FRANCHISE DISCLOSURE DOCUMENT

Clubstore Outlet LLC
A South Carolina limited liability company
55 Broad Street, Suite 400
Charleston SC 29401
843-277-2056
info@clubstoreoutlet.com
www.clubstoreoutlet.com

The franchised business is to operate a retail store under the trade name Clubstore Outlet that features discounted quality merchandise from wholesale clubs and other retailers.

The total investment necessary to begin operation of a Clubstore Outlet franchise is $197,200 to $273,500. This includes $70,000 in fees plus approximately $75,000 to $100,000 for inventory that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Amber Lynn Pennycuff at 55 Broad Street, Suite 400, Charleston SC 29401 and 843-277-2056.

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

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

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

Issuance date: February 25, 2016

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN SOUTH CAROLINA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN SOUTH CAROLINA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT SOUTH CAROLINA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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

STATE EFFECTIVE DATES

The following chart lists states which require that this disclosure document be registered or filed with the state or be exempt from registration. In these states, the effective date of this disclosure document is as follows:

State	Effective Date
California	Pending
Hawaii	Not applicable
Illinois	Pending
Indiana	Not applicable
Maryland	Not applicable
Michigan	March 18, 2016
Minnesota	Pending
New York	Not applicable
North Dakota	Pending
Rhode Island	Not applicable
South Dakota	Pending
Virginia	Not applicable
Washington	Pending
Wisconsin	May 19, 2016

In the following states, we have filed a notice of exemption from the registration or filing requirements of the state's business opportunity laws with respect to the offering described in this disclosure document:

State	Effective Date
Connecticut*	Not applicable
Florida	September 11, 2015
Kentucky*	_____
Nebraska	Not applicable
Texas*	December 7, 2015
Utah	Not applicable

* One-time filing

We have filed a business opportunity registration in the following states:

State	Effective Date
Maine	Not applicable
North Carolina	March 29, 2016

(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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

In this disclosure document, "we", "us," or "our" refers to Clubstore Outlet LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement (Exhibit D), which means that all of the franchise agreement's provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates.

Our name is Clubstore Outlet LLC. Our principal business address is 55 Broad Street, Suite 400, Charleston SC 29401. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names "Clubstore Outlet LLC" and "Clubstore Outlet". We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in South Carolina is Tapp A. Palmer, and the agent's principal business address is 55 Broad Street, Suite 400, Charleston SC 29401. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a limited liability company organized in South Carolina, organized May 13, 2015.

Our Business Activities

We do not operate a business of the type being franchised.

We do not have any other business activities. We have not offered franchises in other lines of business.

None of our affiliates has offered franchises in other lines of business.

In certain territories, we have engaged Area Representatives to act on our behalf with certain franchise sales and support activity. See Exhibit I for information about our Area Representatives and their territories.

The Business You Will Conduct

If you sign a franchise agreement with us, you will develop and operate a retail store under the trade name Clubstore Outlet that features quality surplus merchandise from wholesale clubs and other retailers, including shelf pulls, overstocks, damaged packaged items, and returned items.

The General Market

The general market for discount and surplus good stores is well developed. Our customers are primarily middle-to-upper income consumers, interested in discounted high-quality products. Sales are not seasonal, except that we expect increased sales in November and December due to holiday shopping.

Laws and Regulations

We are not aware of any laws or regulations specific to our industry.

Competition

You will compete against national chains, regional chains, and independent owners of retail stores, as well at retailers that operate via the internet and other methods. Some of these competitors are franchised.

Item 2
BUSINESS EXPERIENCE

Tapp A. Palmer: Founder and Chief Executive Officer. Tapp Palmer has been our Founder and CEO in Charleston, South Carolina since 2015. He has also been CEO of Costless Overstocks Consulting Group, LLC in Mt. Pleasant, SC since January 2013. He was CEO of Costless Outlet, LLC in Mt. Pleasant, SC from January 2008 to December 2010. He was CEO of Island Overstocks, LLC from August 2010 to December 2012. He was Managing Partner of Costless Partners LLC in Charleston, SC from January 2010 to August 2010. He was CEO of Island Overstocks Consulting Group, LLC in Mt. Pleasant, SC from January 2009 to December 2012.

Amanda F. Shannon: Vice President of Public Relations and Marketing. Amanda Shannon has been Vice President of Public Relations and Marketing for us since 2015, and for our affiliate Costless Overstocks in Sullivan's Isle, South Carolina since February 2014. Shannon has also been owner of Aqua Facial Studio in Mt. Pleasant, South Carolina since March 2010.

Amber Lynn Pennycuff: Franchise Coordinator. Amber Lynn Pennycuff has been our Franchise Coordinator in Charleston, South Carolina, since November 2015. She was a Sports Report / Anchor for WACH Fox 57 in Columbia, South Carolina from August 2014 until November 2015. She was a Sideline Reporter for Scout.com in Columbia, South Carolina from May 2014 until December 2014. She was Sports Editor/Reporter for WilliamsonSource.com in Nashville, Tennessee from May 2013 until February 2014.

Pamela Currie: Franchise Advisor/Consultant. Pamela Currie has been our Franchise Advisor/Consultant in Atlanta, Georgia and Charleston, South Carolina since 2015. She has also been owner of Franchise Intellect, Inc., in Atlanta, Georgia since June 2009.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

Item 5
INITIAL FEES

Franchise Fee

When you sign your franchise agreement, you must pay us $40,000 as the initial franchise fee. This fee is uniform unless you sign a Multi-Unit Development Agreement.

If (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable.

In 2015, franchise fees ranged from $0 to $30,000.

Setup Fee

You must pay us a $20,000 setup fee. Half of this fee is due when you sign the franchise agreement. The other half is due when you sign a lease for your location. This fee is uniform unless you sign a Multi-Unit Development Agreement. It is not refundable.

In 2015, setup fees ranged from $0 to $30,000.

Territory Fee

You must pay us a $10,000 territory fee, which is due when you sign a lease for your location. This fee is uniform unless you sign a Multi-Unit Development Agreement. It is not refundable.

In 2015, set up fees ranged from $0 to $10,000.

Initial Inventory

You will purchase your initial inventory through us, which will cost approximately $75,000. When you sign your lease, you must pay 50% of this amount so that we may begin coordinating and purchasing your initial inventory.

Multi-Unit Development

If you commit to developing a specific number of multiple units on a schedule, you will sign our Multi-Unit Development Agreement in the form attached as Exhibit C ("MUDA") at the same time as you sign your first Franchise Agreement. Under the MUDA, the initial franchise fee, setup, and territory fee for multiple units would be as follows:

	1 Unit	2 Units	3 Units	4 Units	5 Units
Franchise Fee	40,000	35,000	30,000	25,000	20,000
Setup Fee	20,000	17,000	14,000	11,000	8,000
Territory Fee	10,000	10,000	10,000	10,000	10,000
TOTAL :	70,000	62,000	54,000	46,000	38,000

The MUDA will specify a non-exclusive area in which you will develop stores. You will sign a separate franchise agreement for each unit according to the development schedule. When you sign the MUDA, you will pay half of the initial Franchise Fee, half of the Setup Fee, and half of the Territory Fee for all of the additional units after the first unit. The balance of the initial Franchise Fee for each additional unit will be due when you sign the franchise agreement for the additional unit. The balance of the Setup Fee and Territory Fee for each additional unit will be due when you sign a lease for your location. Fees paid in connection with a MUDA are not refundable.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5.5% of your gross sales	Monthly, on the 2nd day of the month for the prior month	See Note 1 and Note 2.
Marketing Fund Contribution	1% of your gross sales	Monthly, on the 2nd day of the month for the prior month	

Type of Fee	Amount	Due Date	Remarks
Market Cooperative Contribution	As determined by co-op. Currently, none.	Monthly, on the 2nd day of the month for the prior month	We have the right to establish local or regional advertising cooperatives.
Inventory	Cost of inventory	When ordered, unless supplier agrees to credit terms	You purchase your inventory through us. We do not guaranty that you will receive inventory at our cost; we may charge a reasonable mark-up to cover our costs and overhead related to inventory.
Non-compliance fee	$100	Upon demand	We may charge you $100 for any non-compliance with our system specifications or your franchise agreement. If such non-compliance is ongoing, we may charge you $100 per week until you cease such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	Upon demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	Upon demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.

Type of Fee	Amount	Due Date	Remarks
Special support fee	Our then-current fee, plus our expenses. Currently, $500 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	Upon demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any monthly period.
Inspection fee	Currently $300, plus our out-of-pockets costs	Upon demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other guest feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining months of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.

Type of Fee	Amount	Due Date	Remarks
Transfer fee	25% of the then-current initial franchise fee if buyer is an existing franchisee; 50% of the then-current initial franchise fee if buyer is a new franchisee	When transfer occurs	Payable if you sell your business.
Renewal fee	$5,000	Upon renewal	Payable if you renew your franchise agreement term.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are no marketing cooperatives, purchasing cooperatives, or other cooperatives; therefore, our own outlets do not have any voting power on any fees imposed by a cooperative.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. You must pay fees through pre-authorized electronic withdrawal.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount (low)	Amount (high)	Method of payment	When due	To whom payment is to be made
Franchise Fee	40,000	40,000	Check or wire transfer	Upon signing agreement	Us
Setup Fee (see Note 2)	20,000	20,000	Check or wire transfer	50% upon signing agreement; 50% upon leasing your location	Us
Territory Fee	10,000	10,000	Check or wire transfer	50% upon signing agreement; 50% upon leasing your location	Us
Real Estate (including security deposit) (see Note 3)	6,000	13,000	Lump sum	Upon signing lease or as otherwise agreed under lease	Landlord
Initial Inventory (see Note 4)	75,000	100,000	As incurred	Upon purchase of inventory	Us
Leasehold Improvements (see Note 5)	20,000	35,000	Contractor or vendors terms	Vendor terms	Contractors, vendors
FF&E (shelving, pallet jack, shopping carts, etc.)	6,000	10,000	Vendor terms	Vendor terms	Suppliers, contractors
Point-of-sale computer and applications, peripherals	1,000	1,500	Vendor terms	Vendor terms	Vendor

Type of expenditure	Amount (low)	Amount (high)	Method of payment	When due	To whom payment is to be made
Insurance (see Note 6)	700	1,000	Insurer's terms	Insurer's terms	Insurance company
Signs	5,000	7,000	Vendor terms	Vendor terms	Vendor
Advertising and grand opening	1,500	2,500	Vendor terms	Vendor terms	Vendors
Utilities deposits	750	2,000	Check	Upon contracting for utilities	Utility providers
Permits	250	500	Check	Before opening	Government agency
Legal and accounting costs	500	3,000	Vendor terms	Vendor terms	Attorney; accountant
Alarm and cameras systems	1,000	1,500	Vendor terms	Vendor terms	Vendor
Travel, lodging and meals for initial training	500	3,000	Check or credit card	During training	Airlines, hotels, and restaurants
Miscellaneous	1,500	3,500	Varies	As incurred	
Additional funds (for first 3 months) (see Note 7)	7,500	20,000	Varies	As incurred	Employees, suppliers, landlord, utilities
Total	$197,200	$273,500			

Notes

1. The initial franchise fee is refundable only as described in Item 5. A security deposit on your lease will usually be refundable unless you owe money to the landlord for unpaid amounts or damages. A utility deposit will be refundable upon termination of the utility service, unless you owe money to the provider. None of the other expenditures in this table will be refundable.

2. The SetUp Fee reflects our commitment for resources, training and more. Our goal is to make a store opening as turnkey as possible, including hands-on real estate site

selection, negotiation of lease, build out guidance, ordering of POS, signage, shelving and inventory, as well as preparation for grand opening with breakdown of pallets, labeling of products, and other opening support.

3. The approximate size of a Clubstore Outlet business is 4,000 to 7,000 square feet. If your business is larger, then some of your estimated initial costs would increase as well. Rent depends on size, location, local rental rates, site profile, amenities, and other factors, and could be significantly higher in high-density areas. Your business will be located in a free-standing building, an "in-line" location of a shopping center, or other commercial retail site. Our estimates in this table assume you pay a security deposit equal to one month rent, and that you begin paying rent when (or shortly before) you open for business. For this to occur, you would need to negotiate a "free rent" period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

4. When you sign a lease for your location, you are required to deposit $37,500 with us so that we may start ordering and purchasing inventory in advance and in preparation for the grand opening of your store. The remainder of the needed store inventory will need to be ordered and purchased thirty days prior to your store grand opening.

5. We recognize the importance of a retro-fit based upon the building and site. Our goal is to keep our franchisees build out costs low and to allow for a retro-fit based upon the type of building and location to minimize costs while maintaining the Clubstore Outlet brand image and customer shopping experience consistent. You will need approximately 1000 square feet for a separate stocking area, with the remainder devoted to retail space.

6. Our estimate for the initial cost of insurance is based on payment of premium for one quarter (and not for the entire year).

7. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of businesses similar to Clubstore Outlet by Tapp A. Palmer and our general knowledge of the industry.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We may require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) from us or our designee, (2) suppliers approved by us, or (3) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

1. Real Estate. Your business location is subject to our approval and must meet our specifications. You must have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit E).

2. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, and (iii) Workers Compensation coverage as required by state law. Your insurance policies must add us as additional insured. You may be required to name vendors as additional insureds.

3. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

4. Inventory. You must purchase surplus, overstock, and returned goods from wholesalers and retailers that we designate or approve. You will have limited control over the goods you are sent by some sources. With some sources, there is no guarantee you will receive any particular pricing or that you will be able to obtain any particular inventory. Your shipments of inventory may contain damaged items, returned items, salvage goods, overstocks, damaged packaged items, open box items, expired items, surplus items, and other imperfect items. Unless the retailer agrees otherwise, you must accept all merchandise in "as is" condition. You can purchase inventory from other sources only with our approval.

Us or our Affiliates as Supplier

You must purchase your initial inventory through us. You must purchase additional inventory through us or directly from approved sources. We are investigating the possibility of opening one or more warehouses to purchase overstock goods from suppliers, giving franchisees the opportunity (but not the requirement) to purchase such goods from us.

Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract

with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you (which may include electronic communication or via our online franchisee portal).

Issuing Specifications and Standards

We issue specifications and standards to you for the aspects of your business described above in this Item under "Specific Obligations". The specifications and standards are contained in our Manual, and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but not are not obligated to do so) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue To Us and Our Affiliates

We will derive revenue from the purchases of inventory by franchisees. In 2015, franchisees did not purchase inventory directly from us, and therefore our revenue from all required purchases and leases of products and services by franchisees in the prior fiscal year was $0. The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was 0%.

Proportion of Required Purchases and Leases

Of the purchases and leases you make to establish your business and operate your business, we estimate 70-90% of the total spending will be subject to our specifications and requirements.

Payments by Suppliers to Us

We do not receive payments from any designated suppliers based on purchases by you or other franchisees.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We negotiate purchase arrangements with wholesale clubs and other retailers for the benefit of franchisees.

Benefits Provided To You For Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§ 6.1	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.4, 7.8, 10.5, 11.2, 11.3, 11.9, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.4, 7.5, 7.11, 7.12, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.8, 7.9	Item 8
k. Territorial development and sales quotas	N/A	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8

Obligation	Section in agreement	Disclosure document item
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Items 6 and 17
v. Post-termination obligations	Article 13, §§ 14.3 - 14.6	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

Item 10
FINANCING

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

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

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

Our Pre-Opening Obligations

Before you open your business:

1. *Locating a site and negotiating the purchase or lease of the site*. We will provide our criteria for Clubstore Outlet locations to you. We will advise and assist you in selecting a location. We will advise you on the terms and conditions of your proposed lease and assist in your lease negotiations. (Section 5.3).

(A) We generally do not own your premises.

(B) If your site is not already known and approved by us when you sign your franchise agreement, you franchise agreement will specify the general area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide complete our site approval request form and provide all information and documents about the site that we require.

(C) The factors we consider in approving sites are general location and neighborhood, demographics, competition, traffic patterns, parking, size, physical characteristics of the proposed space, and lease terms.

(D) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

2. *Conforming the premises to local ordinances and building codes and obtaining any required permits.* We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

3. *Constructing, remodeling, or decorating the premises.* We will advise you on store layout and fixtures. We will provide our specifications for required décor. (Section 5.3).

4. *Hiring and training employees*. We will provide you with our minimum staffing requirements, suggested guidelines for hiring employees (Section 5.2), and programs for you to conduct training of new employees. (Section 5.2). All hiring decisions and conditions of employment are your sole responsibility, except that we may set minimum requirements and qualifications for classes of employees. Our grand opening support (as described below) includes assisting you on training employees.

5. *Necessary equipment, signs, fixtures, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, and supplies necessary to open your business. (Section 5.3). We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

6. *Opening Inventory*. We will coordinate your purchase and delivery of opening inventory from us, and advise you on the display of inventory.

7. *Operating Manual*. We will give you access to our Operating Manual (Section 5.1).

8. *Business plan review*. If you request, we will review your pre-opening business plan and financial projections. (Section 5.3).

9. *Grand Opening Marketing Plan*. We will advise you regarding the planning and execution of your grand opening marketing plan. (Section 5.3).

10. *Grand Opening On Site Support.* We will have a representative provide on-site support for at least three days in connection with your grand opening. As part of the on-site opening assistance, we will assist you in training new employees, and in stocking your business. (Section 5.3).

Length of Time To Open

The typical length of time between signing the franchise agreement and the opening of your business is three to six months. Factors that may affect the time period include your ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures, and signs.

Our Post-Opening Obligations

After you open your business:

1. *Supporting Inventory Supply Chain.* We will help coordinate your purchases of inventory obtained from us or approved vendors, including assistance in identifying goods, managing delivery, and resolving problems. Our services do not include tracking your inventory in your store.

2. *Developing products or services you will offer to your customers*. The franchise agreement does not obligate us to assist you in developing new products or services you will offer to your customers

3. *Hiring and training employees*. We provide programs for you to conduct training of new employees. (Section 5.2). We do not provide assistance in hiring employees. All hiring decisions and conditions of employment are your sole responsibility.

4. *Improving and developing your business; resolving operating problems you encounter*. If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.4).

5. *Establishing prices*. If you request, we will provide recommended prices for merchandise. (Section 5.4).

6. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administrative, bookkeeping, accounting, and inventory control. (Section 5.4). We may make any such procedures part of required (and not merely recommended) procedures for our system.

7. *Marketing Fund*. We will administer the Marketing Fund, if we form it. (Section 5.4).

8. *Website*. We will maintain a website for the Clubstore Outlet brand, which will include your business location and telephone number. (Section 5.4)

Advertising

1. *Our obligation*. We do not currently have a Marketing Fund. If we form the Marketing Fund, we will use the Marketing Fund only for marketing and related purposes and costs. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

2. *Your own advertising material*. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

3. *Advertising council*. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

4. *Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperative. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of gross sales. If our own outlets are members of a cooperative, they must contribute to the fund on the same basis as franchisees. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives must prepare annual financial statements and which are available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

5. *Marketing Fund*. You must contribute 1% of your gross sales per month our Marketing Fund. All franchisees contribute the same percentage, except those who franchise agreements do not obligate them to contribute. Any outlets that we operate also contribute to the Marketing Fund on the same basis. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

We did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If not all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

6. *Grand Opening Marketing Plan.* You must develop a grand opening marketing plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

Point of Sale and Computer Systems

We currently require you to buy and use a "Clover" point-of-sale system (including Clover standard software and at least one Clover hardware station) from Clover Network, Inc. The system's basic functions allow you to (1) take orders and payment, (2) create and view your retail items, (3) run key reports anytime, and (4) manage employees. These systems will generate or store data such as sales and employee information. We may change our POS and computer requirements in the future.

We also require that you also obtain a back-office personal computer for typical office tasks such as word processing, spreadsheets, internet access, and email.

We estimate that these systems will cost between $1,500 and $2,000 to purchase.

Clover is a subscription-based software service that is paid monthly. Other than Clover, we do not require you enter into any contract with a third party for ongoing maintenance, repairs, upgrades, or updates. We are not obligated to provide any such services ourselves.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be $600 to $1,000.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales data and reporting tools. There is no contractual limitation on our right to access the information.

Operating Manual

See Exhibit H for the table of contents of our Operating Manual as of our last fiscal year end, with the number of pages devoted to each subject. The total number of pages in the manual is 165.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Welcome and Overview; Our Background, Vision, Mission and Core Values	2	0	Virtual, Charleston, or your address
Real Estate	1	0	Virtual, Charleston, or your address
Store Planning	2	0	Virtual, Charleston, or your address
Products and Purchasing	1	4	Classroom: Virtual, Charleston or your address On The Job: Clubstore location in Mississippi
Store Operations	1	22	Classroom: Virtual, Charleston or your address On The Job: Clubstore location in Mississippi
Management	0	4	Clubstore Outlet location in Mississippi
POS, Key Reports and Accounting	0	4	Clubstore Outlet location in Mississippi
Merchandising	0	4	Clubstore Outlet location in Mississippi
Marketing	0	2	Clubstore Outlet location in Mississippi
TOTALS:	8	40	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training class once per month. The "classroom training" consists primarily teleconferences and remote training.

The instructional materials consist of the Operating Manual, discussions, and on-the-job demonstration and practice.

Training is overseen by Tapp A. Palmer. His experience is described in Item 2. He has seven years of experience in our industry, and seven years of experience with us or our affiliates.

There is no fee for up to two persons to attend training. You must pay the travel and living expenses of persons attending training.

You must attend training. You may send one additional person to training. You must successfully complete training to our satisfaction at least one week before opening your business.

We do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12
TERRITORY

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

Grant of Exclusive Territory

You will receive a territory in a one- to five-mile radius (or greater) around the location your business, encompassing a population of approximately 50,000 to 100,000 people depending on demographics and population density. We grant you an exclusive territory. In your territory, we will not open a Clubstore Outlet, nor license or franchise another party to open a Clubstore Outlet.

Relocation

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

Establishment of Additional Outlets

When you sign your Franchise Agreement, we and you may mutually agree to sign a Multi-Unit Development Agreement ("MUDA") in the form of Exhibit C. Under the MUDA, you will have the right and obligation to develop a specific number of outlets according to an agreed development schedule. The fee for each additional outlet is described in Item 5. The conditions for your development of each additional outlet include (1) you obtain our approval of each additional site, (2) you are in compliance with your development schedule and each of your franchise agreements, and (3) you sign a new franchise agreement (on our then-current form) prior to opening each additional outlet. If you and we do not sign a MUDA, then you do not have the right to establish additional franchised outlets.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Alternate Channels of Distribution

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency.

Online Sales

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory. You may sell products online or through other channels of distribution.

Competition By Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13
TRADEMARKS

Applications

The following are the principal trademarks that we license to you.

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We filed an application for registration on the Principal Register of the United States Patent and Trademark Office for the following trademarks:

Trademark	Application Date	Identification Number
CLUBSTORE OUTLET	May 20, 2015	86635795
clubstore outlet	May 20, 2015	86636186

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

It is our intent and policy to protect your (and our) right to use the principal trademarks listed in this Item. However, we are not required to protect your right to use the principal trademarks listed in this Item. We are not required to protect you against claims of infringement or unfair competition arising out of your use of the trademarks.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The franchise agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you, or if the proceeding is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This is includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

All of the provisions in Item 13 under the heading "Protection of Rights" also apply to copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include, all methods for developing and operating the business, the terms and conditions of our supplier contracts, and all non-public plans, data, financial information, processes, vendor pricing and vendor, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You must protect the confidentiality of our Operating Manual and other proprietary information, and use our confidential information only for your franchised business. We may require your owners and key employees to sign confidentiality agreements.

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

Your Participation

You are not required to participate personally in the direct operation of your business except as described in the next paragraph. However, we recommend that you participate.

You must designate one person as your "Principal Executive." The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Exhibit C).

"On-Premises" Supervision

You are not required to personally conduct "on-premises" supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on whom you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions On Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you place any other restrictions on your manager.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must occur at or from your premises.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	10 years from date of franchise agreement
b. Renewal or extension of the term	§ 3.2	You may obtain successor franchise agreements for up to two additional 10 year terms.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	§ 3.2	For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for one additional 10 year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance; renovate to then-current standard; sign then-current form of franchise agreement; sign general release (unless prohibited by applicable law); pay renewal fee.
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§ 14.2	
g. "Cause" defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; intentionally submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; libel or defamation of us; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony or crime of moral turpitude, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee's obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manuals and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; pay liquidated damages (for termination only); purchase option by us.
j. Assignment of agreement by us	§ 15.1	Unlimited
k. "Transfer" by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	§ 15.2	No transfers without our approval.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer signs our then-current franchise agreement; you've made all payments to us and are in compliance with the franchise agreement; buyer completes training program; you sign a general release; business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.6	If you want to transfer your business, we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	§§ 15.4, 11.9	If you die or become incapacitated, your executor must transfer the business to a heir or other third party within nine months. We have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, or be engaged or employed by, any competitor (defined as a retail store specializing in discounted merchandise, or making more than 20% of its sales from discounted merchandise).
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, no ownership or employment by a competitor within a 5 mile radius from the boundary of your territory or within a 10 mile radius from any location operating on the date of termination.

Provision	Section in franchise or other agreement	Summary
s. Modification of the agreement	§ 18.4	No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	The franchise agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. However, this does not disclaim the representations made by us in this disclosure document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Charleston, SC). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located (currently, Charleston, SC), or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located.
w. Choice of law	§ 18.8	South Carolina (unless other state law applies).

For additional disclosures required by certain states, refer to Exhibit K - State Addenda to Disclosure Document

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Tapp A. Palmer, 55 Broad Street, Suite 400, Charleston, SC 29401, and 843-277-2056, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2013 to 2015

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2013	0	0	0
	2014	0	0	0
	2015	0	3	+3
Company-Owned	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
Total Outlets	2013	0	0	0
	2014	0	0	0
	2015	0	3	+3

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2013	0
	2014	0
	2015	0

Table 3
Status of Franchised Outlets
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi-Nations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Florida	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	3	0	0	0	0	3
Totals	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	3	0	0	0	0	3

Table 4
Status of Company-Owned Outlets
For years 2013 to 2015

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
N/A							
Totals	2013	0	0	0	0	0	0

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0

Table 5
Projected Openings As Of Last Day of Last Fiscal Year

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
Florida	0	2	0
Georgia	0	2	0
Kentucky	0	2	0
Mississippi	1	2	0
Totals	1	8	0

Current and Former Franchisees

Exhibit J contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Exhibit J contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Agreements

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit G contains our audited financial statements as of December 31, 2015.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement
C Multi-Unit Development Agreement
D. Guaranty and Non-Compete Agreement
E. Form of General Release
L. State Addenda to Franchise Agreement

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible or the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Business Oversight Department of Business Oversight 866-275-2677 *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 *Sacramento* 1515 K Street Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 *San Diego* 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 *San Francisco* One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328	
New York	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State The Division of Corporations One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

SUMMARY PAGE		
1.	**Franchisee**	_____
2.	**Effective Date**	_____
3.	**Initial Franchise Fee**	$40,000
4.	**Setup Fee**	$20,000
5.	**Territory Fee**	$10,000
6.	**Development Area**	_____
7.	**Business Location**	_____
8.	**Protected Territory**	_____
9.	**Opening Deadline**	One year after Effective Date
10.	**Principal Executive**	_____
11.	**Franchisee's Address**	_____

SC CODE 15-48-10 NOTICE: THIS CONTRACT IS SUBJECT TO ARBITRATION.

FRANCHISE AGREEMENT

This Agreement is made between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising"), and Franchisee on the Effective Date.

Background Statement:

A. Clubstore Franchising has created and owns a system (the "System") for developing and operating retail stores that offer discounted merchandise from wholesale clubs and other retailers under the trade name Clubstore Outlet™ ("Clubstore Outlet").

B. The System includes (1) methods and procedures for developing and operating a Clubstore Outlet business, (2) plans, specifications, equipment, signage and trade dress for Clubstore Outlet businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) technical knowledge, (7) marketing plans and concepts, (8) a website, (9) accounting and bookkeeping specifications, (10) methods and standards of operation, (11) valuable relationships with suppliers, and (12) other mandatory or optional elements as determined by Clubstore Franchising from time to time.

C. The parties desire that Clubstore Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Clubstore Outlet business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

"**Action**" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

"**Approved Vendor**" means a supplier, vendor, or distributor of Inputs which has been approved by Clubstore Franchising.

"**Business**" means the Clubstore Outlet business owned by Franchisee and operated under this Agreement.

"**Competitor**" means any retail store specializing in (or receiving more than 20% of its gross sales from) discounted merchandise.

"**Confidential Information**" means all non-public information of or about the System, Clubstore Franchising, and any Clubstore Outlet business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

"**Gross Sales**" means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to

customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

"**Input**" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

"**Location**" means the location stated on the Summary Page.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Clubstore Franchising's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Manual**" means Clubstore Franchising's confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Marketing Fund**" means the fund which may be established by Clubstore Franchising into which Marketing Fund Contributions are deposited.

"**Marks**" means the mark "Clubstore Outlet" and all other trade names, trademarks, service marks and logos specified by Clubstore Franchising from time to time for use in a Clubstore Outlet business.

"**Owner**" means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then "Owner" means Franchisee.

"**Protected Territory**" means the protected territory stated on the Summary Page. If the Location is not known when this Agreement is signed, then Clubstore Franchising will determine the Protected Territory when the Location is determined, in a radius around the Location to encompass approximately 50,000 to 100,000 people.

"**Remodel"** means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Clubstore Outlet business.

"**Required Vendor**" means a supplier, vendor, or distributor of Inputs which Clubstore Franchising requires franchisees to use.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Clubstore Franchising, including without limitation, any procedures, requirements and/or standards for appearance, business

metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, management, marketing and public relations, operating hours, presentation of Marks, product offerings, quality of products and services, reporting, safety, service offerings, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**Transfer**" means for Franchisee (or any owner of Franchisee) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than 25% of the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Clubstore Franchising grants to Franchisee the right to operate a Clubstore Outlet business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Clubstore Outlet business at the Location for the entire term of this Agreement. The parties acknowledge that Franchisee must operate the Business to meet Clubstore Franchising's minimum System Standards, but that the means of satisfying the System Standards are left to the control and discretion of Franchisee.

2.2 Protected Territory.

(a) Clubstore Franchising shall not establish, nor license the establishment of, another Clubstore Outlet business within the Protected Territory. Clubstore Franchising retains the right to:

(i) establish and license others to establish and operate Clubstore Outlet businesses outside the Protected Territory;

(ii) subject to Section 2.2(b), operate and license others to operate businesses anywhere that do not operate under the Clubstore Outlet brand name; and

(iii) sell and license others to sell products and services in the Protected Territory through channels of distribution (including the internet) other than Clubstore Outlet outlets.

(b) Clubstore Franchising, nor any affiliate of Clubstore Franchising, shall not operate (or license a third party to operate) a business substantially similar Clubstore Outlet within the Protected Territory. This prohibition shall not apply to any location of another brand which exists in the Protected Territory on the date that Clubstore Outlet acquires, or is acquired by, another brand.

2.3 Franchisee Control. Franchisee represents that Schedule 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner's interest in Franchisee. If any information on Schedule 1 changes (which is not a Transfer), Franchisee shall notify Clubstore Franchising within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Clubstore Franchising's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Clubstore Franchising, in the form specified by Clubstore Franchising.

2.6 No Conflict. Franchisee represents to Clubstore Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to two additional periods of 10 years each, subject to the following conditions:

(i) Franchisee notifies Clubstore Franchising of the election to renew between 90 and 180 days prior to the end of the term;

(ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Clubstore Franchising (or any of its affiliates) at the time of election and at the time of renewal;

(iii) Franchisee has made or agrees to make (within a period of time acceptable to Clubstore Franchising) renovations and changes to the Business as Clubstore Franchising requires to conform to the then-current System Standards;

(iv) Franchisee executes Clubstore Franchising's then-current standard form of franchise agreement, which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not

pay another initial franchise fee and will not receive another renewal or successor term;

(v) Franchisee and each Owner executes a general release (on Clubstore Franchising's then-standard form) of any and all claims against Clubstore Franchising, its affiliates, and their respective owners, officers, directors, agents and employees; and

(vi) Franchisee pays to Clubstore Franchising a renewal fee equal to $5,000.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay to Clubstore Franchising an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4.

4.2 Setup Fee. Upon signing this Agreement, Franchisee shall pay 50% of the setup fee (the "Setup Fee") stated on the Summary Page. Franchisee shall pay the other 50% of the Setup Fee when Franchisee executes a lease for the Location. The Setup Fee is fully earned upon execution of this Agreement and is not refundable.

4.3 Territory Fee. Franchisee shall pay the territory fee stated on the Summary Page when Franchisee executes a lease for the Location. The territory fee is not refundable.

4.4 Royalty Fee. Franchisee shall pay Clubstore Franchising a monthly royalty fee (the "Royalty Fee") equal to 5.5% of Gross Sales per month. The Royalty Fee for any given month is due on the 2nd day of the following month.

4.5 Marketing Contributions.

(a) Marketing Fund Contribution**.** Franchisee shall contribute to the Marketing Fund (the "Marketing Fund Contribution") an amount equal to 1% of Franchisee's Gross Sales each month (or a lower amount or percentage as Franchisor may determine), at the same time as the Royalty Fee.

(b) Marketing Cooperative Contribution**.** If the Business participates in a Marketing Cooperative, then Franchisee shall contribute to the Marketing Cooperative a percentage of Gross Sales (or other amount) an amount determined by the Market Cooperative.

4.6 Non-Compliance Fee. Clubstore Franchising may charge Franchisee $100 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Clubstore Franchising). If such non-compliance is ongoing, Clubstore Franchising may charge Franchisee $100 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Clubstore Franchising's internal cost of personnel time attributable to addressing the non-compliance, and is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Clubstore Franchising's other rights and remedies.

4.7 Reimbursement. Clubstore Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Clubstore Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Clubstore Franchising within 15 days after invoice by Clubstore Franchising accompanied by reasonable documentation.

4.8 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Clubstore Franchising by pre-authorized bank draft or in such other manner as Clubstore Franchising may require.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Clubstore Franchising by 2nd day of the following month. If Franchisee fails to report Gross Sales, then Clubstore Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Clubstore Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Clubstore Franchising may require remote access to Franchisee's point-of-sale system and that Clubstore Franchising will calculate monthly Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a $100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Clubstore Franchising may charge $50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Clubstore Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Clubstore Franchising may apply any payment received from Franchisee to any obligation and in any order as Clubstore Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Clubstore Franchising any fees or amounts described in this Agreement are not dependent on Clubstore Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

ARTICLE 5. ASSISTANCE

5.1 Manual. Clubstore Franchising shall make its Manual available to Franchisee.

5.2 Assistance in Training Employees. Clubstore Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.3 Pre-Opening Assistance.

(a) Selecting Location. Clubstore Franchising shall provide its criteria for Clubstore Outlet locations to Franchisee. If requested by Franchisee, Clubstore Franchising shall advise and assist Franchisee in selecting a location. Franchisee acknowledges that Franchisee is solely responsible for the suitability of the location.

(b) Lease Assistance. If requested by Franchisee, Clubstore Franchising shall advise Franchisee on the terms and conditions of its proposed lease and assist in lease negotiations. Franchisee acknowledges that Franchisee is solely responsible for the suitability of the lease terms and conditions.

(c) Store Layout and Fixtures. Clubstore Franchising will advise Franchisee on store layout and fixtures.

(d) Specifications and Standards. Within a reasonable period of time after the Effective Date, Clubstore Franchising shall provide Franchisee with its System Standards applicable to development, and other specifications as Clubstore Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters).

(e) Opening Inventory. Clubstore Franchising will coordinate Franchisee's purchase and delivery of opening inventory and advise Franchisee on the display of inventory.

(f) Other Vendors. Within a reasonable period of time after the Effective Date, Clubstore Franchising shall provide Franchisee with Clubstore Franchising's applicable System Standards and lists of Approved Vendors and/or Required Vendors so that Franchisee may obtain necessary equipment, signs, fixtures and supplies.

(f) Business Plan Review. If requested by Franchisee, Clubstore Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. Franchisee acknowledges that Clubstore Franchising accepts no responsibility for the performance of the Business.

(g) New Franchisee Training Program. If the Business is Franchisee's first Clubstore Outlet, Clubstore Franchising shall make available its standard pre-opening training to the Principal Executive and up to one other employees, at Clubstore Franchising's headquarters and/or at a Clubstore Outlet business designated by Clubstore Franchising. Clubstore Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

(h) Grand Opening Marketing Plan. Clubstore Franchising shall advise Franchisee regarding the planning and execution of Franchisee's grand opening marketing plan.

(i) On-Site Opening Assistance. Clubstore Franchising shall have a representative support Franchisee's grand opening with at least three days of onsite opening training and assistance. As part of the on-site opening assistance, Clubstore Franchising shall assist Franchisee in training new employees, and in stocking the Business.

5.4 Post-Opening Assistance.

(a) Inventory Supply Chain Support. Clubstore Franchising will help coordinate Franchisee's purchases of inventory obtained from Approved Vendors, including assistance in identifying stock, managing delivery, and resolving problems, as described in Section 8.2. Clubstore Franchising is not responsible for tracking or managing Franchisee's inventory on hand.

(b) Advice, Consulting, and Support. If Franchisee requests, Clubstore Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Clubstore Franchising deems reasonable. If Clubstore Franchising provides in-person support in response to Franchisee's request, Clubstore Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(c) Pricing. Upon request, Clubstore Franchising will provide recommended prices for products and services offered by franchisees of the System.

(d) Procedures. Clubstore Franchising will provide Franchisee with Clubstore Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. Clubstore Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(e) Marketing. Clubstore Franchising shall manage the Marketing Fund.

(f) Internet. Clubstore Franchising shall maintain a website for Clubstore Outlet, which will include Franchisee's location and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Location. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a Location within the Development Area described on the Summary Page, and submit its proposed Location to Clubstore Franchising for acceptance, with all related information Clubstore Franchising may request. If Clubstore Franchising does not accept the proposed Location in writing within 30 days, then it is deemed rejected. **Clubstore Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and Clubstore Franchising has no liability to Franchisee with respect to the location of the Business**.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Clubstore Franchising, Franchisee must submit the proposed lease to Clubstore Franchising for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall obtain a rider to the lease signed by the landlord to the Location, on the form required by Clubstore Franchising.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with Clubstore Franchising's System Standards. If required by Clubstore Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Clubstore Franchising's approval of Franchisee's plans. Clubstore Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Clubstore Franchising or its representatives regarding any architectural, engineering or legal matters in the development and construction of the Business, and Clubstore Franchising assumes no liability with respect thereto. Clubstore Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive must complete Clubstore Franchising's training program for new franchisees. If the Principal Executive (i) fails to complete the initial training program to Clubstore Franchising's satisfaction, or (ii) Clubstore Franchising concludes, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then Clubstore Franchising may terminate this Agreement. In such event, Clubstore Franchising shall refund the initial franchise fee to Franchisee (less any out-of-pocket costs incurred by Clubstore Franchising), subject to Franchisee's prior execution of a general release of liability of Clubstore Franchising and its affiliates, in a form prescribed by Clubstore Franchising.

6.5 Conditions To Opening. Franchisee shall notify Clubstore Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Clubstore Franchising has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of Clubstore Franchising's required pre-opening training; (7) Franchisee has conducted the grand opening marketing campaign required under Section 9.6, (8) Franchisee has paid the Setup Fee and Territory Fee in full, and (9) Clubstore Franchising has given its written approval to open, which not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

7.1 Compliance With Manual and System Standards. Franchisee shall at all times and at its own expense comply with all System Standards and with all other mandatory obligations contained in the Manual.

7.2 Compliance With Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products and Services. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Clubstore Franchising in the Manual or otherwise in writing.

7.4 Prices. Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

7.5 Personnel.

(a) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(b) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(c) Qualifications. Clubstore Franchising may set minimum qualifications for categories of personnel employed by Franchisee.

(d) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Clubstore Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of Clubstore Franchising.

7.6 Post-Opening Training. Clubstore Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Clubstore Franchising. Clubstore Franchising may charge a reasonable fee for any training programs. Clubstore Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Promotions. Franchisee shall implement any marketing plans determined by Clubstore Franchising for the promotion of any particular products and/or services on a national, regional, or local level.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Clubstore Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Clubstore Franchising may require Franchisee to reimburse Clubstore Franchising for any expenses.

7.9 Customer Evaluation and System Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Clubstore Franchising for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a guest feedback system, guest survey programs, and mystery shopping. Clubstore Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Clubstore Franchising for such programs.

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Clubstore Franchising (which may include, by way of examples, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Clubstore Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs or customer incentive programs, designated by Clubstore Franchising, in the manner specified by Clubstore Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Clubstore Outlet business. Franchisee shall comply with all procedures and specifications of Clubstore Franchising related to gift cards, certificates, and other pre-paid system, or related to customer loyalty or customer incentive programs.

7.12 Maintenance and Repair. Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property to the Business as Clubstore Franchising may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.13 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Clubstore Franchising may require Franchisee to undertake and complete a Remodel of the Location to Clubstore Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by Clubstore Franchising. Clubstore Franchising may require the Franchisee to submit plans for Clubstore Franchising's reasonable approval prior commencing a required Remodel. Clubstore Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Clubstore Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Clubstore Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

(i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit;

(ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and

(iii) Workers Compensation coverage as required by state law.

(b) Franchisee's policies must list Clubstore Franchising and its affiliates as an additional insured and the policies must stipulate that Clubstore Franchising shall receive a 30 day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to Clubstore Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Clubstore Franchising.

7.16 Suppliers and Landlord. Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Clubstore Outlet, the Business, or any particular incident or occurrence related to the Business, without Clubstore Franchising's prior written approval.

7.18 Association With Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Clubstore Franchising's prior written approval.

7.19 No Other Activity At the Location. Franchisee shall not engage in any activity at the Location other than operation of the Clubstore Outlet Business.

7.20 No Other Business. Franchisee shall not operate any business from the Location except the Clubstore Outlet Business.

7.21 No Third Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Clubstore Franchising, which will not be unreasonably withheld.

7.22 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Clubstore Franchising. Franchisee must display at the Business signage prescribed by Clubstore Franchising identifying the Location as an independently owned franchise.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Clubstore Franchising may require Franchisee to purchase or lease any Inputs from Clubstore Franchising, from Clubstore Franchising's designee, Required Vendors,

Approved Vendors, and/or under Clubstore Franchising's specifications. Clubstore Franchising itself may be a sole Required Vendor or an Approved Vendor. Clubstore Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, Clubstore Franchising shall issue the appropriate System Standards.

8.2 Inventory Purchase. Franchisee must purchase all inventory from Clubstore Franchising and retailers approved by Clubstore Franchising. Franchisee acknowledges that shipments of inventory may contain damaged items, returned items, salvage goods, overstocks, damaged packaged items, open box items, expired items, surplus items, and other imperfect items. Unless otherwise agreed by the retailer, Franchisee must accept shipments in "as is" condition.

8.3 Alternate Vendor Approval. If Clubstore Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Clubstore Franchising. Clubstore Franchising may condition its approval on such criteria as Clubstore Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Clubstore Franchising will provide Franchisee with written notification of the approval or disapproval of any propose new vendor within 30 days after receipt of Franchisee's request.

8.4 Alternate Input Approval. If Clubstore Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Clubstore Franchising. Clubstore Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.5 Purchasing. Clubstore Franchising may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. Clubstore Franchising may receive rebates or payments from vendors in connection with purchases by franchisees. Clubstore Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Clubstore Franchising may determine.

ARTICLE 9. MARKETING

9.1 Approval. Franchisee shall not use any marketing materials or campaigns (including point-of-sale materials, advertising, social media marketing, and sponsorships) that have not been approved by Clubstore Franchising.

9.2 Use By Clubstore Franchising. Clubstore Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to Clubstore Franchising for such purpose.

9.3 Marketing Fund. Clubstore Franchising may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If Clubstore Franchising has established a Marketing Fund:

(a) Separate Account. Clubstore Franchising shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Clubstore Franchising's other accounts.

(b) Use. Clubstore Franchising shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Clubstore Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Clubstore Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund.

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. The Marketing Fund will be spent at Clubstore Franchising's sole discretion, and Clubstore Franchising has no fiduciary duty with regard to the Marketing Fund.

(d) Surplus or Deficit. Clubstore Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Clubstore Franchising may loan such funds to the National Marketing Fund on reasonable terms.

(e) Financial Statement. Clubstore Franchising will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Clubstore Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 Marketing Cooperatives. Clubstore Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. Clubstore Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If Clubstore Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Clubstore Franchising. Clubstore Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by Clubstore Franchising. Unless otherwise specified by Clubstore Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Clubstore Franchising will be entitled to attend and participate in any meeting of a

Market Cooperative. Any Clubstore Outlet business owned by Clubstore Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Clubstore Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Clubstore Franchising's approval), standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Clubstore Franchising pursuant to Section 9.1. Clubstore Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% of Gross Sales.

(e) Enforcement. Only Clubstore Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Clubstore Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

9.5 Grand Opening Marketing. Franchisee must develop a grand opening marketing plan and obtain Clubstore Franchising's approval of the grand opening marketing plan at least 30 days before the projected opening date of the Business.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Clubstore Franchising may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Clubstore Franchising may require in the Manual or otherwise in writing, including:

(i) a quarterly profit and loss statement and balance sheet for the Business within 30 days after the end of each fiscal quarter of Clubstore Franchising's fiscal year, and

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Clubstore Franchising's fiscal year.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Clubstore Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Clubstore Franchising may request.

(c) Government Inspections. Franchisee shall give Clubstore Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Clubstore Franchising such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Clubstore Franchising may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Clubstore Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Clubstore Franchising's Franchise Disclosure Document and with such other information as Clubstore Franchising may request.

10.4 Business Records. Franchisee shall keep accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Clubstore Franchising may specify in the Manual or otherwise in writing.

10.5 Records Audit. Clubstore Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Clubstore Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Clubstore Franchising. Franchisee shall also reimburse Clubstore Franchising for all costs and expenses of the examination or audit if (i) Clubstore Franchising conducted the audit because Franchisee failed to submit require reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any monthly period.

10.6 Remote Access To Point of Sale System. Franchisee shall give Clubstore Franchising unlimited access to Franchisee's point of sale system and other software systems related to the operation of the Business, by any means designated by Clubstore Franchising.

ARTICLE 11. CLUBSTORE FRANCHISING RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Clubstore Franchising. Clubstore Franchising may supplement, revise, or modify the Manual, and Clubstore Franchising may change, add or delete System Standards at any time in its discretion. Clubstore Franchising may inform Franchisee thereof by any method that Clubstore Franchising deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, Clubstore Franchising's master copy will control.

11.2 Inspections. Clubstore Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Clubstore Franchising's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Clubstore Franchising may videotape and/or take photographs of the inspection and the Business. Without limiting Clubstore Franchising's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Clubstore Franchising conducts an inspection because of a governmental report, customer complaint or other guest feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Clubstore Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 Clubstore Franchising's Right To Cure. If Franchisee breaches or defaults under any provision of this Agreement, Clubstore Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Clubstore Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Clubstore Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by Clubstore Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third party vendors to not sell or provide products or services to Franchisee. No such action by Clubstore Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Clubstore Franchising are in addition to any other right or remedy available to Clubstore Franchising.

11.5 Innovations. Franchisee shall disclose to Clubstore Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. Clubstore Franchising will automatically own all Innovations, and will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee.

11.6 Delegation. Clubstore Franchising may delegate any duty or obligation of Clubstore Franchising under this Agreement to a third party.

11.7 System Variations. Clubstore Franchising may vary or waive any System Standard for any one or more Clubstore Outlet franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Clubstore Franchising, and only in the manner as Clubstore Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Clubstore Franchising.

12.2 Change of Marks. Clubstore Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Clubstore Franchising makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement. Franchisee shall promptly notify Clubstore Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. Clubstore Franchising may, in its sole discretion, commence or join any claim against the infringing party. Clubstore Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Clubstore Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Clubstore Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Clubstore Franchising (except for Confidential Information which Clubstore Franchising licenses from another person or entity). Franchisee acknowledges that all customer data generated or obtained by Franchisee is Confidential Information belonging to Clubstore Franchising. This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within a five mile radius from the boundary of Franchisee's Protected Territory or within a ten mile radius from any Location operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Clubstore Franchising. Franchisee agrees that the existence of any claim it may have against Clubstore Franchising shall not constitute a defense to the enforcement by Clubstore Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

13.3 Employee Recruitment. During the term of this Agreement and for one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Clubstore Franchising or by any other Clubstore Outlet franchisee.

13.4 General Manager and Key Employees. If requested by Clubstore Franchising, Franchisee will cause its general manager and other key employees to sign Clubstore Franchising's then-current form of confidentiality and non-compete agreement.

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Clubstore Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Clubstore Franchising receives written notice of termination.

14.2 Termination by Clubstore Franchising.

(a) Subject to 10-Day Cure Period. Clubstore Franchising may terminate this Agreement if Franchisee does not make any payment to Clubstore Franchising when due, or if Franchisee does not have sufficient funds in its account when Clubstore Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Clubstore Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and fails to cure such breach to Clubstore

Franchising's satisfaction within 30 days after Clubstore Franchising gives notice to Franchisee of such breach, then Clubstore Franchising may terminate this Agreement.

(c) Without Cure Period. Clubstore Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee intentionally submits any false report or intentionally provides any other false information to Clubstore Franchising;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Page;

(v) Franchisee loses possession of the Location;

(vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

(viii) Franchisee or any Owner slanders or libels Clubstore Franchising or any of its employees, directors, or officers;

(ix) the Business is operated in a manner which, in Clubstore Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Clubstore Franchising or otherwise);

(x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xi) Clubstore Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or

(xii) Franchisee or any Owner is charged with, pleads guilty to, or is convicted of a felony, or is accused by any governmental authority or third party of any act that in Clubstore Franchising's opinion is reasonably likely to materially and unfavorably affect Clubstore Franchising's brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, and indemnity, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to Clubstore Franchising based on the operation of the Business through the effective date of termination or expiration;

(ii) return to Clubstore Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Clubstore Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Clubstore Franchising or any new franchisee as may be directed by Clubstore Franchising, and Franchisee hereby irrevocably appoints Clubstore Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Clubstore Outlet business, to the reasonable satisfaction of Clubstore Franchising. Franchisee shall comply with any reasonable instructions and procedures of Clubstore Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Clubstore Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, Clubstore Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Clubstore Franchising.

14.5 Liquidated Damages. If Clubstore Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), Franchisee shall pay to Clubstore Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Clubstore Franchising under this Agreement for the 12-month period preceding the effective date of termination; multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current term of this Agreement. If

Franchisee had not operated the Business for at least 12 months, then (x) will equal the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Clubstore Franchising during the period that Franchisee operated the Business. Franchisee acknowledges that a precise calculation of the full extent of Clubstore Franchising's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Clubstore Franchising under this Section will be in lieu of any direct monetary damages that Clubstore Franchising may incur as a result of Clubstore Franchising's loss of Royalty Fees that would have been owed to Clubstore Franchising after the date of termination; however, such payment shall be in addition to all damages arising under Section 14.3 and Section 14.4, Clubstore Franchising's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Clubstore Franchising is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Clubstore Franchising may have under this Agreement or otherwise.

14.6 Purchase Option. When this Agreement expires or is terminated, Clubstore Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value, and/or to require Franchisee to assign its lease or sublease to Clubstore Franchising. To exercise this option, Clubstore Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Clubstore Franchising's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If Clubstore Franchising exercises the purchase option, Clubstore Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Clubstore Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. Clubstore Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. If any of the assets are subject to liens, Clubstore Franchising may apply a portion of purchase price directly to the lienholder to pay off such lien. Clubstore Franchising may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By Clubstore Franchising. Clubstore Franchising may transfer or assign this Agreement, or any its rights or obligations under this Agreement, to any person or entity, and Clubstore Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Clubstore Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Clubstore Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Clubstore Franchising's consent. In granting any such consent, Clubstore Franchising may impose conditions, including, without limitation, the following:

(i) Clubstore Franchising receives a transfer fee equal to 25% of the then-current initial franchise fee if the buyer is an existing franchisee, or 50% of the then-current initial franchise fee if the buyer is a new franchisee;

(ii) the proposed assignee and its owners have completed Clubstore Franchising's franchise application processes, meet Clubstore Franchising's then-applicable standards for new franchisees, and have been approved by Clubstore Franchising as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes Clubstore Franchising's then-current form of franchise agreement, which form may contain materially different provisions;

(v) Franchisee has paid all monetary obligations to Clubstore Franchising in full, and Franchisee is not otherwise in default or breach of this Agreement;

(vi) the proposed assignee and its owners and employees undergo such training as Clubstore Franchising may require;

(vii) Franchisee, its Owners, and the transferee and its owners execute a general release of Clubstore Franchising in a form satisfactory to Clubstore Franchising; and

(viii) the Business fully complies with all of the Clubstore Franchising's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Clubstore Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Clubstore Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the person with a largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Clubstore Franchising within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Transfer To Family. Notwithstanding Section 15.2 of this Agreement, Owners of Franchisee may Transfer ownership interests to spouses and to immediate family members, without prior consent from Clubstore Franchising and without satisfying the conditions in Section 15.2, but only if (i) Clubstore Franchising receives at least 30 days prior written notice; (ii) Franchisee is not in default; and (iii) the transferee complies with Section 2.5 and executes a personal guaranty.

15.6 Clubstore Franchising's Right of First Refusal. Before Franchisee (or any owner) engages in a Transfer (except under Section 15.3, Section 15.4, or Section 15.5), Clubstore Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its owners) shall provide to Clubstore Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Clubstore Franchising's receipt of such copy, Clubstore Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Clubstore Franchising may substitute cash for any other form of payment). If Clubstore Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.7 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.8 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Clubstore Franchising) Clubstore Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Clubstore Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from claims arising as a result of any Indemnitee's misconduct or negligence. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption by Clubstore Franchising. Clubstore Franchising may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Clubstore Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief, pending the arbitral tribunal's determination of the merits of the controversy.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Clubstore Franchising to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Clubstore Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior the expiration of the term, Clubstore Franchising's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to Clubstore Franchising but for the termination.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Clubstore Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Clubstore Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Clubstore Franchising is not a fiduciary

of Franchisee and does not control Franchisee or its Business. Clubstore Franchising has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Clubstore Franchising, and Clubstore Franchising's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Clubstore Franchising in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Clubstore Franchising's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the State of South Carolina (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Clubstore Franchising, addressed to 55 Broad Street, Suite 400, Charleston SC 29401. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Clubstore Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Joint and Several Liability. If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Clubstore Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Clubstore Franchising.

ARTICLE 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

(1) Franchisee understands all the information in Clubstore Franchising's Disclosure Document.

(2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace.

(3) That no person acting on Clubstore Franchising's behalf made any statement or promise regarding the costs involved in operating a Clubstore Outlet franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(4) That no person acting on Clubstore Franchising's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in this Disclosure Document.

(5) That no person acting on Clubstore Franchising's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Clubstore Outlet franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

(6) That no person acting on Clubstore Franchising's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.

(7) Franchisee understands that this Agreement contains the entire agreement between Clubstore Franchising and Franchisee concerning the Clubstore Outlet franchise, which means that any oral or written statements not set out in this Agreement will not be binding.

[*Signatures on next page*]

Agreed to by:

FRANCHISOR:

CLUBSTORE OUTLET LLC

By: _____
Name: Tapp A. Palmer
Title: Chief Executive Officer
Date: _____

FRANCHISEE:

[*if an individual:*]

_____
Name: _____

[*if an entity:*]

_____

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

STATEMENT REGARDING CONDITION OF GOODS

I understand and acknowledge that products to be purchased for my business may include damaged items, returned items, salvage goods, overstocks, damaged packaged items, open box items, expired items, surplus items, and other imperfect items. Unless the vendor agrees otherwise, such items are expected to average 10-15% of all inventory. Some of these items will have little to no value and will need to be discarded or placed in a clearance section at a substantially reduced price. All products are purchased "AS IS".

Initial Here: _____

Schedule 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*
_____ *Other (describe:_____)*

State of incorporation / organization / residence: _____

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "MUDA") is made between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee") on the Effective Date.

Background Statement: On the same day as they execute this MUDA, Clubstore Franchising and Franchisee have enter into a Franchise Agreement for the franchise of a Clubstore Outlet business (the "Franchise Agreement"; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Clubstore Franchising and Franchisee desire that Franchisee develop multiple Clubstore Outlet businesses.

1. Multi-Unit Commitment.

(a) Schedule. Franchisee shall develop and open Clubstore Outlets on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating On Deadline	Initial Franchise Fee	Set Up Fee	Territory Fee

(b) Form of Agreement. For Store #1, Franchisee and Clubstore Franchising have executed a Franchise Agreement simultaneously with this MUDA. For each additional Clubstore Outlet, Franchisee shall execute Clubstore Franchising's then-current standard form of franchise agreement at least 60 days before the deadline for opening, and no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Clubstore Outlet business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Clubstore Outlet business only pursuant to a franchise agreement executed pursuant to this MUDA for each such Clubstore Outlet business.

2. Development Area. Franchisee shall locate each Clubstore Outlet business it develops under this MUDA within the following area:_____ _____ (the "Development Area"). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Clubstore Outlet businesses in the Development Area.

3. **Fees.** Upon execution of this MUDA, Franchisee shall pay $_____ to Franchisor (which is the 50% of the Setup Fee and Territory Fee for each Clubstore Outlet after Store #1 to be developed under this MUDA). This payment is non-refundable.

4. **Default and Termination.** Clubstore Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee fails to satisfy the development schedule

(ii) Clubstore Franchising has the right to terminate any franchise agreement between Clubstore Franchising and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not Clubstore Franchising actually terminates such franchise agreement).

5. **Conditions.** Franchisee's right to develop Clubstore Outlet franchises is subject to the following:

(i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage an additional Clubstore Outlet businesses, in the reasonable judgment of Clubstore Franchising, and

(ii) Franchisee must be in full compliance with all brand requirements its open Clubstore Outlet businesses, and not in default under any Franchise Agreement or any other agreement with Clubstore Franchising.

5. **Limitation of Liability.** Franchisee's commitment to develop Clubstore Outlet businesses is in the nature of an option only. If Clubstore Franchising terminates this MUDA for Franchisee's default, Franchisee will not be liable to Clubstore Franchising for lost future revenues or profits from the unopened Clubstore Outlet businesses.

6. **Dispute Resolution; Miscellaneous.** The laws of the State of South Carolina (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. Franchisee shall not Transfer this MUDA without the prior written consent of Clubstore Franchising, and any Transfer without Clubstore Franchising's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

Agreed to by:

FRANCHISOR:

CLUBSTORE OUTLET LLC

By: _____
Name: _____
Title: _____

Date: _____

FRANCHISEE:

[*if an individual:*]

_____
Name: _____

[*if an entity:*]

_____

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

EXHIBIT D

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising").

Background Statement: _____ ("Franchisee") desires to enter into a Franchise Agreement with Clubstore Franchising for the franchise of a Clubstore Outlet business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Clubstore Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Clubstore Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Clubstore Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Clubstore Franchising upon demand from Clubstore Franchising. Guarantor waives (a) acceptance and notice of acceptance by Clubstore Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Clubstore Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Clubstore Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Clubstore Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e)

not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Clubstore Franchising or its affiliates (except for Confidential Information which Clubstore Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Clubstore Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor within a five mile radius from the boundary of Franchisee's Protected Territory or within a ten mile radius from any Location operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then parties intend that the court modify such restriction to extent reasonably necessary to protect the legitimate business interests of Clubstore Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against Clubstore Franchising shall not constitute a defense to the enforcement by Clubstore Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended for each day of noncompliance.

4. Employee Recruitment. During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor any person then employed by Clubstore Franchising or by any other franchisee of Clubstore Franchising.

5. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Clubstore Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

6. Governing Law; Dispute Resolution. The laws of the State of South Carolina (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The provisions of Article 17 (Dispute Resolution) of the Franchise

Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

_____

Name: _____

Address: _____

_____

_____

Date: _____

_____

Name: _____

Address: _____

_____

_____

Date: _____

_____

Name: _____

Address: _____

_____

_____

Date: _____

EXHIBIT E

RIDER TO LEASE AGREEMENT

Landlord: _____	Franchisor: Clubstore Franchising LLC
Notice Address: _____	Notice Address:
_____	55 Broad Street, Suite 400
_____	Charleston SC 29401
Telephone:_____	Telephone: 843-277-2056

Tenant: _____

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used for the operation of a Clubstore Outlet business (or any name authorized by Franchisor) offering quality discounted merchandise. Landlord acknowledges that such use does not violate any exclusives granted to any other existing tenant of Landlord.

2. Notice of Default and Opportunity To Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Lease Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Clubstore Outlet brand.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Lease or the Franchise Agreement, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. BY EXECUTING THIS RIDER TO LEASE, FRANCHISOR DOES NOT ASSUME ANY LIABILITY WITH RESPECT TO THE LEASED PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE.

Executed by:

LANDLORD:

_____

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

TENANT:

_____

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

FRANCHISOR:

CLUBSTORE FRANCHISING, LLC

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

EXHIBIT F

FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising")

Background Statement: [*describe circumstances of Release*]

Releasor agrees as follows:

1. Release. Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases Clubstore Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

2. Covenant Not to Sue. Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. Miscellaneous. If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Clubstore Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

Agreed to by:

_____

Name: _____

Date: _____

EXHIBIT G

FINANCIAL STATEMENTS

A. ANDREW GIANIODIS

CERTIFIED PUBLIC ACCOUNTANT

CLUBSTORE OUTLET LLC

DECEMBER 31, 2015

FINANCIAL STATEMENTS

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

CLUBSTORE OUTLET LLC

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A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

February 19, 2016

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members of
Clubstore Outlet LLC:

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying balance sheet of Clubstore Outlet LLC (a limited liability company) as of December 31, 2015 and the related statements of operations, changes in owner's equity and cash flows for the period then ended. These financial statements are the responsibility of the Company's management.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion.

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clubstore Outlet LLC (a limited liability company) as of December 31, 2015 and the results of operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

A. Andrew Gianiodis

Certified Public Accountant

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

Clubstore Outlet LLC

Balance Sheet
December 31, 2015

ASSETS

CURRENT ASSETS		
Cash	$	114,002
Due From Affiliates		30,610
Due From Owners		47,697
TOTAL CURRENT ASSETS		192,309
FIXED ASSETS		
Equipment		-
OTHER ASSETS		
Organization Costs		-
Franchise Fees		-
		-
TOTAL ASSETS	$	192,309

LIABILITIES & STOCKHOLDERS EQUITY

CURRENT LIABILITIES		
Accounts Payable	$	-
Franchise Deposits		131,000
TOTAL CURRENT LIABILITIES		131,000
TOTAL LIABILITIES		131,000
MEMBERS' EQUITY		
Capital Contribution		20,000
Retained Deficit		41,309
TOTAL STOCKHOLDERS EQUITY		61,309
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	$	192,309

See accompanying notes

Clubstore Outlet LLC

Statement of Operations
Period ending December 31, 2015

Revenues		
Initial franchise fee	$	112,000
Royalties		-
Other franchisee revenues		-
Total revenue		112,000
Expenses		
Automobile Expenses		1,172
Bank Charges		579
Computer		1,688
Consulting		17,750
Franchise Marketing		21,094
Labor		6,220
Meals & Travel		11,149
Miscellaneous		3,296
Office Expenses		674
Professional Fees		3,921
Rent		1,800
Telephone		1,348
Total expenses		70,691
Net Income	$	41,309

See accompanying notes

Clubstore Outlet LLC

Statement of Changes in Stockholders' Equity
Period ending December 31, 2015

	Capital Contributions	Retained Earnings	Total Equity
Equity at June 1, 2015	$ -	$ -	$ -
Capital Contirbuted in 2015	20,000	-	20,000
Owners Draws in 2015	-	-	-
Net Income	-	41,309	41,309
Equity at December 31, 2015	$ 20,000	$ 41,309	$ 61,309

See accompanying notes

Clubstore Outlet LLC

Statement of Cash Flows
Period ending December 31, 2015

Cash flows from operating activities:		
Net Income	$	41,309
Adjustments to reconcile net loss to net cash provided by operating		
Depreciation & amortization		-
Changes in assets and liabilities		
Current assets		(78,307)
Current liabilities		131,000
Net cash provided by operating activities		94,002
Cash flows from investing activities:		
		-
Net cash provided by investing activities		-
Cash flows from financing activities:		
Capital Contribution		20,000
Owner Draws		-
Net cash provided by investing activities		20,000
Net increase in cash		114,002
Cash - beginning of period		-
Cash - end of period	$	114,002
Supplemental Disclosures		
Interest Paid		-
Income Taxes Paid		-

See accompanying notes

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS

The Company was organized as a Limited Liability Company under the laws of the State of South Carolina for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Clubstore Outlet operation, as a franchisee.

BASIS OF PRESENTATION

The financial statements are presented on the accrual basis of accounting.

REVENUE RECOGNITION

Initial franchise fees will be recorded as income when the company provides substantially all the initial services agreed upon in the franchise agreement or when the franchise has commenced operations, whichever comes first. If the fee is received over a period of time and the Company has no reasonable basis for estimating the collectability of the fee, the Company will use the installment method of recognition of the initial fee as revenue.

Monthly royalty fees will be recognized when paid by the franchisee.

COMPANY INCOME TAXES

The Company, with the consent of its stockholders, has elected to be a limited liability company. In lieu of income taxes at the business level, the members of a limited liability company is taxed based on its proportionate share of the Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

NOTE 2 DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of all financial instruments at December 31, 2015, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 3 FRANCHISE AGREEMENT

The terms of the Company's franchise agreement will be as follows:

A. The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.

B. The franchisee is obligated to pay a non-refundable initial franchise fee.

C. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 4 FRANCHISEES

The Company is the successor of Cost Less Overstock LLC (a single member LLC) "Cost Less". During 2014, Cost Less signed four contracts with outside entities to operate Price Right Outlet stores under consulting agreements.

The member of Cost Less has contributed the trademarks and branding to the Company as a capital contribution. These consulting agreements will be converted to franchise agreements as soon as the Company's Franchise Development Document is approved. The Company will have four franchisees at that time.

Management has deposits for 4 Master Franchisees as December 31, 2015 and believes that additional franchisees will be under contract during 2016.

NOTE 5 SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 19, 2016, the date that the financial statements were available to be issued.

A. ANDREW GIANIODIS
CERTIFIED PUBLIC ACCOUNTANT

CONSENT OF THE INDEPENDENT AUDITOR

February 20, 2016

Ladies and Gentlemen:

A. Andrew Gianiodis, CPA hereby consent to the use in the Franchise Disclosure Document issued by Clubstore Outlet LLC ("Franchisor") on February 19, 2016, of our report dated February 19, 2016, the financial statements of Franchisor for the period ending December 31, 2015.

A. Andrew Gianiodis, CPA

279 Niagara Falls Blvd. Amherst, New York 14226 716 – 510-6068

EXHIBIT H

OPERATING MANUAL TABLE OF CONTENTS

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EXHIBIT I

AREA REPRESENTATIVES

Colorado – A2B Franchise Consulting, LLC

Kim Marinoff has been owner of A2B Franchise Consulting, LLC in Broomfield, Colorado since August 2010.

Territory: State of Colorado

Florida North / East – Herring Family Holdings, Inc.

Nathaniel Herring has been owner of Herring Family Holdings, Inc. in Jacksonville, Florida since January 2016. He was Senior Vice President of Operations for Community First Credit Union in Jacksonville, Florida from April 2014 to December 2015. He was Senior Consultant with St. Meyer and Hubbard in Chicago, Illinois from July 2013 to April 2014. He was North Florida Market President of Fifth Third Bank in Jacksonville, Florida from December 2008 until April 2013.

Territory: Nassau, Baker, Duval, Clay, St. John's, Putnam, Flagler, Volusia, Lake, Seminole, Orange, Osceola, Brevard, Indian River, Alachua and Marion Counties, Florida

Kentucky; easternJa Tennessee – James Begley

James Begley is President of Begley Management, Inc., in London, KY.

Territory: State of Kentucky, State of Tennessee except Western TN 15 miles east of Jackson, TN from North to South of the TN Line and West to the TN State line

Louisiana (south) – Holleman Companies LLC

Roy Holleman, Owner

Territory: Southern Louisiana up to and including Opelousas

Mississippi and eastern Tennessee - Southern Overstocks Consulting Group, LLC

David Neeley has been Co-Owner of Southern Overstocks Consulting Group, LLC and Southern Overstocks, LLC, in Brandon, Mississippi since November 2015. He has also been Owner of The Cookie Store in Jackson, Tennessee since October 2010.

Chad Mains has been Co-Owner of Southern Overstocks Consulting Group, LLC and Southern Overstocks, LLC, in Brandon, Mississippi since November 2015. He has also been Senior Vice President, Fixed Income Institutional Sales, of Vining Sparks in Memphis, Tennessee since April 2012.

Territory: (1) the entire State of Mississippi, plus (2) the part the State of Tennessee which is west of a line drawn north-to-south 15 miles east of Jackson, TN.

EXHIBIT J

CURRENT AND FORMER FRANCHISEES

At the end of our last fiscal year, there were three Clubstore Outlet franchises:

Carciofi and Carvalho LLC
23060 Sandalfoot Plaza Dr., Boca Raton, FL 33428
561-571-6301

MSRU, Corporation
15456 NW 77 Ct., Miami Lakes, FL 33016
305-698-7059

Fluix Investments, Inc.
615 State Road 7, Margate, FL 33063
954-532-3585

Each of these ceased being Clubstore Outlet franchises in January 2016.

EXHIBIT K

STATE ADDENDA TO DISCLOSURE DOCUMENT

Modification. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

Risk Factors

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

2. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

3. FRANCHISEES CANNOT ENGAGE IN OR HAVE A FINANCIAL INTEREST IN ANY SIMILAR BUSINESSES AND POTENTIAL FRANCHISEES SHOULD SEE ITEM 16 OF THIS DISCLOSURE DOCUMENT FOR MORE INFORMATION.

4. ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.

Item 17

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

Post-Termination Noncompetition Covenants. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Liquidated Damages. The franchise agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable.

Arbitration. The franchise agreement requires binding arbitration. The arbitration will occur at Charleston, South Carolina with the costs being borne by the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Applicable Law. The franchise agreement requires application of the laws of the State of South Carolina. These provisions may not be enforceable under California law.

General Release. The franchise agreement requires you to sign general release as a condition to renewal of franchise term or as a condition of a transfer of the franchised business. This release will not apply to claims as you may have under the California Franchise Investment Law or the California Franchise Relations Act.

Modification. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____

2. A proposed registration or filing is or will be shortly on file in the following states: _____

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Illinois only, this Disclosure Document is amended as follows:

The following is added to Item 17(f):

> The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/1-44.

The following is added to Item 17(u), (v), and (w)

> Illinois law will govern any franchise agreement if it applies to a (a) franchise located in Illinois; or (b) a franchisee who resides in Illinois.
>
> Any condition of the franchise agreement that designates litigation, jurisdiction or venue in a forum outside of Illinois is void as to any cause of action that otherwise is enforceable in Illinois provided the franchise agreement may provide for arbitration in a forum outside of Illinois.
>
> Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of Illinois is void.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

> As a condition of the sale of a franchise, we do not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Maryland Franchise Law.
>
> You are not required to provide a release from liability under the provisions of the Maryland Franchise Law as part of a franchise agreement or as a condition of the sale, renewal, or assignment of a franchise.
>
> You are not required to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland, other than the period of limitations set forth in that statute. You must bring an action under such law within three years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

ITEM 3: LITIGATION

None of the Franchisor, its Predecessor, or any person identified in Item 2 or an affiliate offering franchises under the Franchisor's principal trademark:

(A) Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations, nor has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

(B) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.

(C) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

ITEM 4: BANKRUPTCY

Neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (or any comparable foreign law); (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

ITEM 5: INITIAL FEES

We use the proceeds from initial fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (1) costs related to developing and

improving our services; (2) expenses of preparing and registering this disclosure document; (3) legal fees; (4) accounting fees; (5) costs of obtaining and screening franchisees; and, (6) general administrative and operational expenses.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.

(d) The franchisee may terminate the agreement on any grounds available by law.

(j) However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

(w) The forgoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business law of the state of New York.

ITEM 19: ADDITIONAL DISCLOSLURES.

REPRESENTATIONS REGARDING EARNINGS CAPABILITY

CLUBSTORE OUTLET LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND CLUBSTORE OUTLET LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit L for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT L

STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. Limitation of Claims. No action can be maintained to enforce any liability created by the Illinois Act the unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, which ever shall first expire.

4. Waivers Void. Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois (including, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability) is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. <u>Effective Date</u>. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

2. No Waiver of State Law In Sale. Notwithstanding any provision of the Agreement to the contrary, as a condition of the sale of a franchise, Clubstore Franchising shall not require a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve Clubstore Franchising or any other person from liability under the Maryland Franchise Law.

3. No Release of Liability. Notwithstanding any provision of the Agreement to the contrary, Clubstore Franchising shall not require Franchisee to provide a release from liability under the provisions of the Maryland Franchise Law as part of the Agreement or as a condition of the sale, renewal, or assignment of the franchise.

4. Statute of Limitations. Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

5. Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

6. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Waivers Not Required. Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Clubstore Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

3 Waivers of New York Law Deleted. Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Clubstore Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

4. Governing Law. Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

4. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary & Punitive Damages: Franchisee does not waive of exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____, 201___ (the "Agreement"), between Clubstore Outlet LLC, a South Carolina limited liability company ("Clubstore Franchising") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AGREEMENT

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitation period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Agreed to by:

FRANCHISEE:	FRANCHISOR:
_____	CLUBSTORE OUTLET LLC
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Clubstore Outlet LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Clubstore Outlet LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Tapp A. Palmer	55 Broad Street, Suite 400, Charleston SC 29401	843-277-2056

Issuance Date: February 25, 2016

I received a disclosure document dated February 25, 2016 that included the following Exhibits:

A. State Administrators and Agents for Service of Process
B Franchise Agreement
C Multi-Unit Development Agreement
D. Guaranty and Non-Compete Agreement
E. Rider to Lease Agreement
F. Form of General Release
G. Financial Statements
H. Operating Manual Table of Contents
I. Area Representatives
J. Current and Former Franchisees
K. State Addenda to Disclosure Document
L. State Addenda to Franchise Agreement

Signature: _____
Date Received: _____

Keep This Copy For Your Records

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Clubstore Outlet LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Clubstore Outlet LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
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H. Operating Manual Table of Contents
I. Area Representatives
J. Current and Former Franchisees
K. State Addenda to Disclosure Document
L. State Addenda to Franchise Agreement

Signature: _____
Date Received: _____

Return this copy to us.