notify Franchisee within thirty (30) days after the Trigger Date (the "First

Notice Deadline") that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify Franchisee of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the "Due Diligence Deadline." If we elect to purchase the interest proposed to be sold for the price and on the terms and conditions contained in the offer:

1) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);

2) Our credit is equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes; we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination). Regarding subordination, Franchisee acknowledges and agrees that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of its owners will also be senior to the promissory notes given to Franchisee;

3) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and

4) We must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:

   (i) Ownership and condition of and title to ownership interests and/or;

   (ii) Liens and encumbrances relating to ownership interests and/or assets;

   (iii) Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;

   (iv) All products, supplies, kitchen equipment, technology items (as described in Section XII.I) and other such items necessary to operate the Restaurant is in good working condition and suitable for use;

   (v) No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's Restaurant;

   (vi) No notices from any federal, state, or local governmental authority to make any changes to the Restaurant or that negatively affect it;

   (vii) The Franchisee has the authority to sell the assets of its Restaurant, including a copy of all director and/or Owner resolutions;

   (viii) The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;

   (ix) There will be no material adverse change in the operation of the Franchisee's Restaurant between the date of signature of any Asset Purchase Agreement, and the date of settlement;

   (x) There are no tax or employee claims or issues; and

(xi) The Franchisee will not enter into any transaction between the date of signature and the date of settlement other than in the ordinary course of business.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in a Bubba's Shrimp Shack™ Restaurant, the executor, administrator, or personal representative of that person must transfer such interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Restaurant, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.

Upon the death of the Franchisee or if an Entity, an Owner who owns more than forty nine percent (49%) of the Restaurant or in the event of any temporary or permanent mental or physical disability of such person, a manager shall be employed for the operation of the Restaurant who has successfully completed our training courses to operate the Restaurant on behalf of the Franchisee. If after the death or disability of the named Owner, the Restaurant is not being managed by such trained manager, we may at our option, appoint a manager to maintain the operation of the Restaurant until an approved transferee or manager will be able to assume the management and operation of the Restaurant, but no such operation and management of the Restaurant will continue for more than ninety (90) days without the approval of the personal representative of the named Owner (renewable as necessary for up to one year) and we will periodically discuss the status of the Restaurant with the personal representative of the named Owner; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Restaurant during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Restaurant, including compensation of such manager, other costs, and travel, and living expenses of such appointed or approved manager (the "Management Expenses"), shall be charged to such fund. As compensation for the management services provided, in addition to any other fees due, we shall charge such fund the full amount of the direct expenses incurred by us during such period of management for and on behalf of Franchisee, provided that we shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the named Owner or personal representative of the named Owner, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Restaurant, or to any creditor of Franchisee or the named Owner during any period in which it is managed by our appointed or approved manager.

Within thirty (30) days after the effective date of legal transfer of the Franchise to Franchisee's heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures, and costs as any other transfer except that there will be no transfer fee.

E. Transfer, Sale, or Assignment to Third Party

If we do not exercise our right to purchase within thirty (30) days pursuant to Section XXII.C, Franchisee may thereafter transfer, sell, or assign the Interest to a third party, but not at a lower price or on more favorable terms than disclosed to us in writing. The sale is subject to our prior written approval as specified in this Agreement.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after we notify Franchisee that we do not intend to exercise our right of first refusal (whether or not the First Notice

Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to us), we will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) 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. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions of Sections XXII.B, XXII.C and XXII.E, as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining our prior written approval, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither we nor our employees, affiliates, or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that we have a reasonable time to review any reference to us or our franchisees in any prospectus or offering documents before their distribution or use, (iv) pay our actual legal costs incurred for our review, (v) indemnify us, our officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity, or governmental agencies arising out of or relating to the offer, sale, or continuing investment, (vi) sign such further indemnities and provide such further assurances as we may reasonably require and (vii) disclose our ownership and licensing rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. We and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that applicable laws referred to in the addenda remain in effect.

F. Resale Assistance of Franchised Business

Franchisee may, at any time, request our assistance in locating a buyer for its Restaurant. We may, at our option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. We reserve the right to charge Franchisee a fee to cover our reasonable costs and expenses (including the time committed by our employees) incurred in providing such assistance. If we elect to assist Franchisee in finding a buyer for the Restaurant in any way, we make no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Restaurant at a price acceptable to Franchisee. We reserve the right to reject any proposed sale based on our determination, in our sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting our assistance Franchisee waives any liability claims it may have against us for such rejection.

## XXIII. **TERMINATION OF FRANCHISE**

A. Impact of Statutes Upon Franchise Agreement

Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on our ability to terminate a franchise except for good cause; (2) restrictions on our ability to deny renewal of a franchise; (3) circumstances under which we may be required to purchase certain inventory when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.

Termination or modification of a lease or contract upon the bankruptcy of one of the Parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

B. Termination by Franchisor with Right to Cure

Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and us or our affiliates, we may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) day period. If the Franchisee does not cure all such defaults within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. We may terminate this Agreement by written notice to Franchisee for Franchisee's material breach of this Agreement or of any other agreement between Franchisee and us or our affiliates, if Franchisee fails to cure the breach within thirty (30) days after written notice is delivered to Franchisee, provided that this Agreement does not prescribe a different cure period for such breach. Any breach relating to any violation of health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days or shorter period as is provided by law.

We may invoke our rights under this Section XXIII.B if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and us (and/or our respective affiliates).

C. Termination of Franchise Without Right to Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and we, at our option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon us notifying Franchisee in writing of such breach, if Franchisee or any of its Owners does any of the following:

1. Fails to agree on a Territory (if not operating a Non-Traditional Location and if a Territory was not agreed upon before signing this Agreement), fails to secure a lease and/or fails to open the Restaurant within the time limit as provided in Sections VI and IX.A above;

2. Fails to attend and satisfactorily complete the initial training program within sixty (60) days of the date Franchisee anticipates opening the Restaurant;

3. Attends the initial franchise training program and we determine, in our sole discretion, that the Franchisee, its Owners, or General Manager has failed the initial training program and does not appoint another General Manager to attend; or another General Manager appointed by Franchisee fails the initial training program and/or is deemed not qualified to manage a Bubba's Shrimp Shack™ Restaurant;

4. Abandons, surrenders, or transfers control of the operation of the Restaurant to a third-party other than another Owner or General Manager; or fails to continuously and actively operate the Restaurant for five (5) consecutive days, unless precluded from doing so by damage to the premises of the Franchise Business due to war, act of God, civil disturbance, natural disaster, labor dispute, or other events beyond Franchisee's reasonable control;

5. Fails or refuses, on more than three (3) occasions during the term of this Agreement, to submit when due any financial statement, tax return, or schedule or to pay when due Royalty Fees, or any other payments due to us or our affiliates; or Franchisee (including any of its Owners) has been provided with notices of default from us (either by email or any other form of written communication) more than three (3) times during the entire term of this Agreement;

6. Operates the Restaurant in a manner that presents a safety, health, or environmental hazard to customers and/or violates any federal, state, or local law, rule, regulation, or ordinance; fails a third ($3^{rd}$) quality control inspection performed within any two (2) year period; or fails to maintain (at any given time) an above average rating or score for all health department inspections;

7. Fails to use its best efforts when hiring employees including taking every action required by applicable laws related to criminal background checks (if Franchisee chooses to do such background checks or in the future, we require background checks) for all prospective employees as described in Sections XII.F and XX.E;

8. Is unable to provide Products and/or Services associated with the System, or if any business or professional license, credential, or certification required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing;

9. Fails, for a period of fifteen (15) days (or such lesser period as required by applicable law) after notification of violation or non-compliance by us or any appropriate authority, to comply with any federal, state, or local law, ordinance, or regulation applicable to the operation of a Bubba's Shrimp Shack™ Restaurant;

10. Violates any environmental, health, safety, or sanitation law, ordinance, or regulation, or operates the Restaurant in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within 72 hours after Franchisee receives notice from us or another party unless shorter period for cure provided pursuant to Section XXII.B;

11. Makes a material misrepresentation or omission on the application for the Franchise;

12. Transfers, assigns, or sub-franchises this Agreement without our prior written consent, as set forth herein;

13. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials, or any other Confidential Information provided to Franchisee by us;

14. Fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by us;

15. Sells Products and/or offers or promotes Services through any alternative channel of distribution (other than menu items through third-party mobile app platforms) without our permission; fails to refrain from using third-party mobile app delivery services if we revoke our approval in the future; or engages in any activity, which has a material adverse effect on us or the Names and Marks;

16. Makes any changes to any Products, Proprietary Products, piece of equipment or any third-party products (such as changing containers, packaging, labeling, etc.) as described in Section XII.I of this Agreement;

17. Makes or allows any unauthorized use or copy of our Confidential Information, Proprietary Products and/or Software (if developed) or seeks to challenge our ownership rights in the System, including our Confidential Information, Proprietary Products, and/or Software;

18. Engages in any activity to translate, reverse engineer, reverse compile, disassemble, or create derivative works based on our Confidential Information, Proprietary Products, and/or Software (if developed);

19. Manufactures or produces any product or piece of kitchen equipment that is similar to, or competes with, any of our Products, Proprietary Products, third party products, or kitchen equipment offered or used in the Restaurant without our prior written consent;

20. Engages in activity to distribute, act as an exclusive distributor, or secure exclusive rights to distribute any Products, Proprietary Products, third party products, or kitchen equipment without our written consent;

21. Engages in activity to sublicense, rent, lease, sell, distribute, or otherwise transfer our Confidential Information and/or Software or any portion thereof, or any rights therein, to any person or entity;

22. Exhibits a reckless disregard for the physical or mental well-being of employees, customers, us, or our representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse, or other forms of threatening, outrageous, or unacceptable behavior as determined in our sole and absolute discretion;

23. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section XIII of this Agreement;

24. Fails or refuses to: (i) use our approved POS system technology and software, and scheduling software in the operation of the Restaurant; and (ii) adhere to our technology and software fee requirements as described in Section X.E of this Agreement;

25. Fails or refuses to: cease using and/or remove any product, supply, kitchen equipment, or other items from the Restaurant deemed to constitute a violation of this Agreement by us; (ii) remove, replace and/or maintain all kitchen equipment and technology items (clean, service, and repair) as specified by us; (iii) use, sell, offer, change, modify, or discontinue any Product, Proprietary Product, Service, or program (such as our Loyalty Programs) as specified by us; (iv) prepare all Products only from its Accepted Location and in accordance with our standards, recipes, techniques, processes, and presentation standards; and/or (v) perform Services only from its Accepted Location and provide such services according to our service standards, methods, and operating procedure requirements as described in Sections XII.H and XII.I of this Agreement;

26. Fails or refuses to: (i) adhere to our food preparation standards, recipes, techniques, processes, and presentation standards; (ii) purchase the products, Proprietary Products,

supplies, kitchen equipment, and services from us, our affiliates, or approved vendors; and (iii) use the products, Proprietary Products, supplies, kitchen equipment, and services as specified by us as described in Sections XII.H and XII.I of this Agreement;

27. Fails or refuses to comply with our inventory requirements or Minimum Representation requirements (if applicable) as set forth in the Operations Manual;

28. Fails to comply with the terms of any auto-ship programs as set forth in the Operations Manual (currently not in effect);

29. Engages in Target Marketing to solicit and obtain business by any type of advertising or marketing outside Franchisee's assigned Territory or the parameters of its Non-Traditional Location; or fails or refuses to refer persons, businesses, Services, and/or off-site events to other franchisees or company-owned businesses (as described in Section VI);

30. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URLs, Websites, links, metatags, locators, search techniques, and co-branding arrangements without our prior written consent;

31. Is convicted of a felony or has pleaded nolo contendere to a felony, is arrested or convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances, or steroids, or is charged and convicted of a crime of moral turpitude;

32. Engages in unfair business practices or unethical conduct;

33. Fails to discharge within a reasonable time, any valid lien placed against the property of the Franchise Business;

34. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;

35. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution, or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against Franchise, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Restaurant, or the claims of creditors of Franchisee or the Restaurant are abated or subject to a moratorium under any laws;

36. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's Restaurant or assets is filed and consented to by Franchisee;

37. If a receiver or other custodian (permanent or temporary) of the Restaurant, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;

38. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.

39. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved or extinguished;

40. If execution is levied against Franchisee's Restaurant or property or against any ownership interest in Franchisee;

41. If any real or personal property of Franchisee's Restaurant shall be sold after levy by any sheriff, marshal, or constable;

42. If Franchisee is in material violation of the terms of Sections XII, XVI, XX and/or XXII;

43. If Franchisee maintains false books or records, or submits any false reports to us;

44. If any inspection of Franchisee's records discloses an under-statement of payments due to us of two percent (2%) or more, two or more times in any two (2) year period;

45. If Franchisee's Restaurant has three (3) or more material complaints reported to a governmental entity or public forum (material complaints are determined in our sole and absolute discretion) with respect to the Restaurant in any twelve (12) month period.

D. Termination by Franchisee

If we violate a material and substantial provision of the Agreement and we fail to initiate a remedy to cure the violation within thirty (30) days after receiving written notice from Franchisee detailing our alleged default, Franchisee may terminate this Agreement if so, permitted under applicable law. Any attempted termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of a material and substantial provision of this Agreement by us and our failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall not be permitted.

E. General Effect of Termination

On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnity, will remain in full force and effect. If this Agreement terminates for any reason prior to its expiration date, we will be entitled to our royalties and other fees for either the remainder of the term of this Agreement or two (2) years (whichever comes first) and to all other applicable remedies (as described in Section XXIV.H).

F. Territory Alteration as an Alternative to Termination

If Franchisee is in default of the Franchise Agreement, as an alternative to termination, we may modify or eliminate any rights that Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee. In addition, we may modify or eliminate Franchisee's Territory.

## XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Products and Services associated with us and the Names and Marks and any proprietary marks and any forms, slogans, symbols, signage, logos, or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all décor, signage, advertising materials, stationery, forms, and any other materials (such as take-out menus) or articles, which display the Names and Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, building, structures, and premises so as to effectively distinguish the surviving business entity, if any, from its former appearance as a Bubba's Shrimp Shack™ restaurant, and from other existing Bubba's Shrimp Shack™ restaurants. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to us.

B. Franchisee Shall Cease Operating the Restaurant and Refrain from Notifying Customers

Franchisee shall immediately cease to operate its Bubba's Shrimp Shack™ Restaurant and shall not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former franchisee of ours.

In addition, Franchisee shall not give notice of termination or expiration of this Agreement to Franchisee's customers, persons, and/or businesses who have received Products or Services from Franchisee without our prior written consent. We shall have the sole right to notify all of Franchisee's customers, persons, and/or businesses who have received Products or Services from Franchisee's Restaurant of the termination or expiration of this Agreement at the time and manner we determine to be most appropriate. All of Franchisee's lists of existing and potential customers (including persons and/or businesses) shall be our property. Franchisee shall assist us in transferring such lists to us upon termination or expiration of this Agreement at such times and in the manner, we require.

Franchisee must immediately tender all new or used inventory of our Proprietary Products, décor, signage, uniforms, apparel, forms, or materials (including take-out menus) in addition to promotional, advertising, and marketing materials and/or anything else that displays our Marks in addition to all Confidential Information to us and/or our designated affiliates or destroy, if notified by us in writing to do so, all inventory of such items in a timely manner in accordance with the terms of the Operations Manual and as specified in Section XXIV.G of this Agreement.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us or a former association or connection with us.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, listings, and location contacts for the Restaurant, and/or used in the Restaurant to us or our designee, including but not limited to authorizing all telephone, Internet, email, electronic network, directory, and listing entities to effectuate the same.

E. Franchisee Shall Transfer or Terminate Domain Name and Web Page

Upon termination or expiration of this Agreement, Franchisee agrees that we will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, web page, Websites, and other search engines for the Restaurant and to authorize the above and other search engines to transfer to us or our designee all domain names, Websites, and search engines associated with the Restaurant. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, web pages, Websites, and search engines related to the Restaurant and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, web pages, Websites, and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions, and damages that Franchisee may, at any time, have the right to allege against them in connection with this provision.

F. Franchisee Must Return Operations Manuals and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to us all copies of the Operations Manual, training materials, and any other materials, which have been loaned to Franchisee by us. Franchisee further agrees to turn over to us all items containing any of the Marks, including all vendor and customer lists and contracts for the Franchised Business.

G. Franchisor May Purchase Assets

We shall have the right of first refusal to purchase or assume Franchisee's interest in the Franchised Business, or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means leasehold improvements, all kitchen equipment, furnishings, fixtures, and technology items (as described in Section XII.I), signage, products, inventory (such as non-perishable products, ingredients, supplies, merchandise, forms, or materials in addition to all advertising and marketing materials) and the lease or sublease for the Restaurant. This right is governed by time limits and procedures described in this Agreement with respect to our right of first refusal in the event of an assignment. If we exercise our right of first refusal, Franchisee must transfer Franchisee's interest in the Franchised Business and in the Assets.

If Franchisee is selling its Assets, we shall have the right (but not the duty), to be exercised by notice of our intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets and items bearing our Names and Marks, at fair market value (less the amount of any outstanding liens or encumbrances). In the event that we and Franchisee cannot agree on fair market value, then the fair market value shall be determined in good faith by an independent third-party appraisal. We and Franchisee shall mutually agree upon an appraiser. If we and Franchisee cannot agree on one appraiser, then we and the Franchisee shall each select one independent, qualified appraiser and the two shall select a third appraiser and all three shall determine the fair market value of the Assets we have elected to purchase. If the difference between the appraisal of the Franchisee's appraiser is greater than the difference between the appraisal of our appraiser and the independent appraiser, the Franchisee shall pay all costs and expenses of the three appraisers. Otherwise all expenses of the third appraiser shall be equally shared by us and we and Franchisee shall each be responsible for the expenses incurred by our respective appraisers. For any items that display the Marks such as: any décor, signage, take-out menus, marketing, advertising, and/or promotional materials (regardless of when the item was purchased), the fair market value is agreed to be zero. However, for any of our Proprietary Products or products that display our Marks, fair market value shall be deemed to be twenty percent (20%) of the Assets' original cost, regardless of when such items were purchased (however, if any such items are damaged for example: seals are broken, packages are either torn, stained, discolored, broken, destroyed, or otherwise unsellable) the fair market value is agreed to be zero. We and Franchisee agree that the terms and conditions of our right and option to purchase the Assets may be recorded, if deemed appropriate by us. If we elect to exercise any option to purchase the Assets as herein provided, we shall have the right to set off any amounts due from Franchisee.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the Franchised Business.

H. Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages

Franchisee shall pay to us or our affiliates, within thirty (30) days after the effective date of termination of this Agreement, such Royalty Fees, System Brand Fund Fees, other advertising fees, payments, or any other sums owed to us or our affiliates by Franchisee, which are then unpaid. Franchisee shall pay to us or our affiliates all damages, costs, and expenses, including reasonable attorney's fees, incurred by us in obtaining injunctive or other relief for the enforcement of any provisions of Sections XIX and XXIV.

In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that the parties have considered the following in determining the amount of liquidated damages ("Damages"): (i) that the amount of Damages is reasonable under the circumstances existing at the time this Agreement is made; (ii) that the amount of Damages bears a rational relationship to the damages the parties anticipate would flow from the breach of this Agreement; (iii) the agreement to the amount of the Damages is necessary because actual damages are difficult or impossible to prove; and (iv) the amount of the Damages are not so large that they act as a penalty. Franchisee accordingly agrees that in such event it shall be obligated to pay to us, the amount of the Damages which is the total of all Royalty Fees and System Brand Fee payments that we would have received, if this Agreement remained in effect until its scheduled expiration date, subject to the following: This amount of Damages shall be calculated by adding together the average monthly Royalty Fee payments and the average System Brand Fund Fee payments that were paid to us during the previous twelve (12) months for either the remaining term of this Agreement or two (2) years (whichever comes first). If the Franchisee has not made twelve (12) months of payments, then the number of payments it has made will be used to calculate the average of Royalty Fee and System Brand Fund Fee payments. Such payments shall be due to us within thirty (30) days after the effective date of termination.

## XXV. PROVISIONS RELATING TO ENFORCEMENT

A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that he or she will not withhold payments of any Royalty Fees, System Brand Fees, or any other amounts of money owed to us for any reason, on grounds of alleged nonperformance by us of any obligation. All such claims by Franchisee shall, if not otherwise resolved by us and Franchisee, be submitted to mediation and/or arbitration as provided in this Agreement. The Franchisee has no right of offset or set off to any amounts due and owing to us.

B. Severability

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

C. Mediation

The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section XXV.D. Any party to this Agreement may initiate mediation by serving a written demand on the other party stating the particulars of the demand being served. Mediation fees shall be divided equally among the parties involved. Before any mediation commences, the parties will agree to a date and/or certain event which will constitute a completion of the mediation process. All mediations shall be held in Gloucester County, Virginia. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate within ninety (90) days after a request has been made, then the other party ("Mediating Party") shall be entitled to recover attorney's fees and costs, even if such Mediating Party was not otherwise entitled to recover its attorney fees and costs in any arbitration or legal action between the Parties pursuant to the terms of this Agreement. This mediation provision applies whether or not the arbitration provision is initiated. The requirement to pay the Mediating Party's attorney's fees and costs apply regardless of whether the other party waits until the expiration of the ninety (90) day period to file the arbitration and applies as long as said party refuses to attend mediation. Mediation shall be held at the same venue as for arbitration as described in Section XXV.D.

D. Arbitration

Except as we elect to enforce this Agreement by judicial process, injunction, or specific performance (as provided below), all disputes and claims relating to any provision hereof, any specification, standard, or operating procedure, or any other obligation of Franchisee prescribed by us, or any obligation of us, or the breach thereof (including, without limitation, any specification, standard, or operating procedure or any other obligation of Franchisee or us, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Gloucester County, Virginia. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association ("AAA") and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at our option or the Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The Parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The Party having an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on the claim. Otherwise the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the Virginia Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statute, no punitive or exemplary damages shall be awarded against either us or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of us or of Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and we shall fully perform our respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally, and the prevailing party shall be entitled to their attorney fees, provided should there be no prevailing party, each party shall pay their own attorney fees.

The requirement to arbitrate under this arbitration provision as well as to mediate under the mediation provision in Section XXV.C shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to us and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any of the Confidential Information, trade secrets, or copyrights provided by us to the Franchisee under this Agreement.

E. Rights of Parties Are Cumulative

The rights of us and Franchisee are cumulative, and the exercise or enforcement by us or Franchisee of any right or remedy shall not preclude the exercise or enforcement by us or Franchisee of any other right or remedy hereunder which we or Franchisee are entitled by law to enforce by the provisions of this Agreement or of the Operations Manual. In addition, both Parties agree that during any type of dispute or claim, neither Party will attempt to: publish any proceedings, make any publicly available claims; or make any disparaging statement which could tarnish the reputation of the other Party.

F. Judicial Enforcement, Injunction and Specific Performance

Notwithstanding anything to the contrary contained in Section XXV.D above relating to arbitration, we shall have the right to enforce by judicial process our right to terminate this Agreement for the causes enumerated in Section XXIII of this Agreement, to collect any amounts owed to us for any unpaid Royalty Fees, or other unpaid fees or charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights we may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. We shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If we secure relief by judicial enforcement, Franchisee agrees to pay to us an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel, accommodations, food, other expenses, and any damages incurred by us as a result of the Franchisee's breach of any provision of this Agreement.

G. Virginia Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 et. seq.) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of Virginia, and the sole and exclusive venue for arbitration or litigation shall lie in Gloucester County, Virginia, or in the applicable United States District Court.

H. Attorney Fees

If either party incurs any expenses (including but not limited to reasonable attorneys' fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing party shall be entitled to recover such expenses directly from the other.

I. Binding Effect

This Agreement is binding upon the Parties hereto and their respective permitted assigns and successors in interest.

J. Entire Agreement/Integration/No other Agreements/Manual(s) May Change

This Agreement and the exhibits to this Agreement constitute the final, complete, and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes and merges all prior discussions between the Parties. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to Franchisee. No amendment to this Agreement shall be binding on either party unless mutually agreed to by the parties in writing. The Operations Manual may be amended at any time by us, and Franchisee shall adopt its methods or procedures to comply with the requirements thereof.

K. Force Majeure

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws, or regulations, riots, insurrection, war, pandemics, or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement through no fault of such party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

## XXVI. NOTICES

Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual receipt if delivery is by hand; or (ii) upon receipt by the transmitting party of a confirmation or return response when delivery is by facsimile or email; (iii) forty-eight (48) hours after deposit to a reputable overnight carrier with confirmation sent or being available, or (iv) seventy-two (72) hours after deposit into the United States mail if delivery is by postage prepaid, registered, or certified, return receipt requested mail. Each such notice shall be sent to the respective party at the address indicated in this Agreement or to any other address as the respective party may designate by notice delivered pursuant to this Agreement.

## XXVII. COUNTERPART

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by both of the Parties hereto. A signed copy of this Agreement delivered by email, Docusign, or other means of electronic transmission (to which a PDF copy is attached) will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

## XXVIII. TIME IS OF THE ESSENCE

Time is of the essence. The parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

## XXIX. APPROVALS AND WAIVERS

Whenever this Agreement requires our prior approval or consent, Franchisee shall make a timely written request to us therefore, and such approval or consent shall be obtained in writing.

We make no warranties or guarantees upon which Franchisee may rely, and assume no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request thereof.

No failure of us to exercise any power reserved to us by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default or breach by Franchisee shall not affect or impair our rights with respect to any later default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach, or default by us to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

## XXX. <u>**AUTHORITY**</u>

Franchisee or, if Franchisee is a corporation, limited liability company, or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company, or partnership, warrant to us, both individually and in their capacities as Owners, partners, members, shareholders, directors, and officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in <u>Section XXII</u>.

## XXXI. <u>**FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE**</u>

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, our Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine our Disclosure Document and was furnished with copies of the documents and Franchisee (and any Owner) represents that he/she has such authority on behalf of itself to execute this Agreement and is not bound by any other agreement. **NO ORAL, WRITTEN, OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

**FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND ALL OF ITS OWNERS HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE AND ITS OWNERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND ITS OWNERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.**

**FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND ITS OWNERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED BUBBA'S SHRIMP SHACK™ FRANCHISES.**

**IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this BSS Franchising, LLC Franchise Agreement in duplicate on this date______________ 20____.**

**FRANCHISOR:**

Address for Notices:
BSS Franchising, LLC
4900 George Washington Memorial Hwy
Hayes, VA 23072
Telephone: (804) 684-5428
Email:
Colburn.Crockett@BubbasShrimpShack.com
Attn: Colburn Crockett

**BSS Franchising, LLC**

Signed: ___________________________

Name: ___________________________

Title: ___________________________

Dated: ___________________________

**FRANCHISEE:**

Address for Notices:

_______________________________

_______________________________

Telephone:

_______________________________

Fax:

_______________________________

Attn:

_______________________________

Signed: ___________________________

Name: ___________________________

Date: ___________________________

Signed: ___________________________

Name: ___________________________

Date: ___________________________

Signed: ___________________________

Name: ___________________________

Dated: ___________________________

SCHEDULE 1
BSS FRANCHISING, LLC
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEPOSIT)

BY AND BETWEEN BSS FRANCHISING, LLC AND____________________________________ (“FRANCHISEE”) DATED ___________20___.

The undersigned depositor (“DEPOSITOR”) hereby authorizes BSS Franchising, LLC (“COMPANY”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below, and the depository designated below (“DEPOSITORY”) to debit such account pursuant to COMPANY’s instructions.

| | |
|---|---|
| ____________________________ | ___________________________________ |
| DEPOSITORY | Branch |
| ____________________________ | ___________________________________ |
| Address | City, State and Zip Code |
| ____________________________ | ___________________________________ |
| Bank Transit/ABA Number | Account Number |

This authority is to remain in full force and effect until DEPOSITORY has received joint written notification from COMPANY and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR’s account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

| | |
|---|---|
| _____________________________ | ___________________________________ |
| DEPOSITOR | DEPOSITORY |
| By: ________________________ | By: ________________________________ |
| Title: _______________________ | Title: ______________________________ |
| Date: _______________________ | Date: ______________________________ |

SCHEDULE 2
BSS FRANCHISING, LLC
PRE-EXISTING BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement, Franchisee represents and warrants to Franchisor as follows:

1. Individually and as an entity owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as _____________ ("Pre-Existing Business").

2. Any and all existing franchise agreements, stockholder agreements, operating agreements, partnership agreements, option agreements or any other third-party rights relating to the Pre-Existing Business, do not contain any covenants, terms, and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the Owners, managers, or employees of the Franchisee in the Franchised Business; and

3. Other than the consents of Franchisee and Franchisor there is no other third-party consent required for the acquisition of the Franchise to be legally binding and effective; and

4. There are no existing restrictive covenants, other than those which the Pre-Existing Business has waived, binding on Franchisee or any of its partners, owners, agents, representatives, or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to Franchisor, and

5. The Pre-Existing Business provides the following goods and services to its customers at the following locations:

5.1 Goods and services of Pre-Existing Business(s)

_______________________________________________________________________________
_______________________________________________________________________________
__________________________________________________________

5.2 Location(s) of Pre-Existing Goods Business(s)

_______________________________________________________________________________
_______________________________________________________________________________
__________________________________________________________

and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as Franchised Business under the trade name "Bubba's Shrimp Shack™", and

7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business after notice and approval by us, and

8. Franchisee shall indemnify, defend and hold harmless us and our affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Schedule 2 or in connection with any willful or negligent act or omission

of Franchisee or Franchisee's employees or agents, including but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease, or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE

Signed: _______________________

Printed Name: _________________

Title: _________________________

Date: _________________________

SCHEDULE 3
BSS FRANCHISING, LLC
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or *affiliated* in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

<u>FRANCHISEE</u>

Signed: _______________________

Printed Name: _________________

Title: _________________________

Date: _________________________

SCHEDULE 4
BSS FRANCHISING, LLC
ADA & RELATED CERTIFICATIONS

BSS Franchising, LLC (“Franchisor/we/us/our”) and ________________________ (“Franchisee”) are parties to a franchise agreement dated, ________20____ (the “Franchise Agreement”) for the operation of a Bubba’s Shrimp Shack™ Restaurant (the “Restaurant”).

In accordance with Section XII.C of the Franchise Agreement, Franchisee certifies to us that the Restaurant and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by us does not constitute ownership, control, leasing, or operation of the Restaurant. Franchisee acknowledges that we have relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify us, our members, managers, officers, employees, and agents, and each and all of the Franchisor-Related Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party (ies) as a result of any matters associated with Franchisee’s compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys’ fees, related to the same.

FRANCHISEE

Signed: _______________________

Printed Name: _________________

Title: _________________________

Date: _________________________

SCHEDULE 5
BSS FRANCHISING, LLC
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY
(USE FOR CORPORATE, PARTNERSHIP, OR OTHER ENTITY FRANCHISEE)

This Guaranty is a Schedule to the Franchise Agreement between BSS Franchising, LLC ("Franchisor") and __________________________ ("Franchisee") dated the ________ day of _____________________, 20___.

1. The undersigned agree, individually and on behalf of his or her marital community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Agreement on default by Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity, and non-disclosure provisions.

2. Each Guarantor has consulted legal counsel of his/her own choosing as to his/her responsibilities and liabilities under this Guaranty.

3. Each Guarantor waives:

   (a) Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;

   (b) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;

   (c) Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;

4. Each Guarantor consents and agrees that:

   (a) Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;

   (b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;

   (c) Each will individually comply with the provisions and all subsections of the Agreements and associated documents;

   (d) Liability is not contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other persons; and

   (e) Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that Franchisor may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

(f) Each waives acceptance and notice of acceptance by Franchisor; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.

5. Each Guarantor further hereby consents and agrees that:

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

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

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

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

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

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

Dated on the _______day of __________________20____.

**(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):**

| NAME | ADDRESS | PERCENTAGE |
|---|---|---|
| ____________________ | ____________________ | ______________ |
| Signed | ____________________ | |
| ____________________ | ____________________ | |
| Printed | | |

Signed

Printed

Signed

Printed

Signed

Printed

SCHEDULE 6
BSS FRANCHISING, LLC
COLLATERAL ASSIGNMENT OF LEASE

Franchisee: _____________________________________________

_____________________________________________

Franchisor: BSS Franchising, LLC

Date of this Collateral Assignment of Lease (the "Assignment"): ________________________

The Franchisee, to effect various provisions of that certain Franchise Agreement dated _______, 20 __, by and between Franchisee and Franchisor (the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title, and interest in, to, and under that certain lease (the "Lease") dated __________ 20__, between Franchisee and ________________, ("Landlord"), for that property commonly known as:_______________________________(the "Premises"), a copy of which Lease is attached to this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of Franchisor. Landlord will not consent or allow Franchisee to assign the Lease or sublease the Premise without Franchisor's prior written consent, which shall not be unreasonably withheld.

Except as provided in the Franchise Agreement, the Franchisor will not take possession of the Premises under this Assignment until and unless there is a default by Franchisee under the Lease or a termination, cancellation, rescission, or expiration of the Franchisee's rights, or a default by Franchisee, under the Franchise Agreement. In such event(s), the Franchisor (or its designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title, or interest in or under the Lease or to the Premises, all such rights thereby passing to the Franchisor or its designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith and do all acts necessary or appropriate thereto. The Franchisor will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, the Premises or otherwise until and unless the Franchisor takes possession of the Premises pursuant to this Assignment and, in any event, the Franchisor will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, Franchisor shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. Franchisor shall notify Landlord, in writing, within five (5) days of taking possession of the Premises.

The Franchisee will not permit any surrender, termination, amendment, or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, Franchisor may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without any liability or obligation of the Franchisor. Failure of the Franchisor to exercise any remedy hereunder shall not be a waiver of any of its rights. The rights and remedies of the Franchisor under this Assignment are in addition to those which the Franchisor has under the Franchise Agreement or otherwise. This Assignment shall bind, and benefit, Franchisor and Franchisee, and their respective successors and assigns. With respect to Franchisor and Franchisee the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment, and/or any matter related in any way to it, but the Franchisor may, in any event and at its option, proceed with any action in court for possession of the Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and Franchisor and/or Franchisee, the dispute resolution provisions of the Lease shall apply.

In the event Franchisee shall fail to perform or observe any of the terms, conditions, or agreements in the Lease, Landlord shall give written notice thereof to Franchisor and Franchisor shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind, or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if Franchisor shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

Landlord will recognize and accept the performance by Franchisor of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.

Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, the Franchisor shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless Franchisor expressly assumes the Lease). Landlord shall, during Franchisee's bankruptcy case, serve on the Franchisor a copy of all notices, pleadings, or documents which are given to Franchisee, and service shall be contemporaneous with and in the same manner as given to Franchisee. If the Lease or Franchisee's rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise, then Landlord shall give written notice of such termination to Franchisor. Franchisor or its nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.

Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another address in the United States at which business is conducted (and not a post-office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.

Notices to Franchisor, Franchisee or Landlord shall be addressed as follows:

Landlord: ________________________

__________________________
__________________________
__________________________

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of ___________.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

**FRANCHISEE:**

| | |
|---|---|
| ________________________ | ________________________ |
| Signature | Signature |
| ________________________ | ________________________ |
| Printed Name | Printed Name |

| | |
|---|---|
| **LANDLORD** | **FRANCHISOR:** |
| ________________________ | BSS Franchising, LLC |
| by ________________________ | by________________________ |
| its________________________ | its________________________ |

SCHEDULE 7
BSS FRANCHISING, LLC
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

A. The following is a list of all managing partners, partners, members, managers, shareholders, other Owners, investors in Franchisee (including all investors who own or hold direct or indirect interest in Franchisee) as well as all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. A description of the nature of their interest is also provided below.

| **Name** | **Percentage of Ownership/Nature of Interest** |
| --- | --- |

B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 8.

SCHEDULE 8
BSS FRANCHISING, LLC
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into ___________________20_____, between BSS Franchising, LLC, a Virginia limited liability company (hereinafter referred to as "Franchisor/we/us/our") and, __________________________________ (hereinafter referred to as "You").

**RECITALS:**

WHEREAS, we have acquired the right to develop a unique system (the "System") for the development and operation of a restaurant that offers a variety of shrimp and seafood dishes made-to-order under the name and mark "Bubba's Shrimp Shack™" (each a "Restaurant"); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark Bubba's Shrimp Shack™ and such other trade names, service marks, and trademarks as we may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System's high standards of quality, appearance and service standards which include our: strategies for site acquisition, build-out, color scheme, layout, design, and décor specifications; distinctive Products including menu items that feature shrimp and seafood using our proprietary recipes, spices and sauces; specific food preparation and presentation standards, cooking techniques, methods, procedures including food storage standards; Services and strategies for executing Services; specifications for all products, supplies and kitchen equipment; purchasing strategies, inventory management systems, vendor and supplier relationships, cost and pricing strategies, procedures for cleanliness, safety, sanitation and quality control; operational procedures and Operations Manual, service standards, methods and techniques; employee hiring, training, and retention guidelines; photographs of food and video presentations, sales, advertising, social media, marketing, promotional, strategies and materials; proprietary customer acquisition, retention, and Loyalty Programs; website, third-party software, forms, contracts, record keeping, reporting procedures, and accounting methods all of which may be changed, improved and further developed by us from time to time and are used by us in the operation of the System ("Trade Secrets"); and

WHEREAS, the Trade Secrets provide economic advantages to us and are not generally known to and are not readily ascertainable by proper means by our competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, We have taken and intend to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, We have granted You (individually and/or through ownership of an entity) a limited right to manage and participate in the operation of a Restaurant using the System and the Trade Secrets for the period defined in the Franchise Agreement made and entered into ________________, 20_____ ("Franchise Agreement") between You and us; and

WHEREAS, You and we have agreed in the Franchise Agreement on the importance to us and to You and other licensed users of the System of restricting use, access to, and dissemination of, the Trade Secrets; and

WHEREAS, it will be necessary for certain of you to have access to and to use some or all of the Trade Secrets in the management and operation of your Restaurant using the System; and

WHEREAS, You have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become a staff member; and

WHEREAS, You will receive and use the Trade Secrets in the course of operating your Restaurant;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. We shall disclose to You some or all of the Trade Secrets relating to the System.

2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation of your Restaurant using the System for so long as you are licensed by us to use the System.

3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without our express written permission.

4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff members and then only to the limited extent necessary to train or assist your staff members in the management or operation of your Restaurant using the System.

5. That all information and materials, including without limitation, build out drawings, specifications, techniques and compilations of data which we shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.

6. You shall surrender the confidential Franchise Operations and Procedures Manual and such other manuals and written materials as we shall have developed ("Manuals") described in the Franchise Agreement and any other materials containing some or all of the Trade Secrets to You by us, upon request, or upon expiration or termination of the Franchise Agreement, or upon conclusion of the use for which the Manuals or other information or material may have been furnished to your staff.

7. You shall not, directly or indirectly, commit any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System.

8. The Manuals are loaned by us to You for limited purposes only and remain the property of ours and may not be reproduced, in whole or in part, without our written consent.

9. In further consideration for the disclosure to you of the Trade Secrets and to protect the uniqueness of the System, You agree that during the term of the Agreement and for two (2) years following the earlier of the expiration, termination, or transfer of all of your interest in the Franchise Agreement you will not, without our prior written consent:

a. Divert or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Restaurant to any competitor.

b. Employ or seek to employ any person who is at the time employed by us or any franchisee or developer of ours, or otherwise directly or indirectly induce such persons to leave that person's employment.

c. Directly or indirectly, for yourself or through, on behalf of, or in conjunction with any person, partnership, or corporation, own, maintain, operate, engage in, or have any financial or beneficial interest in (including interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations, or joint ventures), advise, assist or make loans to, any business which is the same as or similar to the Bubba's Shrimp Shack™ restaurant including, but not limited to, any other type of restaurant or related business offering products and services that are similar to the Products and Services which are or have been offered through a Bubba's Shrimp Shack™ business or is intended to be, located within a ten (10) mile radius of the Approved Location or any Bubba's Shrimp Shack™ business (which includes company-owned businesses and/or other franchise businesses) in existence or under construction as of the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement.

10. You undertake to use your best efforts to ensure that your staff acts as required by this Agreement.

11. You agree that in the event of a breach of this Agreement, we would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, we shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to us at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

12. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by us and You in enforcing this Agreement.

13. Any failure by us or You to object or to take action with respect to any breach of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach or any later breach by You.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF VIRGINIA. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN VIRGINIA IN THE JUDICIAL DISTRICT IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, YOU OR WE MAY BRING SUCH ACTION IN ANY COURT IN THE STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

15. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which we are a party, You expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

16. This Agreement contains the entire agreement of the parties regarding the subject matter herein. This Agreement may be modified only by a duly authorized amendment executed by all parties.

17. All notices and demands required to be given herein shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram, or telex (provided that the sender confirms the facsimile, telegram, or telex

by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties.

If directed to us, the notice shall be addressed to:

BSS Franchising, LLC
4900 George Washington Memorial Hwy
Hayes, VA  23072
Attention: Colburn Crockett
Telephone: (804) 684-5428
Colburn.Crocket@BubbasShrimpShack.com

If directed to You, the notice shall be addressed to:

_______________________________________
_______________________________________
_______________________________________

Attention: _______________________________
Facsimile: _______________________________
Telephone: _______________________________

Any notices sent by personal delivery shall be deemed given upon receipt.  Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing.  Any change in the above addresses shall effected by giving fifteen (15) days written notice of such change to the other party.

19. Our rights and remedies under this Agreement are fully assignable and transferable by us and shall inure to the benefit of our successors, assignees and transferees.  The respective obligations of You and your staff herein are personal in nature and may not be transferred or assigned by you or your staff, as applicable.

**IN WITNESS WHEREOF,** the undersigned have entered into this Agreement, as an entity and in his or her individual capacity, as witnessed by their signatures.

**BSS Franchising, LLC**
a Virginia limited liability company:

Printed Name: ________________________

Signature: ___________________________

Title: _______________________________

**You:**

Printed Name: ________________________

Signature: ___________________________