FRANCHISE DISCLOSURE DOCUMENT

MTY FRANCHISING USA, INC.
9311 East Via de Ventura
Scottsdale, Arizona, 85258
(888) 729-7482 or (480) 515-6250
rayz@mtygroup.com
www.gingersushiboutique.com

Ginger Sushi Boutique

GINGER
SUSHI BOUTIQUE

The franchise is offered for the rights to operate a Ginger Sushi Boutique franchised restaurant, a retail quick service restaurant selling a variety of sushi menu items and drinks, and other menu items using the trademark GINGER SUSHI BOUTIQUE™.

The total investment necessary to begin operation of a Ginger Sushi Boutique franchise in a food court location ranges between $266,400 and $343,500, including $27,500 to $53,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Ginger Sushi Boutique franchise at a street location ranges between $263,300 and $396,200, including $27,500 to $53,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a third and any subsequent restaurant under the Multiple Unit Purchase Agreement ranges between $258,300 and $393,700, including $20,000 to $53,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Ginger Sushi Boutique Institutional License franchise, depending upon whether you operate in a food court or street location, ranges between $357,900 and $819,700, including a total of $14,500 to $40,000 that must be paid to the franchisor or its affiliates.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement or make any payment in connection with the 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, you may contact Ray Zandi at 9311 East Via de Venturs, Scottsdale, Arizona 85258, (480) 515-6250.

The terms of your contract will govern your franchise relationship. Do not 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. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," is available from the FTC. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information

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

Issuance Date: February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN PHOENIX, ARIZONA. 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 PHOENIX, ARIZONA THAN IN YOUR OWN STATE.

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

3. AS PER THE AUDITED BALANCE SHEET DATED NOVEMBER 30, 2015, THE FRANCHISOR HAD A WORKING CAPITAL DEFICIENCY OF ($1,296,625).

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

See the following page for state effective dates

**FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES
IN DESIGNATED STATES**

The following states require that the Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity*) laws as of the dates listed:

California	Effective date:	
Florida	Effective date:	November 14, 2016
Hawaii	Effective date:	
Illinois	Effective date:	
Indiana	Effective date:	
Kentucky*	Effective date:	
Maryland	Effective date:	
Michigan	Effective date:	November 21, 2016
Minnesota	Effective date:	
Nebraska*	Effective date:	
New York	Effective date:	May 18, 2016, as amended November 3, 2016
North Dakota	Effective date:	
Rhode Island	Effective date:	
South Dakota	Effective date:	
Texas*	Effective date:	
Utah	Effective date:	
Virginia	Effective date:	
Washington	Effective date:	
Wisconsin	Effective date:	

In all other states, the effective date of this Franchise Disclosure Document is **February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016**.

*Denotes one-time filing

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EXHIBITS:

ITEM 1
THE FRANCHISOR AND ANY PARENT, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "**MTY**," "**us**" or "**we**" means MTY Franchising USA, Inc., the franchisor. "**You**" means the person, corporation, partnership or other entity that buys the franchise, the franchisee. If a corporation, partnership or other entity is the franchisee, "you" includes the franchisee's owners.

The Franchisor, Its Predecessors and Affiliates

MTY Franchising USA, Inc. is a Delaware corporation that was incorporated on March 14, 2001 to operate a franchising business in the United States under the name "The Extreme Pita." We changed our corporate name from The Extreme Pita Franchising USA, Inc. in July 2014. You will see references to our former corporate name in our audited financial statements. Our principal business address in the United States is 9311 East Via de Venturs, Scottsdale, Arizona 85258 and our head office for North America is 8150, Route Transcanadienne, Suite 200, Ville Saint-Laurent. Quebec, H4S 1M5, Canada. Our agents for service of process are disclosed in **Exhibit E**. Unless otherwise specified, our registered agent for service of process is CT Advantage – Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801. We are members in good standing of the International Franchise Association ("**IFA**") and we therefore comply with the IFA's Code of Ethics.

MTY is a franchising company which sells and grants franchises for the operation of retail restaurant businesses using the name "EXTREME PITA", "THAI EXPRESS", "MANCHU WOK" and GINGER SUSHI BOUTIQUE in the United States. We are not engaged in any other type of business activity.

We began offering Ginger Sushi Boutique unit franchises in the United States in September 2015. We have offered Extreme Pita franchises in the United States since March 2001 under a separate Franchise Disclosure Document. As of the close of our last fiscal year end on November 30, 2014, we had 25 Extreme Pita franchised restaurants in the United States. We do not operate any company-owned Extreme Pita restaurants. On December 18, 2014, we acquired the United States operations of the Manchu Wok franchise system, which includes 52 franchised Manchu Wok restaurants and 4 company-owned Manchu Wok restaurants. We will begin offering Manchu Wok franchises in the near future under a separate Franchise Disclosure Document after we update the document to reflect our acquisition. We began offering Thai Express Unit Franchises in the United States in February 2015.

Effective as of September 9, 2016, we entered into an agreement to purchase all outstanding membership interests of BF Acquisition Holdings, LLC ("BFAH"), a Delaware limited liability company having an address at 320 Commerce, Suite 100, Irvine, California 92602, including the rights to franchise the Baja Fresh® and La Salsa Mexican Grill® brands. The transaction closed on October 5, 2016. BFAH or its affiliate companies offer unit, multi-unit and area development Baja Fresh and La Salsa Mexican Grill franchises under separate disclosure documents. As of December 31, 2015, there were 160 Baja Fresh restaurants (149 franchised and 11 company-owned) and 24 La Salsa Mexican Grill restaurants (18 franchised and 6 company-owned) in the United States.

We do not have any predecessors, but we do have a parent and multiple affiliates.

On September 24, 2013, our parent, MTY Tiki Ming Enterprises Inc. ("**MTY Canada**"), acquired our stock ("**Acquisition**"). MTY Canada is a wholly owned subsidiary of MTY Food Group, Inc. ("**MTYFG**"). MTY Canada is a corporation that was initially incorporated under the Canada Business Corporations Act on February 13, 1979, under the name "Matoyee Enterprises Inc." Its principal place of business is 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada. MTYFG is a public corporation and its principal place of business is 8150 Route Transcanadienne, Suite 200, Ville Saint-Laurent, Quebec, H4S 1M5, Canada.

MTY Canada currently operates or has franchised approximately 2,590 quick service restaurants consisting of the following brands in the following countries: Au Vieux Duluth Express, Caferama, Country Style, Croissant Plus, Cultures, FranxSupreme, Jugo Juice, Kim Chi Korean Delights, Koryo, Koya Japan, La Cremiere, Mr. Sub, O'Burger, Panini Pizza Pasta, Sukiyaki, Sushi Go, Sushi Shop/Sushi Shop Express, **Sushiman,** Taco Time/Taco Time Cantina, Tandori, TCBY®, Thai Express/Pad Thai Delights Thai Cuisine, Tiki Ming, Tutti Frutti, Valentine, Vanellis**,** Veggirama, Vie & Nam, Villa Madina, Yogen Früz, and Mr. Souvlaki in Bahrain, Canada, Dubai, Jordan, Kuwait, Morocco, Qatar, Saudi Arabia, United Arab Emirates, United Kingdom, and Lebanon. MTYFG or one of its subsidiaries is the master licensee for the following brands: TCBY (Canada), Taco Time (Canada), Yogen Fruz (Canada), and Au Vieux Duluth Express (Quebec and Ontario, Canada). MTY Canada also provides support services to Extreme Pita, Mucho Burrito, Thai Express and Ginger Sushi Boutique stores in the United States.

Except as described below, we do not do business under any name other than "MTY" or "MTY FRANCHISING USA, INC.," nor have we offered franchises in other lines of business.

We have an affiliate that operates the Mucho Burrito brand in the United States. Mucho Burrito Franchising USA, Inc. ("**MBUSA**") is a Delaware corporation that was incorporated on January 19, 2010 to sell and grant franchises in the United States under the name "MUCHO BURRITO". On September 24, 2013, in connection with the Acquisition, our parent, MTY Canada acquired the stock of MBUSA. MBUSA's principal business address in the United States is 9311 East Via de Venturs, Scottsdale, Arizona 85258. MBUSA has been offering Mucho Burrito Unit franchises since February 2010, and offered Area Developer franchises in the United States from February 2010 to January 2013. However, as of January 2013, MBUSA no longer offers Area Developer franchises. MBUSA is not engaged in any other type of business activity.

We also have an affiliate that operates the Big Smoke Burger brand in the United States. BSB Franchising USA, Inc. ("**BSB**") is a Delaware corporation that was incorporated on August 18, 2015 to sell and grant franchises in the United States under the name "**Big Smoke Burger**." BSB's address is 9311 East Via de Venturs, Scottsdale, Arizona 85258. BSB has been offering Big Smoke Burger unit franchises since February 2016. BSB is not engaged in any other type of business activity.

On May 25, 2016, MTYFG entered into an agreement with Kahala Brands, Ltd., having an address at 9311 East Via de Venture, Scottsdale, AZ 85258 ("**Kahala Brands**"), whereby Kahala Brands agreed to merge with a wholly-owned subsidiary of MTYFG ("**Kahala Brands Transaction**"). The Kahala Brands Transaction closed July 26, 2016. As of the date of this

Franchise Disclosure Document, Kahala Brands or one or more of its subsidiaries has franchised or currently operates approximately 2,800 quick service restaurants which consist of the following 18 brands: America's Taco Shop, Blimpie, Cereality, Cold Stone Creamery, Frullati Café & Bakery, Great Steak, Johnnie's New York Pizzeria, Kahala Coffee Traders, Maui Wowi Hawaiian Coffees & Smoothies, NrGize Lifestyle Café, Pinkberry, Planet Smoothie, Ranch One, Rollerz, Samurai Sam's, Surf City Squeeze, TacoTime, and Tasti D-Lite. One or more of those brands is currently located in the countries of Bahrain, Bangladesh, Brazil, Canada, China, Cyprus, Egypt, El Salvador, Indonesia, Japan, Kenya, Nigeria, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Singapore, Taiwan, Thailand, Trinidad and Tobago, Turkey, United Arab Emirates, and the United States, and the United States territories of Guam and Puerto Rico. Additionally, the Kahala Brands Transaction resulted in MTYFG or one of its subsidiaries becoming the master franchisee for the following brands in the following countries: Cold Stone Creamery (Antigua, Aruba, Bangladesh, Barbados, Bonaire, Costa Rica, Curacao, Dominica, El Salvador, Greece, Grenada, Guatemala, Guyana, Jamaica, Jordan, Kenya, Malaysia, Pakistan, Panama, South Africa, St. Kitts, St. Lucia, St. Martin, St Vincent, and Suriname) and Great Steak (Oman, Qatar, and Saudi Arabia).

The Business

A Ginger Sushi Boutique restaurant ("**Ginger Sushi Boutique Restaurant**") is a retail quick service restaurant selling sushi and drinks, and other menu items related to the Ginger Sushi Boutique concept. A Ginger Sushi Boutique Restaurant serves its customers by operating a uniform system consisting of high standards of service, the use of consistent quality products, and in accordance with the business format created and developed by Ginger Sushi Boutique ("**System**"). We authorize you to use the GINGER SUSHI BOUTIQUE™ trademark and to permit you to operate Ginger Sushi Boutique Restaurants.

We also offer to select qualified persons the opportunity to acquire the exclusive right to develop multiple Ginger Sushi Boutique Restaurants in a designated Multiple Unit Territory. If you are purchasing a Multiple Unit Territory, you must execute our Multiple Unit Purchase Agreement and pay us the required Development Franchise Fee (as defined in ITEM 5).

We also offer to select qualified persons and/or companies the opportunity to acquire the right to license our Marks and confidential recipes for use in operating at a food facility that services colleges, universities and other institutions. If you are purchasing an institutional license, you must execute a separate agreement, our Institutional License Agreement which you may request from us and is offered in this disclosure document. Due to the unique nature of these other channels of distribution, these institutional providers may pay reduced or may pay no Royalties, marketing contributions and advertising contributions in comparison to other Ginger Sushi Boutique franchisees and may not be required to participate in Local Advertising Cooperatives.

In addition to the above, we license Ginger Sushi Boutique franchises in certain non-traditional venues such as may be found in universities, colleges, hospitals, airports, highway rest stops, etc. Due to their unique nature, the operators of such other channels of distribution may pay a lower or no Initial Franchise Fee, Royalty, Marketing Contribution, and Advertising

Contribution than other Ginger Sushi Boutique franchisees and may not be required to participate in Local Advertising Co-Operatives or marketing initiatives.

In addition to non-traditional units described above, we license Ginger Sushi Boutique franchises in certain downtown urban food court venues such as may be found in corporate office towers, large downtown urban shopping centers, etc. Due to their unique nature, the operators of such downtown urban food court venues may pay a lower or no Royalty, Marketing Contribution, and Advertising Contribution than other Ginger Sushi Boutique franchisees and may not be required to participate in Local Advertising Co-Operatives.

To the extent required by law or in cases in which an exemption to disclosure is not available to us, the franchise opportunities described in the two previous paragraphs are offered in connection with this Franchise Disclosure Document.

Market and Competition

Throughout the United States, the food service industry is highly competitive with constantly changing market conditions, and is characterized by a profusion of operators, including well financed and highly sophisticated national and regional chains. You will compete with other franchised restaurants, fast food outlets and sushi-themed stores operated by national and regional chains. Ginger Sushi Boutique Restaurants will compete with restaurants, fast food outlets and sushi-themed stores operated by national and regional chains and independent operators and, to some extent, with grocery and convenience stores that sell various prepared food products. Ginger Sushi Boutique Restaurants will compete with these competitors for market share, access to desirable locations, and food service personnel. Ginger Sushi Boutique Restaurants will offer Ginger Sushi Boutique Products (as defined in ITEM 16) primarily to individual consumers for on-site or off-site consumption. The market for sushis-themed restaurants is well-developed in some areas and developing in other areas, depending on the number of restaurants and stores operating in the particular area. Ginger Sushi Boutique Restaurants appeal to a wide range of customers because of their perceived quality, taste and health of their products. You and your Franchisees are given the opportunity to enter into a unique and evolving market place.

Ginger Sushi Boutique markets Ginger Sushi Boutique Products to consumers seeking the convenience of quick food service while also seeking a fresh healthy alternative to typical fast food. You will have to compete with other food service businesses, including other franchised operations or restaurants. Investing in a Ginger Sushi Boutique Restaurant is a speculative risk and there are no warranties for your success. You will also face normal business risks that could have an adverse effect on your Ginger Sushi Boutique Restaurant. These include industry developments, such as pricing policies of competitors, supply and demand, and changing consumer tastes. Another potential risk factor is our dependence on personnel, the loss of whom could have an adverse effect on us. Our ability to fulfill our obligations under the Franchise Agreement with you depends in part on our present and future financial condition. Litigation risks also exist, including product liability litigation against you or us because of food-related illnesses and future litigation which may not be foreseeable.

Regulations

Your Ginger Sushi Boutique Restaurant will be subject to various federal, state and local health and sanitation laws that apply to restaurant operations. See **Exhibit I**, which summarizes certain special laws applicable to this business. In addition, your business will be subject to various employment regulations concerning wage rates, mandated employee benefits, employment taxes, tip reporting, worker safety, unemployment compensation, workers' compensation, teenage labor practices, disabled employees and discrimination in employment practices. Environmental regulations will impact your restaurant operations, particularly in the area of sewer discharge. You will be subject to the Americans with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities. You must report and pay various sales, excise, property, income, use and inventory taxes. Additionally, you must obtain various licenses and permits at the federal, state and local level in order to conduct business including, but not limited to, those related to food preparation. The laws in your state or municipality may be more or less stringent, but failure to comply with the above governmental regulations could have a material adverse impact on you and your business. You should examine these laws before purchasing a Ginger Sushi Boutique franchise.

ITEM 2
BUSINESS EXPERIENCE

President and Chief Executive Officer – Stanley Ma

Stanley has been a director and the President and Chief Executive Officer of our company since September 24, 2013. Stanley has also been a director and the President and Chief Executive Officer of our affiliate, MBUSA, since September 24, 2013. Stanley founded our parent, MTY Canada, of Quebec, Canada, in 1979 and has served as its President, Chief Executive Officer and Director since its founding.

Secretary – Claude St.-Pierre

Claude has been a director and the Secretary of our company since September 24, 2013. Claude has also been a director and the Secretary of our affiliate, MBUSA, since September 24, 2013. She is the Chief Operating Officer of our parent, MTY Canada, of Quebec, Canada, a position she has held since June 2012. From May 2004 to June 2012 she was MTY Canada's Chief Financial Officer. She originally joined MTY Canada in September 1986.

Director Business Development – USA – Robert S. Cook, Jr.

Mr. Cook has been the Director of Business Development for the Ginger Sushi Boutique brand since August 2015 and for the Manchu Wok since January 2010. He also serves in the same position for our parent, MTY, and has done so since December 2014.

Brand Vice President, and Vice President of Business Development – Marc Benzacar

Mr. Benzacar joined MTY in May 2007 as Vice President, Legal Affairs and Business Development. In 2008, Mr. Benzacar took on the management role for the Sushi Shop brand and is currently Senior Vice President of Sushi Shop, SushiGO and Sushiman, responsible for all aspects of operations and development of Ginger Sushi Boutique. Prior to joining MTY, Mr. Benzacar held legal counsel and executive positions in the Pharmaceutical sector.

Vice President of Development – USA – Ramin (Ray) Zandi

Ray is our Vice President of Development – USA, a position he has held since February 2009. Concurrently, Ray serves as Vice President of Development for our parent, MTY Canada, in Scottsdale, Arizona, a position he has held since September 24, 2013. Since February 2005, Ray has also served as the President of Extreme Pita's former Northern California regional director, Desertbay Development, Inc., in Scottsdale, Arizona.

Office Manager and Executive Assistant - Traci Zandi

Traci joined us in April of 2011 as our Office Manager and Executive Assistant. Traci is also the Administrative Manager for our parent, MTY Canada, in Scottsdale, Arizona, a position she has held since September 2013. Traci is also the Director of Administrative Operations for Extreme Pita's former Northern California regional director, DesertBay Development, Inc., a position she has held since February 2005.

There can be no assurance that these persons will remain affiliated with Ginger Sushi Boutique indefinitely or for any period of time, or that the scope of their involvement will not change.

ITEM 3
LITIGATION

2197643 Ontario Ltd., Gurmeet Bindra and Jessica Bindra v. MTY Food Group Inc., MTY Tiki Ming Enterprises Inc., Stanley Ma and Claude St-Pierre, No. 00-14-498188 (Ontario Superior Court, filed February 10, 2014).

On February 10, 2014, the plaintiffs, a franchisee and guarantors of a Mrs. Vanelli's franchise in Unionville, Ontario that was subsequently converted to a Villa Madina franchise, filed suit to rescind the corresponding franchise agreement and all related agreements executed with MTY or its affiliates and for punitive damages relating to breach of contract and misrepresentation. Specifically, the plaintiffs alleged that MTY incorrectly told them before they bought the franchise that they would be able to serve their own products instead of purchasing official products from approved suppliers. The plaintiffs also alleged that MTY failed to inform them that revisions to the food court model were forthcoming when MTY offered them the opportunity to convert their franchise into a new concept. Discoveries were made on December 17, 2014 and, as of the date of this Franchise Disclosure Document, our counsel is awaiting the next procedural step by the plaintiffs' counsel. We plan to vigorously contest these claims.

Simbal Group Ltd. and Sintram Royce-Mayo and Jerome Balaramanpillai v. MTY Tiki Ming Enterprises Inc., No. 500-17-027505-059 (Quebec Superior Court, filed September 20, 2005).

On September 15, 2005, the plaintiffs, a franchisee and guarantors of a La Crémière franchise in Montreal, Quebec, filed an originating motion to institute legal proceedings against

MTY. The plaintiffs purchased a La Crémière franchise in Montreal, Quebec, from a previous franchisee and became a La Crémière franchisee on October 15, 2004. The plaintiffs alleged misrepresentation and unfair and deceptive business practice by MTY. Specifically, the plaintiffs alleged that the defendant provided unauthorized financial performance representations and failed to inform them about a new franchise which was opening in a mall near the plaintiffs' franchise location. MTY and its attorneys believed that the plaintiffs' legal action against MTY was exaggerated and vigorously contested the matter. This case was settled in December 2010. In order to avoid prolonged litigation and costly legal expenses, the defendant paid a total of $65,000 to the plaintiffs and the parties entered into a mutual release without any admission of liability by either party.

MTY Tiki Ming Enterprises Inc. v. 138 All Food Delight Group Inc. and Min-Hoy Yau, No. CV-10-00099228 (Ontario Superior Court – Newmarket, filed April 30, 2010).

In April 2010, MTY filed suit against a franchisee for breach of the franchise agreement, unpaid rent and damages. The defendant filed a Statement of Defense and Counterclaim against MTY for breach of contract, unjust enrichment, misrepresentation and punitive damages. Specifically, the defendant alleged that MTY provided unauthorized financial performance representations. The case was settled on October 23, 2013 when, as part of the settlement, defendants paid $28,000 to MTY.

Hayford Animansah, Unique Food Services Inc. v. Country Style Food Services Inc., No. CV-11-419735 (Ontario Superior Court of Justice, filed February 7, 2011).

In February 2011, the plaintiffs filed suit for misrepresentation and breach of guarantee by the franchisor of the Country Style brand, a subsidiary of MTY. Specifically, the plaintiffs alleged that the defendant made representations regarding the sustainability of the franchise and that the defendant was unjustly enriched by the seizure of leasehold improvements and chattels upon the termination of the franchise. The defendant formally denied and the case was ultimately dismissed for a failure to advance a claim.

MTY Tiki Ming Enterprises Inc. v. 7169281 Canada Inc. and Sajjad Malik, No. CV-11-104372-00 (Ontario Superior Court of Justice, filed May 25, 2011).

In 2011, MTY filed a claim against a franchisee and its guarantor for abandonment of the premises by the franchisee. The franchisee and guarantor counterclaimed against MTY, alleging failure to provide adequate disclosure document. The parties reached a settlement on June 1, 2014. Mr. Malik agreed to pay $20,000 to MTY in six installments.

2150197 Ontario Inc. v. Country Style Food Services Inc. (Arbitration pursuant to the Ontario Arbitration Act)

In November 2011, the plaintiff, a franchisee of a Country Style location, sent a notice to appoint an arbitrator pursuant to section 23 of the Ontario Arbitration Act 1991, SO 1991, c17. The plaintiff has suggested that there were misrepresentations made to the franchisee by the franchisor of the Country Style brand, a subsidiary of MTY. Specifically, the plaintiff has alleged that the defendant inaccurately stated the potential of the franchise system, the costs of operating a franchise, and the terms of contracts associated with operating the franchise (including the lease). The plaintiff has further alleged it detrimentally relied on these representations. Following a mediation process agreed to by the parties, the matter will be referred to arbitration. No arbitration date has been set as of yet.

MTY Tiki Ming Enterprises Inc. v. 9173-6470 Quebec Inc. and Jing Yao, No. 500-17-074878-128 (Quebec Superior Court of Justice, filed March 29, 2012).

In March 2012, MTY filed suit against a franchisee and its guarantor for unpaid rent and unpaid royalty. The franchisee and its guarantor counterclaimed for breach of good faith and misrepresentation, claiming that MTY did not renew the lease for the franchised location after allegedly promising to renew it. The defendant has been examined for discovery. Trial is scheduled to begin on April 25, 2016.

MTY Tiki Ming Enterprises Inc. v. 9137-6897 Quebec Inc. and Li Hui Wan, No. 500-17-074459-127 (Quebec Superior Court of Justice, filed March 27, 2012).

In March 2012, MTY filed suit against a franchisee and its guarantor for unpaid rent and unpaid royalty. The franchisee and its guarantor counterclaimed for breach of good faith and misrepresentation, claiming that MTY did not renew the lease for the franchised location after allegedly promising to renew it. The defendant has been examined for discovery. Trial is scheduled to begin on April 25, 2016.

9120-7498 Quebec Inc. v. MTY Tiki Ming Enterprises Inc., No. 500-17-086531-152 (Quebec Superior Court of Justice, filed February 4, 2015).

In February 2015, 9120-7498 Quebec Inc., a former franchisee of the brand La Crémière, filed a lawsuit against the franchisor. Franchisee claimed for failure to respect the franchise agreement and damages (he alleges having overpaid royalties to the franchisor and damages for failure to get proper supplying). Franchisor denies all allegations made by the franchisee.

Country Style Food Services Inc. v. L.R. Holdings Ltd, Thung Nguyen, Quoc Ho. No. CV-09-394331 (Ontario Superior Court of Justice, filed December 30, 2009).

Franchisor sued the Franchisee for unpaid amount under the franchise agreement. Franchisee counterclaimed arguing that franchisor has been unjustly enriched when the franchisor took back the store after the franchise agreement termination. The case was ultimately dismissed for a failure to advance a claim.

2303333 Ontario Limited, Xiaoqin Wang, Cong Li and Yiqing Ruan v. MTY Tiki Ming Enterprises Inc. (Arbitration).

Franchisee and Guarantors served a rescission notice under the Arthur Wishart Act to the Franchisor on November 29, 2013. Franchisee alleges that the disclosure document received is null and void. Franchisor denies. Status: Arbitrator has been appointed in December 2014.

2359669 Ontario Inc. v. MTY Tiki Ming Enterprises Inc. c.o.b. Country Style Donuts and 1613662 Ontario Inc. No. CV-15-520650 (Ontario Superior Court of Justice, filed January 27, 2015).

Franchisee alleges that the disclosure document received is null and void. The defendant franchisor has filed both a defense and counterclaim to this claim. The franchisee filed its defense to the defendant franchisor's counterclaim in August 2015.

1857490 Ontario Inc. and Adeel Bhayani v. RDHR Investments & Holdings Inc., 2234559 Ontario Inc., 2062127 Ontario Inc., Alex Rechichi, Sean Black, Mark Anthony Rechichi, Dynamic Franchising Group Inc., EME Inc., Scott Grandin, MTY Food Group Inc. and MTY Tiki Ming Enterprises Inc. No. CV-14-511948. (Ontario Superior Court of Justice, filed January 9, 2015).

Plaintiffs are suing Defendants for rescission of the franchise agreement and they have alleged the defendants failed to comply with applicable disclosure laws. In particular, Plaintiffs have alleged that the franchisor entity which preceded MTY (i.e., before MTY purchased the rights to the Extreme Pita franchise system) misled the plaintiffs into believing the selected premises chosen for the franchised business was suitable for operating a standard Extreme Pita franchised business since installation of the appropriate exhaust system was not permitted at such premises. The parties are awaiting a trial date.

Margaret Roose, 1525804 Alberta Corp. v. Jugo Juice International Inc., MTY Tiki Ming Enterprises Inc., Court of Queens' Bench of Alberta (Court File: 1401-04571 filed April 30, 2014).

Plaintiffs sued the former franchisor of the Jugo Juice brand and MTY Tiki Ming Enterprises Inc. (the current franchisor). Plaintiffs have alleged failure to properly disclose, misrepresentation, breach of contract and unjust enrichment, claiming that the franchisor provided them with misleading financial information regarding the potential profitability of the franchised business. Plaintiffs further contend that the franchisor did not have the right to take back the franchise even though the plaintiffs defaulted on their rent payment obligations. Defendants deny. The parties have completed the document discovery stage, and the next anticipated step involves oral questioning, which is scheduled to occur sometime in the fall of 2015.

Actions Involving Companies Acquired by Our Parent

In May 2009, our parent, MTY Canada, acquired Country Style Food Services Inc., Country Style Realty Limited and Melody Farm Specialty Foods and Equipment Limited. All the facts, actions and/or omissions alleged in the following files are connected to the former shareholders and directors of those companies.

1159607 Ontario Inc., Joseph Sirianni and Eugene Sirianni v. Country Style Food Services Inc., Country Style Realty Limited and Melody Farms Speciality Foods and Equipment Limited, No. 08-CL-7458 (Ontario Superior Court of Justice, filed April 2008).

The plaintiffs were franchisee and guarantors of a Country Style location since 1995. In April 2008, the plaintiffs sued Country Style Food Services Inc., Country Style Realty Limited, and Melody Farm Specialty Foods and Equipment Limited (the "Franchisor") for an order rescinding the renewal franchise agreement, for reimbursement of amount paid between from February 28, 2006 and March 20, 2008, for misrepresentation, for breach of fair dealings and for punitive damages. On February 6, 2012, the Superior Court of Justice (Ontario) found the Franchisor liable for default of providing adequate disclosure document and awarded the plaintiffs damages in the amount of $187,730.05. The Court also awarded the plaintiffs for $25,000 of punitive damages. The Court acknowledged that the plaintiffs owed $48,824.74 to the Franchisor and that the Franchisor may set off this debt for the amount to be paid to the plaintiffs. The Franchisor appealed from the judgment. On September 26, 2013, the Court of Appeal for Ontario confirmed the judgment rendered in the Superior Court of Justice (Ontario).

Country Style Food Services Inc. v. 1304271 Ontario Limited, Marc Mesic and Zelijko Vukovic and 1176847 Ontario Limited, No. 01-CV-219404CM2 (Ontario Superior Court of Justice, filed October 25, 2001).

This case concerned the obligations owed among a landlord, Country Style Food Services Inc. (the "Franchisor"), and a franchisee in circumstances where a retail shopping mall developed by the landlord, in which the franchisee operated a coffee and donut shop franchise on premises leased from the landlord, was changed by the landlord without prior notice to the Franchisor and the franchisee and in a manner alleged to have damaged the franchisee's business. The landlord and Franchisor were found liable to the franchisee for misrepresentation, derogation from the grant and in breach of their leasing arrangements made with the franchisee. The Franchisor was also held liable for breach of a duty of good faith. The trial judge awarded the franchisee damages in the amount of $400,000 as against both the landlord and the franchisor. The Franchisor brought a third party action against the landlord for indemnity and was successful at trial. The Court ordered the landlord to fully indemnify the Franchisor for the monies owed to the franchisee. The landlord and the Franchisor both appealed. The Court of Appeal for Ontario found that the landlord negligently misrepresented and the Franchisor innocently misrepresented the mall development to the franchisee, occasioning the damages to the franchisee: that the Franchisor also breached a duty of good faith owed by it to the franchisee: and that the trial judge erred in finding the landlord liable to indemnify the Franchisor. On June 30, 2005, the Judge found the landlord and the Franchisor equally responsible in the amount of $200,000 each and held that in these particular circumstances the Franchisor would not be permitted to be indemnified by the landlord.

1580943 Ontario Inc. v. Country Style Food Services Inc. et al., No. 06-CV-309034-PDI (Ontario Superior Court of Justice, filed April 4, 2006).

In April 2006, the plaintiff, a franchisee of a Country Style location, filed a claim for damages for misrepresentation and breach of fair dealing involving the potential profitability of the franchised business, breach of contractual obligations, loss of economic opportunities and consequential damages, and punitive and exemplary damages against the franchisor of the Country Style brand. The franchisor has counterclaimed for breach of the franchise agreement and breach of the sub-lease agreement. The plaintiff has been examined for discovery. This case was settled out of court with the franchisor paying $45,000 to the plaintiffs in December 2014.

Andralex Food Services Inc. v. Country Style Food Services Holdings Inc., Country Style Food Services Inc., Jeff Young, Canadian Imperial Bank of Commerce, Sue Fedorink and Roger Noble., No. 06-CV-314403PD2 (Ontario Superior Court of Justice, filed July 4, 2006).

In July 2006, the plaintiff, a franchisee of a Country Style location, sued the defendants for misrepresentation, breach of fair dealings, and conspiracy to use unlawful means. Examinations of all parties have taken place. However, the case against Canadian Imperial Bank of Commerce was dismissed and a large part of the claim was based on conspiracy. In February 2014, in order to avoid prolonged litigation and costly legal expenses, the parties settled this dispute and entered into an agreement whereby the plaintiff received a total of $110,000.

<u>Actions Involving An Affiliate</u>

MJ Beem Development, LLC and Jimmie Beem, III v. Mucho Burrito Franchising USA, Inc., EP Development, Inc., EP Development, Inc., MB Development, Inc., Feisal Ramjee, and William Roy Woolsey, No. 14-2-03581-9 (Superior Court of the State of Washington in and for Snohomish County, filed May 2, 2014).

In May 2014, the plaintiffs, a franchisee of a Mucho Burrito location and its owner, filed suit against our Affiliate, MBUSA, an area developer of MBUSA ("**Area Developer**") and its owners and affiliate, alleging violations under the Franchise Investment Protection Act in the State of Washington ("**FIPA**") relating to their purchase of a Mucho Burrito franchise which was facilitated by the Area Developer. The plaintiffs claimed one of the Area Developer's owners provided them with financial performance representations which were not contained in any Franchise Disclosure Document, omitted mandatory, material information, were inherently misleading, and were a material factor in the plaintiffs' purchase of the franchise; that the Area Developer and its affiliate were not registered brokers in the State of Washington even though the owners of the Area Developer and affiliate were aware of such requirement; and that certain owners of the Area Developer and its affiliate had not filed franchise seller disclosure forms with the State of Washington. In addition to demanding an order of rescission of the related franchise agreement and corresponding personal guarantee and related agreements, the plaintiffs sought treble damages under the FIPA and an award of their costs and reasonable attorney fees. On September 9, 2014, the parties entered into a Mutual Settlement and Release and Bill of Sale, Assignment and Assumption Agreement ("**Settlement Agreement**"). Under the Settlement Agreement, the Area Developer and its owners agreed to repurchase the franchise from the plaintiffs, with the consent of MBUSA, for the sum of $334,829.03 plus an assumed liability of $6,341.93, and to enter into a new personal guaranty and indemnity agreement and security agreement in favor of MBUSA. MBUSA also agreed to pay to the Area Developer $9,499.70 in royalties it had withheld from the Area Developer and its owners, less the legal fees and expenses MBUSA incurred relating to the dispute and the preparation of the Settlement Agreement. Additionally, all of the parties entered into mutual releases without any admission of liability by MBUSA or the other defendants.

Purav Enterprises, LLC, Balwant Bahia, and Paramjit Samra v. The Extreme Pita Franchising USA, Inc., EP Development, Inc., and Feisal Ramjee, No. 15-2-15120-7 (Superior Court of the State of Washington for King County, filed June 22, 2015).

In June 2015, the plaintiffs, a franchisee of an Extreme Pita location and its owners, filed suit against us using our former corporate name and an area developer of ours ("**Area Developer**") and its owner, alleging violations under the Franchise Investment Protection Act in the State of Washington ("**FIPA**") relating to their purchase of an Extreme Pita franchise which was facilitated by the Area Developer. The plaintiffs claimed the Area Developer's owner provided them with financial performance representations which were not contained in any Franchise Disclosure Document, omitted mandatory, material information, were inherently misleading, and were a material factor in the plaintiffs' purchase of the franchise; and that the Area Developer was not a registered broker in the State of Washington even though the owner of the Area Developer was aware of such requirement. In addition to demanding an order of rescission of the related franchise agreement and corresponding personal guarantee and related agreements, the plaintiffs sought treble damages under the FIPA and an award of their costs and reasonable attorney fees. Our counsel in Washington has entered a written notice of appearance in this case and the parties are engaging in settlement discussions outside of the court process at this time.

Except as noted directly above, no other litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Prior to our evaluating your application for a franchise, and upon signing a Deposit and Application Agreement in the form attached as **Exhibit D**, we reserve the right to require you to make a $5,000 lump sum deposit with us ("**Deposit**"). If we require you to make a deposit payment, and if you wish to cancel your application or if we decide not to award a franchise to you, the Deposit will be returned to you less $3,500 to compensate us for time spent by us regarding your application and to cover any related expenses. We also reserve the right to terminate the Deposit and Application Agreement at any time upon 30 days' notice to you. If we do so, you will be entitled to the refund described above.

Upon signing a Ginger Sushi Boutique Franchise Agreement ("**Franchise Agreement**"), you pay a lump sum Initial Franchise Fee of $25,000. Any Deposit we collect from you will be applied towards the Initial Franchise Fee as provided in the Deposit and Application Agreement. We currently charge an Initial Franchise Fee of $22,500 for the second Franchise Agreement you sign and an Initial Franchise Fee of $20,000 for the third and subsequent Franchise Agreement for a traditional franchise, which is subject to change without notice. You must sign a separate Franchise Agreement for each Ginger Sushi Boutique Restaurant you operate and pay the applicable Initial Franchise Fee when the Franchise Agreement is signed. The Initial Franchise Fee is deemed fully earned by us upon receipt and is not refundable under any circumstances. If you are a current Ginger Sushi Boutique franchisee and if you refer a prospective Franchisee to us who ultimately purchases a franchise for a Ginger Sushi Boutique Restaurant, we currently pay you $1,000, although we reserve the right to cease this practice or change the amount at any time.

We reserve the right to waive or reduce the Initial Franchise Fee for our affiliates, our subsidiaries, or for other franchise candidates. During our last fiscal year, ended November 30, 2015, we did not sell any Ginger Sushi Boutique franchises and, therefore, did not collect any Initial Franchise Fees.

You must pay any sales tax, use tax, gross receipt tax, or other excise tax imposed on your payments to us by the states where we, you or your Ginger Sushi Boutique Restaurant is located.

Multiple Unit Operators

At our discretion, we may offer to qualified candidates a Multiple Unit Purchase Agreement, attached to this Franchise Disclosure Document as **Exhibit C**, pursuant to which the Multiple Unit Operator obtains the right to develop and operate a prescribed number of Ginger Sushi Boutique Restaurants in accordance with a specific Development Schedule. Each Multiple Unit Operator must pay the full Initial Franchise Fee (collectively, the **"Development Franchise Fee**"), in accordance with the pricing schedule outlined above, for each Ginger Sushi Boutique Restaurant Multiple Unit Operator commits to be opened under the Multiple Unit Purchase Agreement. The Development Franchise Fee is due upon execution of the Multiple Unit Purchase Agreement, is deemed fully earned by us upon receipt, and is non-refundable even if you do not open any of the Ginger Sushi Boutique Restaurants required by your Multiple Unit Purchase Agreement. Multiple Unit Operators are not permitted to enter into sub-franchise relationships.

Multiple Unit Operators must own at least a twenty-five percent (25%) equity interest in each Ginger Sushi Boutique Restaurant, unless otherwise approved in writing by Ginger Sushi Boutique.

Institutional Licensees

At our discretion, we may offer to qualified candidates an Institutional License Agreement, attached to this Franchise Disclosure Document as **Exhibit K**, pursuant to which the institutional licensee ("**Institutional Licensee**") obtains a license to use our Marks, recipes, methods, processes, and other proprietary information at a location currently operated or to be operated by the Institutional Licensee. Each Institutional Licensee must pay Ginger Sushi Boutique an institutional license fee ("**Institutional License Fee**") equal to $12,000. An Institutional Licensee is not required to utilize a marketing plan partially or totally directed by us. The Institutional License Fee is due upon execution of the Institutional License Agreement, is deemed fully earned by us upon receipt, and is non-refundable, in whole or in part, under any circumstances.

Other Start-Up Fees Paid to Us

You and your attorney are solely responsible for negotiating the legal issues in your lease. If you request, or we determine in our discretion that you require, because you have failed to hire your own attorney, assistance from us or our designated outside attorneys, we may charge you a lease negotiation fee ("**Lease Negotiation Fee**") of up to $3,000 for these services.

Prior to building out your Ginger Sushi Boutique Restaurant, you will need to have engineering drawings and architectural design layout drawings prepared. You may engage an architect or, in some cases your landlord, to assist you with these drawings. You will also need to pay us an architectural review fee ("**Architectural Review Fee**") ranging between $2,500 and $5,000 to review these drawings and designs.

You can elect to oversee the construction of your own Ginger Sushi Boutique Restaurant or you can choose to engage us or an affiliate or subsidiary of ours to undertake responsibility for providing project management services related to the construction of your Ginger Sushi Boutique Restaurant. If you retain us or an affiliate or subsidiary of ours to provide project management services related to the construction of your Ginger Sushi Boutique Restaurant, you will be required to pay us a project management fee ("**Project Management Fee**") that will not exceed 5% of the total cost of all leasehold improvements, furniture, fixtures, equipment and graphics. In addition, we will charge you a minimum Project Management Fee of $2,500 to oversee and guide you through this process. The Project Management Fee will not exceed $20,000 under any circumstances.

ITEM 6
OTHER FEES

Type of Fee(1)	Amount	Due Date	Remarks
Royalties (2)	6% of Gross Sales	Pre-authorized payments on or about the 7th, 14th, 21st, and 28th of each month, or such other method or frequency as we determine	"Gross Sales" includes all revenue you receive from your customers previous month's Gross Sales. Gross Sales does not include any sales taxes collected by you.
Marketing Fund Contributions (2) and (3)	3% of Gross Sales	Pre-authorized payments on or about the 7th, 14th, 21st, and 28th of each month, or such other method or frequency as	

Type of Fee(1)	Amount	Due Date	Remarks
		we determine	
Local Advertising Expense (4)	2% of Gross Sales	Payable monthly to your advertising supplier as determined by you	Used for promoting your Ginger Sushi Boutique Restaurant in your local community. You may be required to submit reports to us.
Cooperative (2)	Proportionate share of regional and local advertising and public relations programs.	Monthly as required by your local cooperative	Payable only if a cooperative is formed in your area.
Insurance (5)	Approximately $1,000 - $3,500 per year (varies by location)	When invoice received	You must participate in the Ginger Sushi Boutique Group Insurance Plan once the Plan has been established.
Manager Training or Retraining Costs (6)	$500 to $1,500	As incurred	Upon our determination that you require additional training.
Successor Franchise Fee	$2,500 to $12,500, plus legal fees	Upon the extension of your rights to operate the Ginger Sushi Boutique Restaurant	We have the right to charge you a fee of $2,500 for each year we allow you to extend your rights. We will not grant you more than five additional years at any one time. This fee is payable before you execute your Successor Franchise Agreement.
Transfer fee	The greater of $12,000 or 5% of the total purchase price plus legal fees	Upon transfer	Payable when you transfer your franchise.
Transfer Escrow Fee (7)	As charged by third-party escrow agent	As agreed with escrow agent	Payable at closing when you transfer your franchise.
Transfer Advertising Requirement	$5,000	Upon transfer	If you purchase an existing Ginger Sushi Boutique Restaurant from a current franchisee, you must spend a minimum of $5,000 in advertising to promote the transition to your ownership
Fee for Lost Operations Manual	$1,500	Upon delivery of new Operations Manual or transfer of your Store	
Audit Fee (8)	Cost of audit estimated at $0 - $3,500	As incurred	Payable only if audit shows an understatement

Type of Fee(1)	Amount	Due Date	Remarks
			of at least 2%.
Administrative Fee	15% of expenses incurred by Ginger Sushi Boutique to remedy any default by you	As incurred	Payable only if we must expend our time and money curing a default caused by you.
Project Management Fee	Minimum fee of $2,500, however, maximum fee not to exceed 5% of the cost of leasehold improvements, furniture, fixtures, equipment and graphics, or $20,000, whichever is lower	Prior to opening your Ginger Sushi Boutique Restaurant	Fee over $2,500 only payable if you elect to engage us or an affiliate or subsidiary of ours to provide project management services to oversee the construction of your Ginger Sushi Boutique Restaurant. The Project Management Fee will not exceed $20,000 under any circumstances.
Interest on Overdue Amount due to Ginger Sushi Boutique (9)	Prime Rate plus 5%	With payment of overdue amount	
Security Monitoring Costs	$30 - $100 per month	Monthly	Applicable only if you install a security monitoring system.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if you do not comply with Franchise Agreement and do not require adjudication.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us and our affiliates if any of us are held liable for claims related to Ginger Sushi Boutique Restaurant operations
Renovating and remodeling expense (10)	$20,000 to $60,000	At least once every 6 years	We impose no cap or limitation on the amount of expense you may incur in renovating and remodeling your Ginger Sushi Boutique Restaurant.
Cash Register Service Fees (11)	$0 to $180 per month	Monthly	
Taxes on Fees	Varies by State	Payable when fee is due	
Technology Fees (12)	Up to $150 per month	As incurred	
Institutional License Royalty (13)	Will vary under circumstances	As incurred	Payable only if you enter into an Institutional License Agreement.
Liquidated Damages (14) for failure to open	Loss of the Initial Franchise Fee	Upon termination	Payable only if Franchisor terminates the Agreement

Type of Fee(1)	Amount	Due Date	Remarks
			prior to commencement of operations
Liquidated Damages (14) for Deviation from system	$350 for Second Deviation	Within 10 days of receipt of notice	If Franchisee deviates from the requirements of the system during any calendar year
	$600 for Third Deviation	Within 10 days of receipt of notice	
	$1,500 for any additional deviations in a calendar year	Within 10 days of receipt of notice	

NOTES:

(1) All fees are uniformly imposed by and are payable to us unless otherwise stated. All fees are non-refundable.

(2) You must pay all royalties and marketing contributions to us by participating in a pre-authorized payment plan or any other method we may require in our sole discretion. In this plan, we will be authorized to make weekly withdrawals (or at other times specified by us) from your bank as specified below. We also reserve the right to demand payment from you of all royalties and advertising contributions due to us by other methods that we may specify in the Operations Manual, as modified by us periodically in our discretion (See Section 8.3 of the Franchise Agreement).

(3) We reserve the right to increase the Marketing Fund Contributions to 4% of Gross Sales at any time provided that at least 75% of the franchisees in the system at the time vote in favor of the increase in Marketing Fund Contributions (See Section 5.7 of the Franchise Agreement).

(4) You must spend a minimum of 2% of your Gross Sales on local and regional marketing, advertising and public relations each calendar month. You must make these expenditures directly, subject to approval by us, and we may request that you prepare and submit a report to us accounting for the use of these funds within five days following the end of each month. We reserve the right, in our sole discretion, to require that up to 100% of your Local Advertising Expense go toward cooperative advertising in your area. (See ITEM 11 for further descriptions of the cooperative advertising.)

(5) The premiums payable by each individual Ginger Sushi Boutique Restaurant vary depending on size, location, and claims made by the store. The amount quoted ($1,000 to $3,500) is the average fee we anticipate will be charged to the franchisees, excluding worker's compensation (See Section 6.1(f) and Section 6.2 of the Franchise Agreement). Specific insurance requirements are outlined in greater detail in ITEM 8.

(6) Training sessions are paid for by us. You are responsible for all travel and accommodation costs associated with attending all initial training and retraining programs which may take place at our head office or at another location designated by us

(See Section 4.4 of the Franchise Agreement). The precise amount of your expenses will depend upon the cost of your air fare and how long the training and retraining lasts.

(7) We reserve the right to require transferring franchisees to use and pay for the services of a third-party escrow agent designated or approved by us.

(8) The audit fees will be based on the amount charged by our accountants and will vary depending upon the complexity of the Ginger Sushi Boutique Restaurant being audited and the state of the books and records kept by you (See Section 8.8 of the Franchise Agreement).

(9) Interest will be charged from the date of underpayment (See Section 10.10 of the Franchise Agreement).

(10) You are required to paint your Ginger Sushi Boutique Restaurant once every two (2) years. You are required to renovate, modernize, remodel and refurbish your Ginger Sushi Boutique Restaurant to comply with our then-current standards at least once every six years.

(11) This amount is for the service and maintenance agreement with the point of sale supplier.

(12) You will need to pay a fee of up to $200 per month for a service and maintenance contract plus the cost of your Internet connection. This monthly fee covers the cost of ongoing maintenance and POS software upgrades.

(13) You will be required to pay an institutional license royalty only if you sign an Institutional License Agreement. The form of Institutional License Agreement is attached as **Exhibit K**.

(14) In the event of Franchisor's termination before commencement of operation for Franchisee's failure to comply with the terms of the Agreement. Franchisor may retain the Initial Franchise Fee paid as liquidated damages and not as a penalty (See Section 9.2 of the Franchise Agreement). Also, in the event of additional deviations from this Agreement in any calendar year under the agreement and/or mandatory provisions of the Operations Manual, Franchisee shall pay to Franchisor the specified amounts, as liquidated and agreed upon damages not as a penalty (See Section 9.5 of the Franchise Agreement).

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – FOOD COURT LOCATION

Type of expenditure	Amount	Method of payment	When due	To Whom Payment is to be made
Initial Franchise Fee (1)	$20,000 - $25,000	(a) Lump sum	Upon signing Franchise Agreement	Us
Electricity, Water, Gas, Telephone and Landlord's Deposits (2)	$2,500 to $10,000	As incurred	As incurred during training	Utilities and landlord
Store Design Fees and Plans (3)	$7,500 to $10,000	Lump sum	At signing of the Lease	Us and architects or engineers
Permits (4)	$500 - $2,500	Lump sum	As incurred	State or municipality
Landlord Capital Contribution /Construction Chargeback (5)	$50,000	Lump sum as per the lease	Lump sum as per the lease	Landlord
Store Construction, Leaseholds and Fixtures (6)	$75,000 - $90,000	As incurred	Generally 30% payable upon signing with the general contractor, 30% 20 days after signing, 25% after signing, 10% after signing and the balance after the restaurant is open	General contractor
Project Management Fee (7)	$2,500 to $20,000	As incurred	As agreed	Us
Equipment Package (8)	$70,000 - $75,000	As incurred	After signing the Offer to Lease	Equipment contractor
Furniture (9)	$0	As incurred	Before store opening	Suppliers, third parties and/or vendors
Signs (10)	$2,500 - $5,000	As incurred	Before store opening	Us and suppliers
Menu Box (11)	N/A	As incurred	As agreed	General contractor and/or supplier

Type of expenditure	Amount	Method of payment	When due	To Whom Payment is to be made
Opening Uniform Package (12)	$300 - $1,000	As needed	As incurred	Us
Small Wares (13)	$3,000 - $5,000	As incurred	As agreed	Suppliers
Cleaning Supplies	$250 - $500	As incurred	As agreed	Suppliers, third parties and/or vendors
Opening Promotion and Advertising (14)	$1,000 - $3,000	As incurred	As agreed	Third parties
Grand Opening (15)	$10,000	As incurred	As agreed	Suppliers, third parties and/or vendors
Training Attendance (16)	$500 - $2,500	As incurred	As agreed	Third parties and/or vendors
Insurance	$850 - $1,500	As incurred	As agreed	Third parties and/or vendors
POS System	$5,000 - $7,500	As incurred	As per supplier agreement signed	Suppliers
Additional Funds – First 3 months (17)	$15,000 - $25,000	As incurred	Varied times	Suppliers
Total (18-22)	**$266,400 - $343,500**			

YOUR ESTIMATED INITIAL INVESTMENT – STREET LOCATION

Type of expenditure	Amount	Method of payment	When due	To Whom Payment is to be made
Initial Franchise Fee (1) (a) Single Unit Franchisees (b) Multiple Unit Operators	(a) $20,000 - $25,000 (b) $22,500 for the second restaurant $20,000 for the third and subsequent restaurant	(a) Lump sum (b) Lump Sum	(a) Upon signing Franchise Agreement (b) Upon signing of the Multiple Unit Purchase Agreement	Us
Electricity, Water, Gas, Telephone and Landlord's Deposits (2)	$2,000 to $10,000	As incurred	As incurred during training	Utilities and Landlord

Type of expenditure	Amount	Method of payment	When due	To Whom Payment is to be made
Store Design Fees and Plans (3)	$10,000 to $15,000	Lump sum	At signing of the Lease	Us and Architects
Permits (4)	$1,000 to $3,000	Lump sum	As incurred	State or Municipality
Landlord Capital Contribution / Construction Chargeback (5)	$0	Lump sum as per the lease	Lump sum as per the lease	Landlord
Store Construction, Leaseholds and Fixtures (6)	$90,000 to $150,000	As incurred	Generally 30% payable upon signing with the general contractor, 30% 20 days after signing, 25% after signing, 10% after signing and the balance after the restaurant is open	General contractor
Project Management Fee (7)	$2,500 to $20,000	As incurred	As agreed	Us
Equipment Package (8)	$70,000 - $75,000	As incurred	After signing the Offer to Lease	Us, landlord or contractor
Furniture (9)	$15,000 - $20,000	As incurred	Before store opening	Suppliers, third parties and/or vendors
Signs (10)	$10,000 - $20,000	As incurred	Before store opening	Us and Suppliers
Menu Box (11)	N/A	As incurred	As agreed	General contractor and/or supplier
Opening Uniform Package (12)	$700 - $1,200	As needed	As incurred	Us
Small Wares (13)	$3,500-$5,000	As incurred	As agreed	Suppliers
Cleaning Supplies	$250 - $500	As incurred	As agreed	Suppliers, third parties and/or vendors
Opening Promotion and Advertising (14)	$2,000 - $5,000	As incurred	As agreed	Third parties
Grand Opening (15)	$10,000	As incurred	As agreed	Suppliers, third parties and/or vendors
Training Attendance (16)	$500 - $2,500	As incurred	As agreed	Third parties and/or vendors
Insurance	$850 - $1,500	As incurred	As agreed	Third parties and/or vendors

Type of expenditure	Amount	Method of payment	When due	To Whom Payment is to be made
POS System	$5,000 - $7,500	As incurred	As per supplier agreement signed	Suppliers
Additional Funds – First 3 months (17)	$15,000 - $25,000	As incurred	Varied times	Suppliers
Total Single Unit (18-22) **Total Multiple Unit**	**$263,300 - $396,200** **$258,300 - $393,700**			

NOTES:

(1) Initial Franchise Fee: You will receive a credit against the Initial Franchise Fee for the amount of the Deposit paid by you. We currently charge $22,500 for the second Franchise Agreement you sign and $20,000 for the third and subsequent Franchise Agreement for a traditional franchise, which is subject to change without notice. If you sign an Institutional License Agreement, your Initial Franchise Fee will be $12,000. You must sign a separate Franchise Agreement for each Ginger Sushi Boutique Restaurant you operate and pay the applicable Initial Franchise Fee when the Franchise Agreement is signed (See ITEM 5). Except as set forth in ITEM 5, neither the Initial Franchise Fee nor the Deposit is refundable. The Development Franchise Fee is fully earned and non-refundable once paid, even if you do not open any of the Ginger Sushi Boutique Restaurants required by your Multiple Unit Purchase Agreement. Under the Multiple Unit Purchase Agreement, each Multiple Unit Operator must pay the then-current Initial Franchise Fee, reduced by $5,000, for each Ginger Sushi Boutique Restaurant upon execution of each subsequent Franchise Agreement after the first. We do not offer refunds of any other fees or expenses. We do not finance any fees or expenses. You will be required to pay the Institutional License Fee, and not an Initial Franchise Fee, only if you sign an Institutional License Agreement with us.

(2) Electricity, Water, Gas, Telephone and Landlord's Deposits: A commercial lease normally requires payment of the first month's rent, a security deposit and a rent deposit equal to one month's rent. The estimated initial investment above includes the cost of a security deposit ($2,500 to $7,500) and three (3) months' rent ($15,000 to $45,000). A lease deposit may or may not be refundable and lease deposits vary widely from location to location. For example, downtown urban street front and food court locations as well as shopping centers may have higher first month's rent and a security deposit. The location of any commercial space must be approved in writing by us to ensure it meets our minimum criterion. You acknowledge and warrant that our approval of the location does not constitute a guarantee, recommendation, or endorsement of the Ginger Sushi Boutique Restaurant and that the success of the Ginger Sushi Boutique franchise to be operated at the Licensed Location depends on your abilities as an independent businessperson. You shall take all steps necessary to ascertain whether such location is acceptable to you. In addition to the lease deposit referred to above, you will be required to make monthly rental payments to your landlord or to us or one of our affiliates, as we

may direct you in writing. These fees will vary based upon the square footage and the location of your Ginger Sushi Boutique Restaurant. Rent for Ginger Sushi Boutique Restaurants varies widely because of different locations, size of the premises, and market conditions in different areas. The landlord may impose other additional fees and expenses, depending on the terms and conditions of the lease. Additional fees and expenses, if any, will be as set out in the lease or sublease, as the case may be. For example, some additional expenses may include a capital contribution, promotion or advertising fees, or costs due to redevelopment of the shopping center or relocation of the premises.

(3) Store Design Fees and Plans: This includes engineering drawings and architectural design layout drawings that may be purchased from an engineering firm, your landlord, or an architect. You must pay a fee for these services. You must also pay us an Architectural Review Fee ranging between $2,500 and $5,000. These payments are non-refundable.

(4) Permits: This amount will vary depending on the municipality in which the project is located.

(5) Landlord Capital Contribution / Construction Chargeback: Variable amount depending on Landlord's requirement and criteria.

(6) Store Construction, Leaseholds and Fixtures: This estimate is based on the cost to build out a food court Ginger Sushi Boutique Restaurant consisting of **200** to **500** square feet and a street front Ginger Sushi Boutique Restaurant (without any offices, apartments or other uses above the restaurant facility) consisting of 1,100 to 1,200 square feet. These costs also assume that the landlord provides you with a standard "Vanilla Shell" prior to the date you begin your leasehold improvements. The costs to complete your leasehold improvements will vary widely and may be significantly higher than projected in this table, depending on such factors as the city or town in which you propose to operate, property location, population density, economic climate, prevailing interest rates and other financing costs, the conditions of the property, current building code requirements, current permit requirements, implementation and enforcement of the Americans With Disabilities Act in particular jurisdictions, and the extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your Ginger Sushi Boutique Restaurant and the costs associated with modifying the specific property in which you choose to locate your Ginger Sushi Boutique Restaurant. In some limited cases, these costs have added more than $50,000 to the cost of opening a Ginger Sushi Boutique Restaurant. Your costs will also be higher if your landlord does not provide you with a Vanilla Shell finish or if you select a location greater than 1,200 square feet. To avoid excessive leasehold improvement costs, we strongly recommend that you select your contractor carefully by obtaining several bids prior to signing a construction contract. The estimates do not include exterior renovations to your Ginger Sushi Boutique Restaurant. You may purchase leasehold improvements from us or third-party contractors. These payments are non-refundable.

(7) Project Management Fee: You can elect to oversee the construction of your own Ginger Sushi Boutique Restaurant or you can choose to engage us or an affiliate or subsidiary of ours to undertake responsibility for providing project management services related to the construction of your Ginger Sushi Boutique Restaurant. If you retain us or an affiliate or subsidiary of ours to provide project management services related to the construction of your Ginger Sushi Boutique Restaurant, you will be required to pay us a Project Management Fee that will not exceed 5% of the total cost of all leasehold improvements, furniture, fixtures, equipment and graphics. In addition, we will charge you a minimum Construction Management Fee of $2,500 to $20,000 to oversee and guide you through this process. The Project Management Fee will not exceed $20,000 under any circumstances.

(8) Equipment Package: The amount will vary depending on the size of the project and whether or not extra or customised equipment is purchased. As an example, an equipment list may include printers, Interac terminals, POS cash system, heat lamp, soap dispenser, paper towel dispenser, box holder, lid holder, condiments box, utensil box, soda cooler, soda fountain, ice machine, blender, electric griddle, coffee machine, soup units, sneeze guard, work table, rice machine, hot water tank, mop sink, fryer, refrigerators, sinks, cupboard, cabinet, doors, grease trap, freezer, dishwasher, shelves, hooks, stereo, amplifiers, speakers, security camera;

(9) Furniture: Not required in a food court project. Includes tables and chairs, waste receptacles.

(10) Signs: This includes window graphics and design, interior and exterior signage that may be purchased from us or third-party suppliers. Approximately $5,000 to $15,000 paid to us. These payments are non-refundable. For a food court project, these costs are included in the store construction, leaseholds, and fixtures expenses.

(11) Menu Box: Variable amount depending on size of the project and on landlord's criteria.

(12) Uniforms: You will be required to purchase an opening inventory of uniforms for your employees. At your discretion, you may charge your employees for their uniforms.

(13) Small Wares: Small wares may include, but not be limited to, the following: bins, calculator, check spindle, chill pan, clear plastic shaker, clear food box, clipboards, clock, colander, gloves, cutting holder, digital timer, dust pan and broom, extra larger colander, file holder, first aid kit, food processor, forks, frying basket press, funnel, garbage bins, glove dispenser, heavy duty strainer, holder for markers, hooks, ice scoop holder, kitchen scissor, ladle, large ice scoop kit, large ladle, magnet bar, mandolin, permanent marker, measuring cup, measuring spoon, mesh skimmer, mixing bowl, mop, mop bucket, mop handle, noodle strainer, oven mitts, p-touch, pans, pens, pitcher, rice paper tray, plastic rice spoon, pocket flashlight, pocket thermometer, retractable knife, scale, scraper, slicer, soup bowls, spatulas, spice bins, sponges, spoons, squeeze bottles, stapler, step ladder, strainer, tape, sushi knife thermometer, tongs, turning slicer, utility cart, vegetable peeler, whip, white board and white board marker.

(14) Opening Promotion and Advertising: The promotional campaign will differ by region and may include printing and distribution of promotional coupons, newspaper advertisements, and charitable donations. You will use media we approve. The distribution of promotional food items is not included in this estimate, and you will incur additional costs in the preparation and distribution of sample food items at your grand opening event. These payments are non-refundable.

(15) Grand Opening: These fees are incurred for marketing purposes in connection with the grand opening of your franchise.

(16) Training Attendance: The estimated initial investment includes all travel and accommodation costs incurred by up to three (3) people attending the Initial Training Program at our head office or at another location designated by us. There is no fee charged to you for the training session itself. These payments are typically non-refundable.

(17) Additional Funds (First 3 Months): This is the amount of additional funding that we recommend you have in your bank account upon store opening to cover various expenses during your first three months of operation, but is subject to change depending upon your circumstances and financing requirements imposed by your bank. The range is based on anticipated working capital required for the first three months including such items as estimated wage payments, food and beverage costs, supplies, utilities, ordinary maintenance and other operating expenses. You should consult with your independent advisors to develop your own business plan with a cash flow chart in order to ensure that you have the amount necessary to cover any cash short fall in the initial months of operation since the range provided is simply an estimate.

(18) This includes a sufficient opening supply of food inventory, cleaning supplies and paper products. These payments are non-refundable.

(19) These fees will vary based upon the square footage and the location of your Ginger Sushi Boutique Restaurant. The landlord may impose other fees and expenses, depending on the terms and conditions of the lease. Additional fees and expenses, if any, will be as set out in the lease or sublease, as the case may be. As well, the city or county may impose higher permit and license fees. Deposits may be refundable, but permit and license fees are non-refundable.

(20) The estimated initial investment includes costs related to the purchase of specified computer hardware and software for a custom designated point-of-sale system. The estimated initial investment also includes costs related to the personal computer you must use in the operation of your Ginger Sushi Boutique Restaurant and a letter quality printer you must use to print reports generated by your personal computer. You are required to secure an email account and PC-compatible computer software and hardware and any letter quality printer that meet the standards and specifications required by us. The standards and specifications we are currently using are set forth in the Operations Manual. These payments are non-refundable.

(21) While we do not require you to do so, you may wish to install a security system and a safe at your Ginger Sushi Boutique Restaurant. Our point of sale system is capable of supporting a security system and we advise to contact our point of sale system supplier should you require any additional information in this regard. We do not require or recommend any type of security system. The cost estimated in this ITEM 7 does not include any monthly monitoring fees. These payments are non-refundable.

(22) We require that you have a minimum amount of $5,000 of working capital at all times during the term of the Franchise Agreement. The amount of working capital is an estimation of wage payments, food and beverage costs, supplies, utilities, ordinary maintenance and other operating expenses. In addition, you should consider the cost of labor in operating your franchise when determining the right amount of working capital. Labor costs comprise a significant component of the costs of operating a franchise outlet. The cost of labor is influenced by factors such as the amount of time invested in a franchise outlet by the franchisee, the level of sales at the Ginger Sushi Boutique Restaurant, the number of hours a franchised business is open and the average number of staff required and market rates for labor which can vary by location. As well, any incentive or bonus programs for employees of a franchisee would also form part of the labor costs for a franchised business. These costs are non-refundable. You should also be prepared to have cash available to pay your personal living expenses for at least the first six (6) months of the Ginger Sushi Boutique Restaurant's operation. The exact amount of working capital required will vary considerably with each Ginger Sushi Boutique Restaurant and economic conditions but must be sufficient to finance your operations until the Ginger Sushi Boutique Restaurant produces positive cash flow. In addition, given the current negative economic conditions in the United States, you may want to consider having access to additional capital to cover slower sales. We have not included your personal living expenses in this estimate nor have we included any sales tax, or other use tax, income tax, or any other tax.

The high/low amounts will vary and may exceed our estimates based on the size of your Ginger Sushi Boutique Restaurant. These estimates are based on a typical food court Ginger Sushi Boutique Restaurant consisting of 200 to 500 square feet and a street front Ginger Sushi Boutique Restaurant (without any offices, apartments or other uses above the restaurant facility) consisting of 1,100 to 2,000 square feet.

In addition, you should consider the cost of labor in operating your franchise. Labor costs comprise a significant component of the costs of operating a Ginger Sushi Boutique Restaurant. The cost of labor is influenced by factors such as the amount of time invested in a Ginger Sushi Boutique Restaurant by you, the level of sales at the Ginger Sushi Boutique Restaurant, the number of hours your Ginger Sushi Boutique Restaurant is open, the average number of staff required, and market rates for labor which can vary by location. Labor costs also typically include unemployment insurance, worker's compensation, vacation and other payments which you as an employer would be required to make for employees. As well, any incentive or bonus programs for employees of yours would also form part of the labor costs of a franchised business.

We relied on the experience of certain officers of Ginger Sushi Boutique in the quick service restaurant business to complete these estimates. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Neither Ginger Sushi Boutique, nor any of our affiliates, provides or assists with financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate your Ginger Sushi Boutique franchise, the cost of financing will depend on many factors, such as your credit worthiness, collateral, the financier's lending policies, the financial condition of the lender, and the regulatory environment. In addition, you are encouraged to visit with existing franchisees that may be willing to answer any questions you might have with respect to the foregoing matters.

The amounts expended may vary from one location to another. These amounts do not include the cost to you of any financing that may be required to establish your Ginger Sushi Boutique Restaurant. Your costs will also depend on factors such as how well you follow the Ginger Sushi Boutique System, your management skills, your experience, your business acumen, your active involvement at the Ginger Sushi Boutique Restaurant, general and local market conditions, the location of your Ginger Sushi Boutique Restaurant, the presence of any competition, prevailing wage rates, and the level of sales obtained by you during the initial period of operating your franchise.

YOUR ESTIMATED INITIAL INVESTMENT – INSTITUTIONAL LICENSE

Type of expenditure	Amount – Food Court Location	Amount – Street Location	Method of payment	When due	To Whom Payment is to be made
Institutional License Fee (1)	$12,000	$12,000	Lump sum	Upon execution of Institutional License Agreement	Us
Electricity, Water, Gas, Telephone and Landlord's Deposits (2)	$5,000 to $10,000	$7,000 to $10,000	As incurred	As incurred during training	Utilities and Landlord
Store Design Fees and Plans (3)	$7,500 to $15,000	$10,000 to $15,000	Lump sum	At signing of the Lease	Us and Architects
Permits (4)	$500 - $2,500	$1,000 to $3,000	Lump sum	As incurred	State or Municipality
Landlord Capital Contribution / Construction Chargeback (5)	$25,000 to $50,000	$0	Lump sum as per the Lease	Lump sum as per the Lease	Landlord
Store Construction, Leaseholds and Fixtures (6)	$160,000 to $245,000	$300,000 to $450,000	As incurred	Generally 30% payable upon signing with the general contractor, 30% 20 days after signing,	General contractor

Type of expenditure	Amount – Food Court Location	Amount – Street Location	Method of payment	When due	To Whom Payment is to be made
				25% 35 days after signing and 10% 50 days after the signing and the balance 20 days after the restaurant is open.	
Project Management Fee (7)	$2,500 to $20,000	$7,500 to $20,000	As incurred	As agreed	Us
Exhaust (8)	$15,000 - $50,000	$40,000 - $60,000	As incurred	Generally 30% payable upon signing with the general contractor, 30% 20 days after signing, 25% 35 days after signing and 10% 50 days after the signing and the balance 20 days after the restaurant is open.	General contractor and/or exhaust supplier
Equipment Package (9)	$75,000 - $85,000	$90,000 - $100,000	As incurred	After signing the Offer to Lease	Us, landlord or contractor
Furniture (10)	$0	$25,000 - $30,000	As incurred	Before store opening	Suppliers, third parties and/or vendors
Signs (11)	$8,000 - $15,000	$15,000 - $25,000	As incurred	Before store opening	Us and Suppliers
Menu Box (12)	$6,000 - $15,000	$12,500 - $17,500	As incurred	As agreed	General contractor and/or supplier
Opening Uniform Package (13)	$300 - $1,000	$700 - $1,200	As needed	As incurred	Us
Small Wares (14)	$5,000 - $10,000	$10,000 - $12,000	As incurred	As agreed	Suppliers
Opening Promotion and Advertising (15)	$1,000 - $3,000	$2,000 - $5,000	As incurred	As agreed	Third parties

Type of expenditure	Amount – Food Court Location	Amount – Street Location	Method of payment	When due	To Whom Payment is to be made
Grand Opening (16)	$10,000	$10,000	As incurred	As agreed	Suppliers, third parties and/or vendors
Training Attendance (17)	$500 - $2,500	$500 - $2,500	As incurred	As agreed	Third parties and/or vendors
Insurance	$850 - $1,500	$850 - $1,500	As incurred	As agreed	Third parties and/or vendors
POS System	$8,500 - $12,500	$12,500 to $20,000	As incurred	As per supplier agreement signed	Suppliers
Additional Funds – First 3 months (18)	$15,250 - $25,500	$15,000 - $25,000	As incurred	Varied times	Suppliers
Total Institutional License	**$357,900 - $810,500**	**586,550 - 819,700**			

NOTES:

(1) Institutional License Fee: You will be required to pay the Institutional License Fee, and not an Initial Franchise Fee, only if you sign an Institutional License Agreement with us.

(2) Electricity, Water, Gas, Telephone and Landlord's Deposits: A commercial lease normally requires payment of the first month's rent, a security deposit and a rent deposit equal to one month's rent. The estimated initial investment above includes the cost of a security deposit ($2,500 to $7,500) and three (3) months' rent ($15,000 to $45,000). A lease deposit may or may not be refundable and lease deposits vary widely from location to location. For example, downtown urban street front and food court locations as well as shopping centers may have higher first month's rent and a security deposit. The location of any commercial space must be approved in writing by us to ensure it meets our minimum criterion. You acknowledge and warrant that our approval of the location does not constitute a guarantee, recommendation, or endorsement of the Ginger Sushi Boutique Restaurant and that the success of the Ginger Sushi Boutique franchise to be operated at the Licensed Location depends on your abilities as an independent businessperson. You shall take all steps necessary to ascertain whether such location is acceptable to you. In addition to the lease deposit referred to above, you will be required to make monthly rental payments to your landlord or to us or one of our affiliates, as we may direct you in writing. These fees will vary based upon the square footage and the location of your Ginger Sushi Boutique Restaurant. Rent for Ginger Sushi Boutique Restaurants varies widely because of different locations, size of the premises, and market conditions in different areas. The landlord may impose other additional fees and expenses, depending on the terms and conditions of the lease. Additional fees and expenses, if any, will be as set out in the lease. For example, some additional expenses may include a capital contribution, promotion or advertising fees, or costs due to redevelopment of the shopping center or relocation of the premises.

(3) Store Design Fees and Plans: This includes engineering drawings and architectural design layout drawings that may be purchased from an engineering firm, your landlord, or an architect. You must pay a fee for these services. You must also pay us an Architectural Review Fee ranging between $2,500 and $5,000. These payments are non-refundable.

(4) Permits: This amount will vary depending on the municipality in which the project is located.

(5) Landlord Capital Contribution / Construction Chargeback: This amount will vary depending on the landlord's requirement and criteria.

(6) Store Construction, Leaseholds and Fixtures: This estimate is based on the cost to build out a food court Ginger Sushi Boutique Restaurant consisting of 200 to 500 square feet and a street front Ginger Sushi Boutique Restaurant (without any offices, apartments or other uses above the restaurant facility) consisting of 1,500 to 2,200 square feet. These costs also assume that the landlord provides you with a standard "Vanilla Shell" prior to the date you begin your leasehold improvements. The costs to complete your leasehold improvements will vary widely and may be significantly higher than projected in this table, depending on such factors as the city or town in which you propose to operate, property location, population density, economic climate, prevailing interest rates and other financing costs, the conditions of the property, current building code requirements, current permit requirements, implementation and enforcement of the Americans With Disabilities Act in particular jurisdictions, and the extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your Ginger Sushi Boutique Restaurant and the costs associated with modifying the specific property in which you choose to locate your Ginger Sushi Boutique Restaurant. In some limited cases, these costs have added more than $50,000 to the cost of opening a Ginger Sushi Boutique Restaurant. Your costs will also be higher if your landlord does not provide you with a Vanilla Shell finish or if you select a location greater than 1,200 square feet. To avoid excessive leasehold improvement costs, we strongly recommend that you select your contractor carefully by obtaining several bids prior to signing a construction contract. The estimates do not include exterior renovations to your Ginger Sushi Boutique Restaurant. You may purchase leasehold improvements from us or third-party contractors. These payments are non-refundable.

(7) Project Management Fee: You can elect to oversee the construction of your own Ginger Sushi Boutique Restaurant or you can choose to engage us or an affiliate or subsidiary of ours to undertake responsibility for providing project management services related to the construction of your Ginger Sushi Boutique Restaurant. If you retain us or an affiliate or subsidiary of ours to provide project management services related to the construction of your Ginger Sushi Boutique Restaurant, you will be required to pay us a Project Management Fee that will not exceed 5% of the total cost of all leasehold improvements, furniture, fixtures, equipment and graphics. In addition, we will charge you a minimum Project Management Fee of $2,500 to $4,000 oversee and guide you through this process. The Project Management Fee will not exceed $20,000 under any circumstances.

(8) Exhaust: Exhaust system requirement of 3000 - 5000 CFM together with approximate equivalent make up air and duct capabilities

(9) Equipment Package: The amount will vary depending on the size of the project and whether or not extra or customised equipment is purchased. As an example, an equipment list may include printers, an Interac terminal, POS cash system, lid/cup dispenser, napkin dispenser, heat lamp, plate dispenser, soap dispenser, paper towel dispenser, box holder, lid holder, condiments box, utensil box, soda cooler, soda fountain, ice machine, coffee machine, soup unit, sneeze guard, work table, wok range, exhaust hood, hot water tank, mop sink, fryer, gas stock pot, refrigerators, sinks, cupboard, cabinet, doors, grease trap, freezer, dishwasher, shelves, hooks, digital menu board, radios, amplifiers, and speakers.

(10) Furniture: Not required in food court locations. For street locations, furniture may include tables, chairs, benches, counters, waste receptacles, and shelves.

(11) Signs: This includes window graphics and design, interior and exterior signage that may be purchased from us or third-party suppliers. Approximately $8,000 to $12,000 paid to us. These payments are non-refundable.

(12) Menu Box: Variable amount depending on size of the project and on landlord's criteria. We require Digital Menu Board solution that implements multiple professional grade digital displays (number dependent on space available) to present the approved menu offering using a combination of static and dynamic content. Content including layout, animation and pricing to be managed by Ginger Sushi Boutique.

(13) Uniforms: You will be required to purchase an opening inventory of uniforms for your employees. At your discretion, you may charge your employees for their uniforms.

(14) Small Wares. Small wares may include the following: bins, calculator, check spindle, chill pan, clear plastic shaker, clear food box, clipboards, clock, colander, gloves, cutting board, digital timer, dredger with handle, dust pan and broom, extra large colander, file holder, first aid kit, food processor, forks, frying basket press, funnel, garbage bins, gas lighters, glove dispenser, heavy duty strainer, heavy duty can opener, holder for markers, hooks, ice scoop holder, kitchen scissor, ladle, large ice scoop kit, large ladle, magnet bar, mandolin, permanent marker, measuring cup, measuring spoon, mesh skimmer, mixing bowls, mop, mop bucket, mop handle, noodle strainer, oven mitts, p-touch, pans, pens, pitcher, rice paper tray, plastic rice spoon, pocket flashlight, pocket thermometer, retractable knife, ripple peeler, scale, scraper, slicer, soup bowls, spatulas, spice bins, sponges, spoon, squeegee, squeeze bottles, stapler, step ladder, stock pot, strainer, tape, thermometers, tongs, utility cart, vegetable peeler, whip, white board, white board marker, and woks.

(15) Opening Promotion and Advertising: The promotional campaign will differ by region and may include printing and distribution of promotional coupons, newspaper advertisements, and charitable donations. You will use media we approve. The distribution of promotional food items is not included in this estimate, and you will incur

additional costs in the preparation and distribution of sample food items at your grand opening event. These payments are non-refundable.

(16) Grand Opening: These fees are incurred for marketing purposes in connection with the grand opening of your franchise.

(17) Training Attendance: The estimated initial investment includes all travel and accommodation costs incurred by up to three (3) people attending the Initial Training Program at our head office or at another location designated by us. There is no fee charged to you for the training session itself. These payments are typically non-refundable.

(18) Additional Funds (First 3 Months): This is the amount of additional funding that we recommend you have in your bank account upon store opening to cover various expenses during your first three months of operation, but is subject to change depending upon your circumstances and financing requirements imposed by your bank. The range is based on anticipated working capital required for the first three months including such items as estimated wage payments, food and beverage costs, supplies, cleaning supplies, utilities, ordinary maintenance and other operating expenses. You should consult with your independent advisors to develop your own business plan with a cash flow chart in order to ensure that you have the amount necessary to cover any cash short fall in the initial months of operation since the range provided is simply an estimate.

(19) This includes a sufficient opening supply of food inventory, cleaning supplies and paper products. These payments are non-refundable.

(20) These fees will vary based upon the square footage and the location of your Ginger Sushi Boutique Restaurant. The landlord may impose other fees and expenses, depending on the terms and conditions of the lease. Additional fees and expenses, if any, will be as set out in the lease. As well, the city or county may impose higher permit and license fees. Deposits may be refundable, but permit and license fees are non-refundable.

(21) The estimated initial investment includes costs related to the purchase of specified computer hardware and software for a custom designated point-of-sale system. The estimated initial investment also includes costs related to the personal computer you must use in the operation of your Ginger Sushi Boutique Restaurant and a letter quality printer you must use to print reports generated by your personal computer. You are required to secure an email account and PC-compatible computer software and hardware and any letter quality printer that meet the standards and specifications required by us. The standards and specifications we are currently using are set forth in the Operations Manual. These payments are non-refundable.

(22) While we do not oblige you to do so, you may wish to install a security system and a safe at your Ginger Sushi Boutique Restaurant. Our point of sale system is capable of supporting a security system and we advise to contact our point of sale system supplier should you require any additional information in this regard. We do not require or

recommend any type of security system. The cost estimated in this ITEM 7 does not include any monthly monitoring fees. These payments are non-refundable.

(23) We require that you have a minimum amount of $10,000 of working capital at all times during the term of the Franchise Agreement. The amount of working capital is an estimation of wage payments, food and beverage costs, supplies, utilities, ordinary maintenance and other operating expenses. In addition, you should consider the cost of labor in operating your franchise when determining the right amount of working capital. Labor costs comprise a significant component of the costs of operating a franchise outlet. The cost of labor is influenced by factors such as the amount of time invested in a franchise outlet by the franchisee, the level of sales at the Ginger Sushi Boutique Restaurant, the number of hours a franchised business is open and the average number of staff required and market rates for labor which can vary by location. As well, any incentive or bonus programs for employees of a franchisee would also form part of the labor costs for a franchised business. These costs are non-refundable. You should also be prepared to have cash available to pay your personal living expenses for at least the first six (6) months of the Ginger Sushi Boutique Restaurant's operation. The exact amount of working capital required will vary considerably with each Ginger Sushi Boutique Restaurant and economic conditions but must be sufficient to finance your operations until the Ginger Sushi Boutique Restaurant produces positive cash flow. In addition, given the current negative economic conditions in the United States, you may want to consider having access to additional capital to cover slower sales. We have not included your personal living expenses in this estimate nor have we included any sales tax, or other use tax, income tax, or any other tax.

The high/low amounts in both tables will vary and may exceed our estimates based on the size of your Ginger Sushi Boutique Restaurant. These estimates are based on a typical food court Ginger Sushi Boutique Restaurant consisting of 200 to 500 square feet and a street front Ginger Sushi Boutique Restaurant (without any offices, apartments or other uses above the restaurant facility) consisting of 1,100 to 2,000 square feet.

In addition, you should consider the cost of labor in operating your franchise. Labor costs comprise a significant component of the costs of operating a Ginger Sushi Boutique Restaurant. The cost of labor is influenced by factors such as the amount of time invested in a Ginger Sushi Boutique Restaurant by you, the level of sales at the Ginger Sushi Boutique Restaurant, the number of hours your Ginger Sushi Boutique Restaurant is open and the average number of staff required and market rates for labor which can vary by location. Labor costs also typically include unemployment insurance, worker's compensation, vacation and other payments which you as an employer would be required to make for employees. As well, any incentive or bonus programs for employees of yours would also form part of the labor costs of a franchised business.

We relied on the experience of certain officers of the Ginger Sushi Boutique in the quick service restaurant business to complete these estimates. This is only an estimate of your initial investment and is based on our estimate of nationwide costs and market conditions prevailing as of the date of this Franchise Disclosure Document. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Neither Ginger

Sushi Boutique, nor any of our affiliates, provides or assists with financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate your Ginger Sushi Boutique franchise, the cost of financing will depend on many factors, such as your credit worthiness, collateral, the financier's lending policies, the financial condition of the lender, and the regulatory environment. In addition, you are encouraged to visit existing franchisees that may be willing to answer any questions you might have with respect to the foregoing matters.

The amounts expended may vary from one location to another. These amounts do not include the cost to you of any financing that may be required to establish your Ginger Sushi Boutique Restaurant. Your costs will also depend on factors such as how well you follow the Ginger Sushi Boutique System, your management skills, your experience, your business acumen, your active involvement at the Ginger Sushi Boutique Restaurant, general and local market conditions, the location of your Ginger Sushi Boutique Restaurant, the presence of any competition, prevailing wage rates, and the level of sales obtained by you during the initial period of operating your franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Product Purchases

In order to maintain our standards of consistent and high quality Ginger Sushi Boutique Products and uniformity in Ginger Sushi Boutique Restaurants, you must purchase all products and services required for the operation of your Store from suppliers that we have identified and approved as meeting all of our specifications and standards or from us directly. We will give to you and you must comply with our standards and specifications for the services and products offered at your Ginger Sushi Boutique Restaurant regarding food and beverages, menu, food type and quality, promotional items, uniforms, smallwares, computer software and hardware, payroll services, facility services (for example, mats, mops and towels), telephone equipment, services, furnishings, fixtures, and equipment used in connection with operating your Ginger Sushi Boutique Restaurant, leasehold improvements, food preparation and storage, supplies, recipes, materials, forms, and other Products sold or used through a Ginger Sushi Boutique Restaurant. We reserve the right to change the standards and specifications from time to time on written notice to you or as may be specified by the Operations Manual. We do not provide material benefits to franchisees based on their purchase of particular products or services. None of our officers owns an interest in any of our suppliers. We are approved suppliers of goods and services, including lease negotiation services, leasehold improvements, equipment, furniture, freight services, signage, engineering drawings and architectural layout drawings. Prior to the Acquisition, a former affiliate of ours provided these goods and services. Additionally, we only began offering Ginger Sushi Boutique unit franchises in September 2015. As such, we did not derive any revenue from providing these goods and services to franchisees during our most recent fiscal year ended November 30, 2015. We estimate that these items are less than 5% of your cost in establishing the Ginger Sushi Boutique business and less than 7% of the on-going operation of the business.

Rebates

We receive rebates from certain of the approved suppliers, ranging from 1% to 2% of the amount of purchases by franchisees from those suppliers. We retain these payments to partially compensate us for our ongoing efforts in establishing and maintaining quality sources of supply, in evaluating potential new suppliers, and in monitoring and evaluating approved suppliers and upstream manufacturers to insure that those suppliers and manufacturers meet our quality and performance standards. During our fiscal year ended November 30, 2015, we did not receive any rebates relating to Ginger Sushi Boutique unit franchisees because we only began selling Ginger Sushi Boutique unit franchises in September 2015. We do not presently participate in any purchasing or distribution cooperatives, but we reserve the right to do so in the future.

Standards and Specifications; Suppliers

We have developed and, in the future may modify, our standards and specifications based on our commitment to provide Ginger Sushi Boutique Products of a consistent quality and to protect and enhance the value of the System and the Marks. Standards and specifications for the items that we require you to use in developing and operating your Restaurant are available to you and suppliers from time to time through the Operations Manual.

We have approved the suppliers identified in the Operations Manual as approved suppliers based on our evaluation of, among other things, their price terms, their national distribution abilities, and their ability to meet our quality standards. If you wish to use suppliers that are not on our list of approved suppliers, you are required to notify us in writing before using your preferred supplier and, if we request, provide us with samples of the product and any relevant data. We will, upon receiving such request, determine whether the product meets our specifications and will notify you whether that is the case within 60 days of receiving samples of the product and other relevant data. If we determine that your preferred supplier does not meet our specifications, you must continue to use our approved supplier. When making our determination, some of our considerations will include whether or not your proposed supplier:

(a) meets our specifications, including our quality, quantity, warranty, variety, service, health and safety specifications, for the product and for the facilities used in the production and distribution of the product;

(b) has the capacity to supply your requirements;

(c) has a sound financial condition and business reputation;

(d) will supply product to a sufficient number of Ginger Sushi Boutique franchisees to enable us to economically monitor compliance by the supplier with our specifications; and

(e) has met such other criteria as may be established by us, acting reasonably, from time to time and as set out in the Operations Manual.

Other than making the System available to you as provided in the Franchise Agreement, we do not provide any specific benefits to you based on your use of approved sources of supply. However, your failure to use approved sources of supply or to comply with our standards and specifications would be a breach of the Franchise Agreement, and we would have the right to exercise our remedies for your breach of the Franchise Agreement, including our rights to terminate your Franchise Agreement. We may negotiate purchase arrangements with suppliers for your benefit, although we are not obligated to do so. You should not rely on the availability of any particular purchasing arrangements in deciding whether to purchase the franchise. You will not receive a material benefit from us based on your use of any particular designated or approved sources. (See Section 5.5 of the Franchise Agreement).

Computer Hardware and Software

You must purchase or lease, use, maintain and update computer, POS, and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliates and/or designated suppliers.

We may change the designated suppliers from time to time on written notice to you. You acknowledge that we may receive a rebate or commission in connection with the point of sale computer software and hardware purchased, leased, or obtained by you from designated suppliers and that the benefit of such rebate or commission may not necessarily be passed onto you and that we and/or our subsidiaries and/or affiliates are entitled to keep such rebates or commissions for our own use and benefit.

We do require that you connect your point-of-sale hardware, at your expense, with a computer facility designated by us so as to enable us to collect information concerning Gross Sales and you must sign all documents and do such further acts as may be required by us from time to time in order to effect the foregoing. Without limiting the generality of the foregoing, you must purchase such point-of-sale computer software and hardware and telephone equipment as may be required to implement the point-of-sale program and/or for any other purposes that we may designate from time to time in the Operations Manual or by notice in writing from suppliers designated by us and you must assume and pay all costs related to the program.

You further acknowledge and agree that you shall purchase (or lease), use, maintain and update computer and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliate and/or designate suppliers. You shall maintain your systems network and must promptly update and otherwise change your computer and point of sale hardware and software systems, as we may require from time-to-time at your expense. You shall pay all amounts charged by any supplier or licensor of the system and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

Insurance

You must obtain and maintain the following minimum insurance coverage at your cost from an insurer acceptable to us, and provide us with certified copies of each insurance policy:

(a) insurance on your inventory, fixtures, furniture, equipment and wares in an amount not less than the full replacement cost thereof with coverage against the perils of fire and standard extended coverage, including malicious mischief and burglary;

(b) comprehensive public liability and property damage insurance, including personal injury liability, contractual liability, public liability and employer's liability, with coverage of not less than $2,000,000 for any one occurrence and such greater amount as we may specify from time to time;

(c) business interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent restaurant owners, or attributable to prevention of access to the Store, with coverage for a period of interruption of 180 days and such longer period as we may specify from time to time;

(d) such insurance as we may require for the purpose of insuring our interest in any and all Royalties, lease payments and/or Marketing Fund Contributions due to us hereunder against any loss resulting from any interruption in your business attributable to damage or destruction to the Store or to prevention of access to the Store or your death or disability (if you are an individual) or of the Equity Manager or the Guarantor (as such terms are defined in the Franchise Agreement);

(e) tenant's liability insurance;

(f) any other insurance required by law, including Workers' Compensation Insurance, in such amounts as required by statute; and

(g) such other insurance coverage as we or the Landlord may reasonably require from time to time.

Such insurance coverage shall be taken out in your name and shall name us as an additional insured and be placed with insurers designated by us or acceptable to us. You must furnish us with certified copies of each of the insurance policies described above thirty (30) days before the opening of the Store for business. Each such policy shall provide that it cannot be canceled without thirty (30) days' prior written notice to us and that we shall receive at least thirty (30) days prior written notice of its expiration. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

If you fail to take out or keep in force any of the above minimum insurance or should any of that insurance not be approved by us or the landlord, and should you not commence to diligently rectify (and afterwards to proceed diligently to rectify) the situation within 48 hours after notice by us or the landlord, we may, without obligation, effect such insurance at your sole cost and all of our costs and the costs of the landlord will be immediately paid by you to us together with a fee of 15% of such costs representing our overhead.

We reserve the right to require you to subscribe to our group insurance plan for the purpose of providing all or part of the insurance coverage to be taken out by you. We may modify the group insurance plan from time to time as we may specify in the Operations Manual or by other written notice. If we offer the plan, you must participate in the plan. If the underwriters of the plan increase the premiums under the plan as a result of any act or occurrence at the Ginger Sushi Boutique Restaurant, or as a result of any act or omission on your part, then you must, for the duration of the Franchise Agreement, pay the amount of such increase in premiums. You must comply with all recommendations made by the underwriters of the plan.

You acknowledge that we may receive a rebate, commission or some other benefit in connection with the purchase of group insurance and that we are entitled to keep such rebate, commission or other benefit for our own use and benefit. (See Sections 6.1(f) and 6.2 of the Franchise Agreement).

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 franchise disclosure document.

Obligation	Section in Franchise Agreement (unless otherwise indicated)	Disclosure Document Item
a. Site selection and acquisition/lease	1.1, 4.1, 4.2	ITEM 11
b. Pre-opening purchases/leases	8.10 Construction Agreement: 1(c), 3, 13	ITEM 7 & ITEM 8
c. Site development and other pre-opening requirements	Construction Agreement: 1(b), 2	ITEM 7 & ITEM 11
d. Initial and ongoing training	4.4, 5.3	ITEM 11
e. Opening	4.5	ITEM 7, ITEM 8 & ITEM 11
f. Fees	2.2(f), 8.1 - 8.3, 8.8, 8.9, 9.5(b) and Sections 2 and 5 of Application	ITEM 5, ITEM 6 & ITEM 17
g. Compliance with standards and policies/Operations Manual	5.6, 5.9, 5.12, 5.15, 5.16, 5.17	ITEM 11
h. Trademarks and proprietary information	3	ITEM 13 & ITEM 14
i. Restrictions on products/services offered	5.4	ITEM 8 & ITEM 16
j. Warranty and customer service requirements	Not applicable	None
k. Territorial development and sales quotas	Not applicable	None
l. Ongoing product purchases	5.5	ITEM 8
m. Maintenance, appearance and remodeling requirements	2.2(d), 5.10, 5.11	ITEM 17
n. Insurance	6.1(f), 6.2	ITEM 6
o. Advertising	5.7, 8.9	ITEM 6 & ITEM 11
p. Indemnification	10.9, 11 Guarantee and Indemnity	ITEM 6, ITEM 13 & ITEM 14
q. Owner's participation/management/staffing	5.2, 5.3, 8.11	ITEM 15
r. Records and reports	8.4, 8.5, 8.7	ITEM 6

Obligation	Section in Franchise Agreement (unless otherwise indicated)	Disclosure Document Item
s. Inspection and audits	8.8	ITEM 6
t. Transfer	12	ITEM 17
u. Renewal	2.2	ITEM 17
v. Post-termination obligations	10.2 - 10.5, 10.8, 10.11, 10.12, 10.15 and Section 8 of Application	ITEM 17
w. Non-competition covenants	15.1, 15.2	ITEM 17
x. Dispute resolution	16.14	ITEM 17
y. Guaranty	11 and Schedule F	ITEM 15

Additional Provisions for Multiple Unit Operators

Obligation	Section in Multiple Unit Purchase Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section V of the Multiple Unit Purchase Agreement	ITEM 11
b. Pre-opening purchases/leases	Not applicable	ITEM 5, ITEM 7 and ITEM 8
c. Site development and other pre-opening requirements	Not applicable	ITEM 5, ITEM 7 and ITEM 11
d. Initial and ongoing training	Section III.C. of the Multiple Unit Purchase Agreement	ITEM 11
e. Opening	Section III.C. & IV	ITEM 11
f. Fees	Section III	ITEM 5 and ITEM 6
g. Compliance with standards and policies/Operating Manual	Not applicable	ITEM 11
h. Trademarks and proprietary information	Section X	ITEM 13 and ITEM 14
i. Restrictions on products/services offered	Not applicable	ITEM 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Section IV	ITEM 12
l. Ongoing product/service purchases	Not applicable	ITEM 8
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	Not applicable	ITEM 6, ITEM 7 and ITEM 8
o. Advertising	Not applicable	ITEM 6 and ITEM 11
p. Indemnification	Section XIV	ITEM 6, ITEM 13 & ITEM 14

Obligation	Section in Multiple Unit Purchase Agreement	Disclosure Document Item
q. Owner's participation/ management/ staffing	Section I.D.	ITEM 11 and ITEM 15
r. Records and reports	Section XIII	ITEM 17
s. Inspections and audits	Not applicable	ITEM 6 and ITEM 11
t. Transfer	Section VIII	ITEM 6 and ITEM 17
u. Renewal	Section II	ITEM 6 ITEM 17
v. Post-termination obligations	Sections VII and XI	ITEM 17
w. Non-competition covenants	Section XI	ITEM 17
x. Dispute resolution	Section XXI	ITEM 17

Additional Provisions for Institutional Licensors

Obligation	Section in Institutional License Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1.5, Exhibit A, Exhibit B	ITEM 11
b. Pre-opening purchases/leases	Not applicable	ITEM 5, ITEM 7 and ITEM 8
c. Site development and other pre-opening requirements	Not applicable	ITEM 5, ITEM 7 and ITEM 11
d. Initial and ongoing training	3.1, 5.2	ITEM 11
e. Opening	3.1	ITEM 11
f. Fees	5	ITEM 5, ITEM 6 & ITEM 7
g. Compliance with standards and policies/Operating Manual	1.5, 3	ITEM 11
h. Trademarks and proprietary information	1, 2, 3, 4, 12	ITEM 13 and ITEM 14
i. Restrictions on products/services offered	2	ITEM 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	ITEM 12
l. Ongoing product/service purchases	2, 7, Exhibit C	ITEM 8
m. Maintenance, appearance and remodeling requirements	3	Not applicable
n. Insurance	9	ITEM 6, ITEM 7 and ITEM 8
o. Advertising	4	ITEM 6 and ITEM 11
p. Indemnification	9	ITEM 6, ITEM 13 & ITEM 14

Obligation	Section in Institutional License Agreement	Disclosure Document Item
q. Owner's participation/management/ staffing	3.1	ITEM 11 and ITEM 15
r. Records and reports	5	ITEM 17
s. Inspections and audits	3.1	ITEM 6 and ITEM 11
t. Transfer	8	ITEM 6 and ITEM 17
u. Renewal	6	ITEM 6 and ITEM 17
v. Post-termination obligations	12	ITEM 17
w. Non-competition covenants	7	ITEM 17
x. Dispute resolution	11	ITEM 17

ITEM 10
FINANCING

Neither we nor our agents or affiliates offer, either directly or indirectly, any financing arrangements. We do not guarantee your note, lease or other obligations. We do not currently place financing with anyone and do not receive payment for the placing of financing. We do not have any past or present practice or intention to sell, assign or discount to any third party, in whole or in part, any financing arrangements.

You are eligible for expedited and streamlined U.S. Small Business Administration ("**SBA**") loan processing through the SBA's Franchise Registry Program (www.franchiseregistry.com).

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

Except as listed below, MTY Franchising USA, Inc. is not required to provide you with any assistance.

Pre-Opening Assistance

1. Site Selection and Designation of Franchise Territory or Multiple Unit Territory: We will assist you in selecting a site for your Ginger Sushi Boutique Restaurant that is approved by us and designate your Franchise Territory (See Section 1.1 and **Schedules A** and **B** of the Franchise Agreement). Factors we use in reviewing a potential site include neighborhood, proximity to schools and businesses, traffic patterns, condition and size of premises, lease terms, parking and ease of access to the site. If a site cannot be agreed upon by you and us, the Franchise Agreement could be terminated. If you are a Multiple Unit Operator, we will assist you with the selection and designation of your Multiple Unit Territory. (See Section I.A and **Attachment A** of the Multiple Unit Purchase Agreement).

2. Operations Manual. We will loan you a copy (paper, electronic or other format) of our confidential operations manual ("**Operations Manual**"), which contains mandatory and

suggested specifications, standards, operating procedures and rules, recipes, food preparation instructions, and required product purchases, as prescribed from time to time by us. The Operations Manual is confidential and remains our property. We reserve the right to require you to use an electronic version of the Operations Manual and require you to access the document using the Internet or an intranet created and supported by us. You will have the opportunity to view the Operations Manual at our headquarters before purchasing your Ginger Sushi Boutique Restaurant. The Operations Manual contains approximately 85 pages. We have included a copy of the Table of Contents for our Operations Manual as **Exhibit H** to this Franchise Disclosure Document. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us at our then applicable charge. Our current replacement cost is one thousand five hundred dollars ($1,500.00), but it may be increased or decreased by us at any time, within our sole and absolute discretion.

3. Store Specifications: We will provide you with specifications for the Ginger Sushi Boutique Restaurant, including space requirements, build-out requirements, design and decoration requirements, plus specifications concerning signs, decor and equipment. (See Project Management Agreement, **Exhibit K** to the Franchise Agreement). Alternatively, should you wish to prepare the construction plans and specifications yourself, you must submit such construction plans and specifications to us for our approval before construction of the Store commences, and you must submit all revised plans and specifications to us for our approval during the course of construction. (See Section 4.1 of the Franchise Agreement).

Upon completion of construction, you may be required to provide us with a set of "as built" plans and specifications. You may also be required by us to renovate, remodel and refurbish your Store as a condition precedent for renewal of the Franchise Agreement to comply with our then current standards as close to the date of renewal as possible.

4. Purchase of Equipment and Furniture: We will assist you in obtaining the furniture and equipment required for your Ginger Sushi Boutique Restaurant, and you must obtain such furniture and equipment from us or a designated supplier (See Section 5.5 of the Franchise Agreement).

Whether or not you build out the Licensed Location yourself, you will be required to pay us or our affiliate or subsidiary, before any work is commenced at the Licensed Location, for the supply and installation of the furniture and equipment to be purchased or leased by you. We will coordinate the installation of any leased equipment, but, unless otherwise provided, the lessor of the leased equipment will be responsible for its installation at the Licensed Location.

5. Training:

Before your store is schedule to open, we will train up to three (3) individuals, including the Designated Manager (as defined in ITEM 15 of this Franchise Disclosure Document), over the course of three (3) weeks, Monday to Friday between 9am to 6pm. The three individuals must complete two (2) exams, a practical and theoretical, with a passing grade of 80% or higher. Should one of the individual not obtain a passing grade for one of the exams; an additional week of training will be given until both exams can be successfully completed. A $500 fee per additional week, per individual will be charged. (See Section 4.4 of the Franchise Agreement, Section 3.1 of the Institutional License Agreement).

If we indicate to you that you are so entitled to open your Ginger Sushi Boutique Restaurant, then we will also provide you with up to five full and consecutive days of On-Site Training and support at your Ginger Sushi Boutique Restaurant in the first week of your franchise operations.

Schedule for Opening

You will have a maximum of 24 months from the date you sign the Franchise Agreement ("**Site Location Period**") to locate a site approved by us and sign a lease or sublease for your Ginger Sushi Boutique Restaurant. If you do not find a site and sign a lease or a sublease by the end of that time period, we have the right to terminate your Franchise Agreement and retain the full amount of the Initial Franchise Fee or, in our sole discretion, to provide you with an extension to locate a site and sign a lease or sublease for your Ginger Sushi Boutique Restaurant. You understand and agree that in certain circumstances it may take longer than 24 months to locate an appropriate site acceptable to us and to sign a lease or sublease for your Ginger Sushi Boutique franchise.

Furthermore, if you fail to (a) locate a suitable location acceptable to us or fail to enter into a lease for the Ginger Sushi Boutique Restaurant in the manner required by the Franchise Agreement; (b) enter into the Construction Agreement, if required by us, with us or one of our affiliates or subsidiaries, within thirty (30) business days following delivery of that agreement to you or fail to fulfill the terms of the Construction Agreement; (c) commence operations of your Ginger Sushi Boutique Restaurant in accordance with the terms of the Franchise Agreement; or (d) successfully complete the initial training as required by the Franchise Agreement, then we may retain the full amount of the Initial Franchise Fee.

In some markets, it may very well take in excess of the Site Location Period to locate a site and to sign a lease or sublease for your Ginger Sushi Boutique franchise.

We estimate there will be an interval of approximately 60 days to two years between the execution of the Franchise Agreement and the opening of a Ginger Sushi Boutique Restaurant. The interval may be affected by the weather, finding of a location, negotiation of a lease, the location and condition of the proposed store, delays in obtaining construction and food-related permits, the construction schedule for the Ginger Sushi Boutique Restaurant, and the construction schedule of the landlord to build or renovate the base building. We will notify you of our approval or disapproval of a proposed site within 30 days of receipt of your proposal. If we do not approve the proposed site, you will need to locate an alternative location. Franchisor shall be entitled to terminate this Agreement by written notice to Franchisee if the Franchisee is unable to find a suitable location within 24 months following execution of the Franchise Agreement, and in such event, we may retain any and all monies paid to us, including the Initial Franchise Fee paid as liquidated damages and not as a penalty. (See Section 4.1 and 8.1 of the Franchise Agreement).

You may not open the Ginger Sushi Boutique Restaurant for business until: (1) we notify you in writing that all of your development obligations have been fulfilled; (2) pre-opening training of your personnel has been completed to our satisfaction; (3) all amounts then due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required under the Franchise Agreement, or other evidence of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; and (6) you have provided us with a voided check for the payment of Royalties and Marketing Fund Contributions. Within eight days after we notify you in writing that your pre-opening obligations have been met, we will visit the location and give final approval to open the Ginger Sushi Boutique Restaurant. You must comply with these conditions and be prepared to open the Ginger Sushi Boutique Restaurant for business and begin conducting business within five days after we advise you that the Blossom Sushi Restaurant is ready to open. (See Sections 4.3, 4.4, 4.5, 6.1(f)) and **Schedule E** of the Franchise Agreement).

On-Going Assistance

1. Continuing Research. We will research new products, new items, services and methods of doing business and provide you with information concerning developments of this research (See Section 7.1 of the Franchise Agreement).

2. On-Going Consultation. We will be available to you on a reasonable basis via telephone or electronic mail during regular business hours to discuss your operational questions and experiences. (See Section 7.1 of the Franchise Agreement).

3. Operational Guidance. In our discretion and at your reasonable request, we will furnish guidance to you with respect to: (1) recipes, methods, specifications, standards and operating procedures used in Ginger Sushi Boutique Restaurants along with any modifications; (2) purchasing approved equipment, fixtures, furnishings, signs, products, materials and supplies; (3) development and implementation of local advertising and promotional programs, (4) general operating and management procedures of Ginger Sushi Boutique Restaurants; and (5) establishing employee training programs at your Blossom Sushi Restaurant. Any guidance will, in our discretion, be furnished in the form of Ginger Sushi Boutique manuals, bulletins, video or audio cassette tapes, computer diskettes, written materials, reports and recommendations, other materials and intangibles, refresher training programs and/or telephonic consultations or consultations at our offices or at your Ginger Sushi Boutique Restaurant. (See Section 7.1 of the Franchise Agreement).

4. Annual Meetings. We may hold annual conferences to discuss sales techniques new product developments, preparation of new menu items, new service suggestions, bookkeeping, inventory control, performance standards, advertising programs and merchandising procedures. There is no conference fee, but you must pay all of your travel and living expenses. We require you or your Designated Manager to attend these conferences. These conferences are held at a location chosen by us. In the event you fail to attend a conference or fail to send a representative to a conference, we may require you or your Designated Manager to attend a mandatory training seminar at your expense to learn about all of the topics covered at the conference.

5. Newsletter. We may send to you, on a quarterly basis, a copy of the then current newsletter if we elect to publish a newsletter.

6. Advertising. At our option, we will provide advertising materials to you in the form of an arts and graphics package, which will be included in your Operations Manual. We may use outside advertising and marketing agencies to create advertising material. You may develop your own advertising or promotional materials (including any use of the Internet, World-Wide Web, or other electronic media or media) for your own use, at your own cost. If you elect to develop your own website, with our approval, you must also engage your Internet service provider to host your website. We must approve the advertising materials in advance and in writing. If we do not advise you in writing that your advertising is approved, it will be deemed disapproved. You will not use any advertising or promotional materials or programs that we have disapproved or that does not include the copyright, trademark and other notices required by us (See Section 5.7 of the Franchise Agreement). We reserve the right to require that: (a) you include a brief statement regarding the availability of information regarding the purchase of Ginger Sushi Boutique Restaurants in all advertising used by you, (b) you make available to customers a brochure regarding purchase of Ginger Sushi Boutique Restaurants be placed in a prominent location in your Ginger Sushi Boutique Restaurants, and (c) you hang a sign produced by us indicating that you are an independent contractor, that you own your franchise, and that all debts and liabilities incurred by you are for your own account. (See Section 6.1(a) of the Franchise Agreement).

Marketing

You must actively participate in and cooperate with our national, regional and local advertising and sales promotion campaigns, and (without limiting the generality of the foregoing) you must:

1. obtain our prior approval to all promotions, special events, sales promotion materials and advertising used by you (including, without limitation, on-site, internet, direct mail, newspaper, radio and television advertising, and advertising by third parties at the Ginger Sushi Boutique Restaurant or at any other location if in connection with the Ginger Sushi Boutique Restaurant);

2. display in the Ginger Sushi Boutique Restaurant, and in the manner specified by us, advertising material that we may present to you from time to time;

3. conduct such promotions and special events, offer such promotional items and accept such coupons and gift certificates as we may from time to time require;

4. not make any television or radio appearance or make any statement to any media in connection with the Ginger Sushi Boutique System without first obtaining our written consent;

5. advertise and display such advertisements and solicitations at the Ginger Sushi Boutique Restaurant to attract potential franchisees to the Ginger Sushi Boutique System as we may require from time to time;

6. conduct a grand opening advertising and promotional program for the Ginger Sushi Boutique Restaurant at the time and in the manner specified by us and agree to spend a minimum of $7,500 for the grand opening program, plus the cost of any promotional food. You must also agree to provide us with a summary of your grand opening program expenditures within 75 days after the Ginger Sushi Boutique Restaurant opens. Your grand opening program must utilize the marketing and public relations programs and media and advertising materials that we have approved; and

7. If you purchase an existing Ginger Sushi Boutique Restaurant, you must spend a minimum of $5,000, plus the cost of promotional food, in additional advertising to promote the transition to your ownership.

All Marketing Fund Contributions, together with amounts contributed by you and other franchisees, will be maintained in a fund ("**Marketing Fund**") administered by us. We will use such funds for the purpose of advertising and promoting the licensed and company-owned operations associated with the Marks and producing such advertisement and promotion. However, we cannot and do not ensure that you will benefit directly or pro-rata or at all from the placement of advertising and promotion. We may consult with you from time to time concerning the advertising programs to be established by us and, for that purpose, may invite you to participate in a franchisee advisory board. The cost of establishing and maintaining such an advisory board may be charged to the Marketing Fund. We have the right to make all decisions concerning advertising and promotion in our sole discretion. This includes the right to use the Marketing Fund Contributions for broadcast or print advertising, the creation, development and production of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising; any marketing or related research and development; developing, enhancing and maintaining our Website; vehicle advertising, menu development, point-of-sale advertising, retaining public relations firms, and uniform designs; and advertising and marketing expenses, including payment for research and development on new Ginger Sushi Boutique Products and services, services provided by advertising agencies or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of the Internet, Internet access provider costs, personnel to support the marketing function, subscriptions to industry newsletters or magazines, and administrative costs. We may reimburse ourselves or our designated representatives (which may be one or more of our subsidiaries or affiliates) for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by us or our representatives in connection with the programs funded by and the administration and operation of the Marketing Fund. We and our representatives will not be liable for any act or omission that is consistent with your Franchise Agreement and done in good faith. We and our representative may spend in any fiscal year more or less than the aggregate Marketing Fund Contribution of all stores to the Marketing Fund in that year, and the Marketing Fund may borrow from us or others (including our affiliates) to cover deficits or invest surplus for future use. We may incorporate the Marketing Fund or operate it through a separate entity as we deem appropriate. We and our representatives have no obligation to ensure that the Marketing Fund benefits your Ginger Sushi Boutique Restaurant in proportion to your respective Marketing Fund Contributions or at all. You must acknowledge and agree that the Marketing Fund's primary purpose is to support sales by the entire Ginger Sushi Boutique System and to build brand identity. You also must agree to participate in any promotional campaigns and advertising and other programs that the Marketing Fund periodically establishes.

We have the right to increase the Marketing Fund Contributions to four percent of Gross Sales instead of the three percent provided for in the Franchise Agreement if the owners of at least 75% of the franchises in the United States agree to pay such increased percentage of sales to the Marketing Fund. Once such 75% agreement is reached, no further or continuing agreement shall be required in order to maintain the Marketing Fund Contributions at four percent of Gross Sales. You will be provided with an unaudited annual statement of funds received by the Marketing Fund, and expenditures made from the Marketing Fund if you request such a statement in writing. The cost of preparing the statement shall be paid by the Marketing Fund. The reporting period used for the purpose of this accounting will coincide with our fiscal year. None of the Marketing Fund Contributions will be used to solicit the sale of new franchises.

Although we intend the Marketing Fund to be of perpetual duration, we have the right to terminate the Marketing Fund. We will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been expended for advertising and promotional purposes.

We and our representatives have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We and our representatives also may forgive, waive, settle, and compromise any claims by or against the Marketing Fund. We and our representatives, reserve the right, in our sole discretion, to at any time defer or reduce Marketing Fund Contributions and operations for periods of any length.

Since we only began offering Ginger Sushi Boutique unit franchises in September 2015, during our most recent fiscal year ended November 30, 2015, we did not collect any Marketing Fund Contributions from any Ginger Sushi Boutique unit franchisees.

We may, in our sole discretion, establish one or more associations and/or sub-associations of Ginger Sushi Boutique franchisees covering territories that include your Ginger Sushi Boutique Franchise Territory, to be known collectively as the Ginger Sushi Boutique Franchise Owner Association ("**Association**"). You must join and actively participate in the Association and must contribute to the Association such amounts as are determined from time-to-time by the Association. The Association may adopt, with our consent, its own rules, regulations and procedures, which you must follow. Your failure to timely contribute the amounts required by, or comply with the rules, regulations and procedures of, the Association constitutes a material breach of the provisions of the Franchise Agreement. We may offset against amounts we owe to you the amount of your unpaid the Association contributions.

In addition to the Marketing Fund Contributions to be made by you, you also must agree to spend an amount equal to two percent of your Gross Sales for purposes of conducting local advertising marketing campaigns ("**Local Marketing Expenses**"). You must spend this amount on a quarterly basis. We may require that you prepare and submit five days after the end of every quarter a report setting out the Local Marketing Expenses actually disbursed by you for that quarter during each month of the Term and any renewal term. (See Section 5.8(a) of the Franchise Agreement).

In regional and metropolitan areas where there are two or more Ginger Sushi Boutique franchisees, you may be required to participate in an advertising and public relations cooperative ("**Local Advertising Cooperative**") and, if approved by a majority of such Ginger Sushi Boutique franchisees, pay your proportionate share of the cost of joint regional and local public relations and advertising programs. Any contributions made by you towards your Local Advertising Cooperative shall be credited towards the Local Marketing Expenses that you are required to make. In determining the level of expenditure and the type of advertising and public relations programs to be used, each Ginger Sushi Boutique franchisee within the area participating in the Local Advertising Cooperative shall have one vote for each Ginger Sushi Boutique in operation and scheduled to be in operation during the promotional period ("**Total Operational Stores**"). Your share of the expenses for public relations and electronic media advertising shall be the ratio of the number of the Ginger Sushi Boutique Restaurants you have open and operating in the metropolitan area covered by the Local Advertising Cooperative to the Total Operational Stores in the relevant regional and metropolitan area. Your share of expenses for print media advertising shall be the ratio of the circulation of the publication in your Territory to the circulation of that publication in all the franchisees' territories in that relevant regional and metropolitan area. The rules of the Local Advertising Cooperative shall be in writing and established by its members, but must be submitted to us for prior approval. Each Local Advertising Cooperative must provide quarterly financial reports to us as required by us in the Operations Manual. We reserve the right, in our sole discretion, to form, change, merge or dissolve any Local Advertising Cooperative.

Computer System

We designate point of sale equipment and systems ("**POS System**"), including point of sale equipment and systems, used in connection with operating your Ginger Sushi Boutique Restaurant, which you must obtain from suppliers designated by us or from us directly. You must purchase such computer software and hardware from our designated suppliers or from us directly. We may designate additional computer software and hardware from time to time. We may change the designated suppliers from time to time on written notice to you. You acknowledge that we may receive a rebate or commission in connection with the computer software and hardware purchased, leased, or obtained by you from designated suppliers and that the benefit of such rebate or commission may not necessarily be passed onto you and that we and/or our subsidiaries and/or affiliates are entitled to keep such rebates or commissions for our own use and benefit. (See Section 5.5 of the Franchise Agreement)

We may require that you connect your POS System, at your expense, with a computer facility designated by us so as to generate or store the following information concerning Gross Sales, Period Totals, Royalties, Demographic Reports, Transaction Specifics, Discounts and Periodic Tax Summaries as an example of some of the information the POS vendor will collect and make available to us via a website. The system will include computer(s), modem(s), cash drawer(s), receipt printer(s) and report printer as well as POS software. You must sign all documents and do such further acts as may be required by us from time to time in order to effect the foregoing. Without limiting the generality of the foregoing, you must purchase such POS

System and high speed telephone equipment as may be required to implement the cash register program and/or for any other purposes that we may designate from time to time in the Operations Manual or by notice in writing from suppliers designated by us and you must assume and pay all costs related to the program. (See Section 8.10 of the Franchise Agreement).

You must purchase or lease, use, maintain and update computer and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available through us, our affiliates and/or designated suppliers. You must maintain your systems network and you must promptly update and otherwise change your computer and point of sale hardware and software system as we require from time-to-time, at your expense. You will pay all amounts charged by any supplier or licensor of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

We estimate the cost of purchasing the computer system and POS system will range from $6,500 to $8,000. In addition, you will need to pay up to $90 a month for a service and maintenance contract plus the cost of your Internet connection. This monthly fee covers the cost of ongoing maintenance and POS software upgrades. Other than as set forth in the agreements between you and our POS System vendors, which you will sign prior to the date you open your Ginger Sushi Boutique Restaurant, we have no contractual obligation to provide you with support services, upgrades or updates.

We have the right to independently access your electronic information and data, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use your electronic information and data.

Training Program

Training Program is scheduled over the course of four (4) weeks, Monday to Friday between 9 am to 6 pm in **Montreal, Quebec, Canada**. Please note that we will try to accommodate your schedule for the Training Program. You will be required to successfully complete the Training Program before you could proceed to the opening of a Ginger Sushi Boutique Franchise. Judith Théoret, a supervisor for Ginger Sushi Boutique, will conduct the Training Program.

Training Schedule 2016

Management		**Number of Hours**
Week 1		
Day 1		
1	Signature of the confidentiality agreement	2 min
2	Explanation of all the cleaning products	30 min
3	Explanation and demonstration of the soaking pail and blue cloths	5 min
4	Explanation and demonstration of how to take the temperatures	15 min

Management		Number of Hours
5	Explanation of the Danger zone	15 min
6	Explanation and demonstration of how to clean the cutting board	10 min
7	Explanation and demonstration of how to prepare all the food items except how to cut the fish	3 h
8	Explanation and demonstration of how to put the date for every food product	5 min
9	Preparation of all the salads	1 h
10	Preparation of all the Tartare and all the tartare maki	1 h
11	Preparation of all the soups and explanation (description) of all the different broths	1 h
12	Explanation and practice of how to clean the preparation table at the end of the day	30 min
13	Revision and note taking of all the points seen during the day	30 min
14	Taking of the temperatures	2 min
15	Explanation and practice of how to do the fish thawing (tuna-salmon-tilapia and smoked salmon).	5 min
Day 2		
1	Preparation of the white rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	2 min
4	Preparation of the broths for the different soups	20 min
5	Preparation of the rice once it is cooked	15 min
6	Explanation and practice how to take the pH	15 min
7	Explanation and practice how to cut all the different fish	1 h
8	Preparation of all the different spring maki and explanation of the sauce that is served with it	1 h 30 min
9	Preparation of all the Hako and explanation of the sauce that is served with it	1 h 30 min
10	Preparation of all the Temari and explanation of the 4 different kind of sauces	2 h
11	Preparation of all the sushi dessert and the choco-banana bomb and explanation of the sauce that is served with it	1 h
12	Complete cleaning of the work table and closing of the work area	30 min
13	Sweeping and floor cleaning	10 min
14	Revision and note taking of all the points seen during the day	30 min
15	Taking of the temperatures.	2 min

Management		Number of Hours
Day 3		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Preparation of the brown rice	15 min
6	Preparation of the white rice once it is cooked and taking pH levels	15 min
7	Preparation of all the nigari and sashimi. Practice of the presentation of the sashimi	1 h
8	Preparation of all the hosomaki	1 h
9	Preparation of all the maki	2 h
10	Preparation of few Sumomaki	2 h
11	Complete cleaning of the work table and closing of the work area	30 min
12	Sweeping and floor cleaning	10 min
13	Revision and note taking of all the points seen during the day	30 min
14	Taking of the temperatures	2 min
15	Defrost the items if necessary	5 min
Day 4		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Preparation of the brown rice	15 min
6	Preparation of the white rice once it is cooked and taking pH levels	15 min
7	Preparation of all the Sumomaki (the following)	2-3 h
8	Preparation of all the Blossom	2 h
9	Complete cleaning of the work table and closing of the work area	30 min
10	Sweeping and floor cleaning	10 min
11	Revision and note taking of all the points seen during the day	30 min
12	Taking of the temperatures.	2 min
Day 5		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Preparation of the brown rice	15 min

Management		Number of Hours
6	Preparation of the white rice once it is cooked and taking pH levels	15 min
7	Preparation of the pizza crust	45 min
8	Preparation of all the different sushi pizza	1 h 30 min
9	Preparation of all the crispy Sumomaki	30 min
10	Practice of the roll made with rice paper sheet, soya sheet, hand roll and kendo	1 h
11	Revision and note taking of all the points seen during the week and practice of order "A la carte"	2 h
12	Complete cleaning of the work table and closing of the work area	30 min
13	Sweeping and floor cleaning	15 min
14	Taking of the temperatures	2 min
Week 2		
Day 6		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Cleaning and assembling of the fryer	30 min
6	Assembling of the rice machine	15 min
7	Preparation of the white rice once it is cooked and taking pH levels	15 min
8	Preparation of every food product	1 h 30 min
9	Preparation of the combos	4 h
10	Complete cleaning of the work table and closing of the work area	30 min
11	Taking of the temperatures	2 min
Day 7		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Cleaning and assembling of the fryer	30 min
6	Assembling of the rice machine	15 min
7	Preparation of the white rice once it is cooked and taking pH levels	15 min
8	Preparation of the brown rice	15 min
9	Preparation of the combos (the following)	3 h
10	Practice of orders «á la carte»	1 h 30 min
11	Complete cleaning of the work table and closing of the work area	30 min

Management		Number of Hours
12	Taking of the temperatures	2 min
Day 8 (Reserve the class room with Sarah)		
1	Training of the cash system at MTY office	1 h
2	Training of the fidelity card (Data Candy)	45 min
3	Training of the gift card	15 min
4	Training for the «Chef's choice», for the different complement your combo and for the suggestive sales. The importance to give a sushi Shop menu to every customer	1 h
5	Training for the customer service. Meeting with the marketing team. Explanation of how to deal with a complaint. Intranet, Facebook, Instagram, local and national marketing. How to make an order for the uniform at Valentine.	2 h
6	Explanation of the legend in the sushi Shop menu	30 min
7	Explanation of how to manage orders from customer with allergies	1 h
8	Explanation of how to re-verify the customer order when they come to take their order.	30 min
9	Explanation of how to take orders by phone. The importance to have an answering machine with a voice mail	30 min
10	Explanation of all the sushi Shop catering platters	15 min
Day 9		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Assembling of the rice machine	15 min
6	Preparation of the white rice once it is cooked and taking pH levels	15 min
7	Practice of the cash system and practice of the customer service	2 h
8	Practice of the combo in the front with the team	2 h
9	Preparation of the orders «á la carte» ordered by the customer	1 h
10	Preparation of the orders «á la carte» (test)	1 h 30 min
11	Practice the presentation of the sushi on a plate	30 min
12	Cleaning of the work area	30 min
13	Taking of the temperatures	2 min
Day 10		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min

Management		Number of Hours
4	Preparation of the broths for the different soups	20 min
5	Cleaning and assembling of the fryer	30 min
6	Preparation of the white rice once it is cooked and taking pH levels	15 min
7	Preparation of the combos	2 h
8	Practice of the cash system and practice of the customer service and/or preparation of the orders «á la carte» ordered by the customer	2 h
9	Practice of the orders «á la carte» (test) and practice the presentation of the sushi on a plate	1 h 30 min
10	Cleaning of the work area	30 min
11	Revision and note taking of all the points seen during the week	30-45 min
Day 11		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Assembling of the rice machine	15 min
6	Preparation of the white rice once it is cooked and taking pH levels	15 min
7	Explanation of all the production chart (ingredients and combos) and practice how to work with it	30 min
8	Preparation of the combos	2 h
9	Practice of the cash system and practice of the customer service and/or preparation of the orders «á la carte» ordered by the customer. If needed prepare the combo for the fridge	2 h
10	Practice of the orders «á la carte» 9test) and practice the presentation of the sushi on a plate	1 h 30 min
11	Cleaning of the work area	30 min
12	Taking of the temperatures	2 min
Day 12		
	The training starts at noon to practice how to do the closing of the store	
1	Practice of the cash system and practice of the customer service	2 h
2	Practice of the combo	1 h
3	Preparation of the orders «á la carte» ordered by the customer	2 h
4	Practice of the orders «á la carte» (test) and practice the presentation of the sushi on a plate	
5	During the supper, practice of the customer service, preparation of the orders ordered by the customer and preparation of the combos if needed	1 h
6	When the restaurant closed, practice the cleaning and the closing of all the preparation tables	45 min

Management		Number of Hours
7	Closing the fryer	1 min
8	Cleaning of the rice machine	15 min
9	Practice how to close the cash system (Printing of the financial report, how to close batch)	15 min
10	Practice of how to do the deposit at the end of the day	30 min
11	Cleaning of all the equipment and all the dishes	30 min
12	Sweeping and floor cleaning	15 min
13	Activate the alarm system	1 min
Day 13		
	Theoretical day at MTY office (with the supervisor)	
1	Explanation of all the different suppliers	30 min
2	Explanation of how to place an order at the supplier. If it is a new opening, do the first order with the franchise	30 min
3	Explanation of how to check an order when you receive it	15 min
4	Explanation of the different evaluation at Sushi Shop; Sushi Shop Supervisor, SM Copral, MAPAQ and André Provost	30 min
5	Explanation of how to do the inventory	15 min
6	Explanation of the food cost	30 min
7	Explanation of the labor cost	30 min
8	Explanation of the suggestive sale, local publicity and promotion to increase the sales. Provide marketing for the official opening of the restaurant (with the supervisor and the marketing team)	30 min
9	Review all points seen since day one	2 h
10	Review all the Japanese names	15 min
11	Review of the use of the work gloves	15 min
12	Review of all the hygiene and food safety standard	1h 30 min
13	Do the schedule with the franchise. Make arrangements to have at least 6 well-trained employees for the opening or the transfer of the store	30 min
Day 14		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Assembling of the rice machine	15 min
6	Cleaning and assembling of the fryer	30 min
7	preparation of the white rice once it is cooked and taking pH levels	15 min
8	Preparation of the combos	2 h

Management		Number of Hours
9	Practice of the cash system and practice of the customer service and/or preparation of the orders «á la carte» ordered by the customer. If needed prepare the combo for the fridge	2 h
10	Practice of the orders «á la carte» 9test) and practice the presentation of the sushi on a plate	1 h 30 min
11	Cleaning of the work area	30 min
12	Taking of the temperatures	2 min
Day 15		
1	Preparation of the rice	10 min
2	Taking of the temperatures	2 min
3	Preparation of the soaking pail and blue cloths	1 min
4	Preparation of the broths for the different soups	20 min
5	Assembling of the rice machine	15 min
6	Cleaning and assembling of the fryer	30 min
7	Preparation of the white rice once it is cooked and taking pH levels	15 min
8	Preparation of the combos	2 h
9	Practice of the cash system and practice of the customer service and/or preparation of the orders «á la carte» ordered by the customer. If needed prepare the combo for the fridge	2 h
10	Practice of the orders «á la carte» (test) and practice the presentation of the sushi on a plate	1 h 30 m
11	Cleaning of the work area	30 min
12	Taking of the temperatures	2 min
13	Revision and note taking of all the points seen during the week	30 min
Week 4		
Day 16		
The franchise is in charge of the management of the store. He must open the store as if it would take possession of his own store.		
1	Examine the outside of the store, the cleanliness and the visibility of the store. Open the store, disarm the alarm system and open the lights. When entering the store detect any unusual odors.	1 min
2	Preparation of the rice	10 min
3	Taking of the temperatures	2 min
4	Preparation of the soaking pail and blue cloths	1 min
5	Put the pieces of the fryer in the water mixed with «hot stuff», let it soak for few minutes and then clean it	15 min
6	Preparation of the broths for the different soups	20 min
7	Make sure that all the items are prepared, if not, prepare the item missing	15-30 min

	Management	Number of Hours
8	Make sure you have every item that you need in the thawing container	10 min
9	Assembling of the rice machine	15 min
10	Determine the quantity of combo to produce	5 min
11	cleaning and assembling of the fryer	30 min
12	Preparation of the white rice once it is cooked and taking pH levels	15 min
13	Start preparing sushi in order to do the combos	1 h 30 min
14	cut the sushi and prepare the combos	30-45 min
15	Lead the employees to make sure everything is ready for the opening of the store at 11 h (combos, spring maki, salads, sushi, dessert, complementary products, sushi pizza, crispy rolls, teriyaki bomb)	5 min
16	Cleaning of the working area before the opening of the store	15 min
17	Make sure that the dining room is clean and in order to welcome the customer	15 min
18	Count the cash before the opening of the store	15 min
19	Practice the customer service	2 h
20	Make sure you have a good variety of products in the customer fridge during the lunch service	30 min
21	Prepare all the products and fish for the next day	1 h
22	Make the order at Multi Plus or Pomme Rouge if necessary	30 min
23	Make defrosting for the next day	15 min
24	Make sure you have everything in your prep table for the dinner service	30 min
25	Make sure that the dining room is clean and in order to welcome the customer for the dinner service	15 min
Day 17		
The training starts at noon to practice how to do the closing of the store		
1	Make sure you have a good variety of products in the customer fridge during the lunch service	15 min
2	Prepare the combo for the lunch service	2 h
3	Prepare the customer orders	1 h
4	Receive the Multi Plus order	15-20 min
5	Prepare all the products and fish for the next day	1 h
6	Make defrosting for the next day	15 min
7	Make the order at Multi Plus or Pomme Rouge if necessary	30 min
8	Make sure you have everything in your prep table for the supper service	30 min
9	Practice the customer service for the dinner service	1 h
10	Prepare the customer orders for the dinner service	1 h
11	Prepare the combo if necessary	30-45 min

Management		Number of Hours
12	Complete cleaning of the work table and closing of the work area	45 min
13	Close the fryer	1 min
14	Cleaning of the rice machine	15 min
15	Practice how to close the cash system (printing of the financial report, how to close batch)	15 min
16	Practice of how to do the deposit at the end of the day	30 min
17	Cleaning of all the equipment and all the dishes	30 min
18	Sweeping and floor cleaning	15 min
19	Activate the alarm system	1 min
Day 18		
1	Examine the outside of the store, the cleanliness and the visibility of the store. Open the store, disarm the alarm system and open the lights. When entering the store detect any unusual odors.	1 min
2	Preparation of the rice	10 min
3	Taking of the temperatures	2 min
4	Preparation of the soaking pail and blue cloths	1 min
5	Put the pieces of the fryer in the water mixed with «hot stuff», let it soak for few minutes and then clean it	5 min
6	Preparation of the broths for the different soups	20 min
7	Make sure that all the items are prepared, if not, prepare the item missing	15-30 min
8	Make sure you have every item that you need in the thawing container	10 min
9	Assembling of the rice machine	15 min
10	Determine the amount of combo to produce	5 min
11	Cleaning and assembling of the fryer	30 min
12	Preparation of the white rice once it is cooked and taking pH levels	15 min
13	Start preparing sushi in order to do the combos	1 h 30 min
14	Cut the sushi and prepare the combos	30-45 min
15	Lead the employees to make sure everything is ready for the opening of the store at 11 h (combos, spring maki, salads, sushi, dessert, complementary products, sushi pizza, crispy rolls, teriyaki bomb)	5 min
16	Cleaning of the working area before the opening of the store	15 min
17	Make sure that the dining room is clean and in order to welcome the customer	15 min
18	Count the cash before the opening of the store	15 min
19	Practice the customer service	2 h
20	Make sure you have a good variety of products in the customer fridge during the lunch service	30 min
21	Prepare all the products and fish for the next day	1 h

Management		Number of Hours
22	Make the order at Multi Plus or Pomme Rouge if necessary	30 min
23	Make defrosting for the next day	15 min
24	Make sure you have everything in your prep table for the dinner service	30 min
25	Make sure that the dining room is clean and in order to welcome the customer for the dinner service	15 min
Day 19		
1	Examine the outside of the store, the cleanliness and the visibility of the store. Open the store, disarm the alarm system and open the lights. When entering the store detect any unusual odors.	1 min
2	Preparation of the rice	10 min
3	Taking of the temperatures	2 min
4	Preparation of the soaking pail and blue cloths	1 min
5	Put the pieces of the fryer in the water mixed with «hot stuff», let it soak for few minutes and then clean it	5 min
6	Preparation of the broths for the different soup	20 min
7	Make sure that all the items are prepared, if not, prepare the item missing	15-30 min
8	Make sure you have every item that you need in the thawing container	10 min
9	Assembling of the rice machine	15 min
10	Determine the amount of combo to produce	5 min
11	Cleaning and assembling of the fryer	30 min
12	Preparation of the white rice once it is cooked and taking pH levels	15 min
13	Start preparing sushi in order to do the combos	1 h 30 min
14	Cut the sushi and prepare the combos	30-45 min
15	Lead the employees to make sure everything is ready for the opening of the store at 11 h 9combos, spring maki, salads, sushi, dessert, complementary products, sushi pizza, crispy rolls, teriyaki bomb)	5 min
16	Cleaning of the working area before the opening of the store	15 min
17	Make sure that the dining room is clean and in order to welcome the customer	15 min
18	County the cash before the opening of the store	15 min
19	Practice the customer service	2 h
20	Make sure you have a good variety of products in the customer fridge during the lunch service	30 min
21	Prepare all the products and fish for the next day	1 h
22	Make the order at Multi Plus or Pomme Rouge if necessary	30 min
23	Make defrosting for the next day	15 min
24	Make sure you have everything in your prep table for the dinner service	30 min

Management		Number of Hours
25	Make sure that the dining room is clean and in order to welcome the customer for the dinner service	15 min
Day 20		
1	Apply a theoretical exam with a minimum of 80%	3 h
2	Apply a practical exam with a minimum of 80%	2 h

The Sushi Shop training is scheduled over the course of four weeks, Monday to Friday between 8 a.m. and 4 p.m. except two days where we start a noon and finish at the closing of the store. The franchisee must complete two exams, a practical and theoretical, with a passing grade of 80% or higher to complete the training.

Should the franchisee not obtain a passing grade for either of the exams, an additional week of training will be given until both exams can be successfully

After the training we will be available by phone or electronic mail. (Reasonable business hours when possible).

You will need to begin operations of your franchise unit within 90 days of the completion of training or as soon as we have certified that your Ginger Sushi Boutique Restaurant is ready to open for business (<u>See</u> Section 4.5 of the Franchise Agreement).

If, whether as a result of observations, test results or otherwise during the Training Program or thereafter (including during operation of your Ginger Sushi Boutique Restaurant) we determine that you are not meeting Ginger Sushi Boutique System standards, after written notice and a 10-day opportunity to cure, we can require that: (1) a manager or other person designated by us be placed in Ginger Sushi Boutique Restaurant to supervise day-to-day operations for the purpose of assuring compliance with our standards. You will pay all costs in connection therewith, including salary, benefits, travel, meals, lodging, and incidental expenses; and/or (2) you (or a managing partner or shareholder consented to by us) and/or your equity manager, re-attend and successfully complete training, at your sole cost and expense.

Each Multiple Unit Operator will be expected to develop and operate its own training program, in accordance with our training standards, after the opening of its third Ginger Sushi Boutique Restaurant. After the third store is opened, we will provide the Initial Training Program to one designated manager for each additional Ginger Sushi Boutique Restaurant. No On-Site Training will be provided to Multiple Unit Operator after the opening of its third Ginger Sushi Boutique Restaurant. A Multiple Unit Operator may request that we provide a Training Program or On-Site Training for one or more of Multiple Unit Operator's employees, provided that Multiple Unit Operator agrees to reimburse us for all training costs at the then-current daily training rate published in the Operations Manual.

You (or a managing partner or shareholder consented to by us) and your Designated Manager (as defined in ITEM 15) must attend additional and/or refresher training programs (if we designate them as mandatory) conducted at location(s) specified by us, whether on a national or regional basis, and your other employees may be required to attend mandatory training programs presented by us at your Ginger Sushi Boutique Restaurant location. You and your managers and employees may attend any additional training programs offered by us from time to time, which we designate as optional. We may charge a fee for any optional training programs. You will be responsible for all travel, living, incidental and other expenses and compensation of you and your personnel attending any training program. (See Sections 4.4 and 5.3 of the Franchise Agreement).

ITEM 12
TERRITORY

Franchise Agreement

The franchise is granted for a specific location ("**Licensed Location**") within the territory ("**Franchise Territory**"). The Licensed Location is identified on **Schedule A** to the Franchise Agreement, and the Franchise Territory is identified on **Schedule B** to the Franchise Agreement. You must operate from the Licensed Location and you must receive our written permission before relocating your Ginger Sushi Boutique Restaurant. You may not conduct business from any site other than the Licensed Location without our written consent, including unapproved catering or delivery services, and you may not use other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce), to conduct sales outside of your Franchise Territory. Except as set forth below, we will not authorize any other franchisee to operate within your Franchise Territory, nor will we or our affiliates operate a Ginger Sushi Boutique Restaurant in your Franchise Territory.

The size of your Franchise Territory will depend on a variety of factors including the demographics. We offer a minimum territory size of 250 feet from the front door of your Licensed Location. Other than as set forth in the Franchise Agreement, there are no conditions for keeping the rights to your Franchise Territory, nor do we have the right to modify the size of your Franchise Territory, though we may terminate your Franchise Agreement on the grounds listed in ITEM 17 of this Franchise Disclosure Document. There are no minimum sales quotas. You maintain the same rights to your Franchise Territory even if the population increases or decreases within your Franchise Territory. However, you do not receive the right to acquire additional franchises within your Franchise Territory unless you sign a Multiple Unit Purchase Agreement, as discussed in more detail below.

Multiple Unit Purchase Agreement

You may purchase multiple unit development rights to open and operate more than one Ginger Sushi Boutique Restaurant. If you purchase multiple unit development rights for Ginger Sushi Boutique Restaurants, you will be granted a temporary development territory ("**Development Territory**") in which your Ginger Sushi Boutique Restaurant must be established during implementation of the development schedule ("**Development Schedule**"). The Development Territory will be non-exclusive and will depend upon a variety of factors including, market penetration, demographics, average income and other characteristics of the surrounding area, natural boundaries, extent of competition and the size of urban, suburban and rural areas. Similar factors will be used to determine the Development Schedule. When and if the Development Schedule has been timely satisfied, you will no longer have the right to open additional Ginger Sushi Boutique Restaurants in the Development Territory and each Ginger Sushi Boutique Restaurant will be limited to its individual Franchised Territory, as described above.

During the term of the Multiple Unit Purchase Agreement, we retain the right to establish our own, or to grant to others the right to establish, Ginger Sushi Boutique Restaurants within the Development Territory. In addition, we reserve the right to sell Ginger Sushi Boutique Products and services, under the Marks or any other marks, through any other retail location, at special events or through any other channels of distribution, and we reserve the same rights with respect to your Development Territory as we have with respect to Franchise Territories granted to single unit franchisees. You will not receive an exclusive territory. You may face competition from mother franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control.

While preservation of a Development Territory is not contingent upon sales volume, if a Multiple Unit Operator does not meet its Development Schedule, grounds for default exist. Loss of geographic scope or development rights in the Development Territory could then result as we may elect, in our sole discretion, to terminate the Multiple Unit Purchase Agreement, reduce the size of the Development Territory or the number of Ginger Sushi Boutique Restaurants you may open in the Development Territory.

Unless a renewal of the Multiple Unit Purchase Agreement and an extension of the Development Schedule is negotiated by the parties, the Multiple Unit Operator will no longer have a Development Territory upon the expiration or termination of the Multiple Unit Purchase Agreement. However, each Ginger Sushi Boutique Restaurant in good standing will retain its protected individual Franchise Territory as set forth in the Franchise Agreement.

Institutional License Agreement

The license under the Institutional License Agreement is granted for a specific location to be approved by us. The specific location may be a food facility (kiosk, serving station or other point of retail service) that is currently operated by you, or a location that will be operated by you. To obtain approval for your location, you must submit a site analysis report to us. We will review the report and notify you regarding whether your location has been approved or denied. We have the right to approve or deny your request on any basis which we deem reasonable, including the proximity of the proposed location to franchised or company-owned stores.

Rights Reserved By Ginger Sushi Boutique

Except as expressly limited in the Franchise Agreement or Multiple Unit Purchase Agreement, we (for ourselves, our affiliates and our designees) retain all rights with respect to Ginger Sushi Boutique Restaurants, the Marks, the Copyrighted Works and the sale of Ginger Sushi Boutique Products anywhere in the world, including the right to:

(a) establish, operate or license to any other person or entity the right to establish or operate, a Ginger Sushi Boutique Restaurant owned or licensed by the Franchisor at any location outside of the Franchise Territory;

(b) develop, market, own, operate or participate in any other business under the Marks or any other trademarks;

(c) develop, lease and license the use of, at any location inside or outside the Franchise Territory or Development Territory, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are the same as or similar to those offered under the System on any terms or conditions which we deem advisable;

(d) merge with, acquire or be acquired by any other business, including a business that competes with your Ginger Sushi Boutique Restaurant, or to acquire and convert to the System operated by us any retail stores, including retail stores operated by competitors located inside or outside the Franchise Territory or Development Territory, or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned;

(e) distribute, sell or license other persons to distribute or sell non-System products and Ginger Sushi Boutique Products, whether inside or outside the Franchise Territory or Development Territory, through all other channels without providing any compensation to you. "**Other Channels**" means locations other than traditional restaurants owned, franchised or licensed by us, and includes sale by or through other channels of trade including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail, Internet sales, malls, universities, schools, hospitals, military bases, casinos, convention centers, arenas, stadiums, health and fitness facilities, office buildings, theme parks, movie theatres, and amusement facilities; and

(f) implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

On May 25, 2016, MTYFG entered into an agreement with Kahala Brands, whereby Kahala Brands agreed to merge with a wholly-owned subsidiary of MTYFG. The transaction closed on July 26, 2016. As of the date of this Franchise Disclosure Document, Kahala Brands or one or more of its subsidiaries has franchised or currently operates eighteen (18) different restaurant concepts and is also the master franchisee for two (2) of those restaurant concepts in various countries.

Effective as of September 9, 2016, we entered into an agreement to purchase all outstanding membership interests of BFAH, including the rights to franchise the Baja Fresh® and La Salsa Mexican Grill® brands. The transaction closed on October 5, 2016.

None of Kahala Brands' restaurant concepts sells goods or services similar to those you will offer under the Ginger Sushi Boutique brand.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the nonexclusive right to use our trademarks, including the trademark "GINGER SUSHI BOUTIQUE®," and various designs and logo types associated with our products and services (the "**Marks**"). You may also use our other current or future Marks as we may designate to operate your Ginger Sushi Boutique Restaurant. You agree not to file any trademark, copyright or any other intellectual property application regarding the Marks, under which you could be recognized as the owner of the Marks or having any interest in the Marks, except as expressly permitted in the Franchise Agreement or by us in writing. Furthermore, the Franchise Agreement requires that you renounce to any and all of your common law interest in said Marks. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator of the Ginger Sushi Boutique Restaurant and you shall use only the appropriate and authorized Marks as indicated by us.

The Marks are owned by our parent, MTY Canada, which licenses the Marks to us for purposes of franchising the Ginger Sushi Boutique System in the United States. The license agreement between us and MTY Canada commenced on September 1, 2015 and extends for a term of 20 years.

MTY Canada has applied to register the following Mark with the United States Patent and Trademark Office ("**USPTO**") on the Principal Register.

Mark	Application Filing Date	Status	Serial No.
GINGER SUSHI BOUTIQUE	June 18, 2015	Pending	86667115

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

We carry on business under the trademark "GINGER SUSHI BOUTIQUE™". In addition, we use a number of unregistered trade-names, trade-marks and logos. You must follow our rules when you use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLS, domain names, e-mail addresses, locators, links, metatags or search techniques, except as we license to you. You must get our prior written approval of your company name before you file any registration documents. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion.

You cannot establish a website on the internet using any domain name containing the words "Ginger Sushi Boutique", or any variation thereof. Any website, including any social networking site, designed or used by you, which contains any of the Marks and/or logos must be approved by us in advance in writing. If you elect to develop your own website, you must engage our Internet service provider to host your website. You may be required to use our pre-approved website template. We shall at all times have the right to approve the design and content of your website or any social networking site used by you in advance and in writing. We retain the right to pre-approve your use of linking and framing between our web pages and all other websites. You must within two days, dismantle any frames and links between our websites and any other websites, if and as requested by us.

You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or ownership rights in any Mark. No currently effective agreement limits our right to use or license the use of our Marks.

You must notify us within three days of when you learn about an infringement of or challenge to your use of our Marks. We will take the action necessary, in our sole discretion, to protect the unauthorized use of our Marks, which may include payment of reasonable costs associated with the action. We are not obligated to protect your rights to use the Marks or protect you against any claims of infringement or unfair competition arising out of your use of Marks. We will have no obligation to defend or indemnify you if a claim against you relates to your use of the Marks in violation of the Franchise Agreement.

You must modify or discontinue the use of a Mark if we modify or discontinue its use. If this happens, we will not reimburse you for your reasonable out-of-pocket costs, if any, of changing your identifying signage at the Ginger Sushi Boutique Restaurant and we will not be liable for any other costs, expenses or damages you incur as a result of our decision to modify or discontinue use of the Marks. To receive reimbursement you must have notified us immediately when you learned about the infringement or challenge and have used the Marks only in accordance with the Franchise Agreement. You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business or the Ginger Sushi Boutique System.

We do not know of any infringing uses that could materially affect your use of our Marks. You should understand that there could be other businesses operating in or near the areas where you may do business or otherwise, using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before opening your Ginger Sushi Boutique Restaurant, we strongly urge you to research this possibility, using telephone directories, trade directories, Internet directories, or otherwise prior to your signing the Franchise Agreement, any other documents, or expending or paying any sums or making any commitments, in order to avoid the possibility of having to change your Ginger Sushi Boutique Restaurant name.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information contained in the Operations Manual is proprietary and is protected by copyright. The designs contained in the Marks, including the GINGER SUSHI BOUTIQUE™ logo, and the layout of our advertising materials are also protected by copyright.

Although we have not filed an application for copyright registration for the Operations Manual, the Marks, including the GINGER SUSHI BOUTIQUE™ logo, or the advertising materials, we claim copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyright Works**") in connection with your operation of a Ginger Sushi Boutique Restaurant.

You must notify us within three days after you learn about another's use of language or a visual image that you perceive to be identical or substantially similar to one of our Copyright Works or if someone challenges your use of our Copyright Works. We will take whatever action we deem appropriate, in our sole discretion, to protect our rights in and to the Copyright Works.

We will indemnify, hold harmless, and reimburse you for your liability and reasonable costs in connection with defending your use of our Copyright Works. To receive reimbursement you must have notified us within three days from the day on which you learned about the identical or substantially similar language or visual image and you must have used the Copyright Works only in accordance with the terms of the Franchise Agreement.

You must add, modify, or discontinue the use of a Copyright Work if we instruct you to do so. If this happens, we will reimburse you for your tangible cost of changing your identifying signage but we will not be liable for any other costs, expenses, or damages you incur as a result of our decision to add, modify, or discontinue use of a Copyright Work. You must not directly or indirectly contest our rights to our Copyright Works, trade secrets, or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our Copyright Works.

We will disclose certain confidential or proprietary information and trade secrets ("**Confidential Information**") to you, as we periodically deem necessary or advisable for the development of Ginger Sushi Boutique Restaurants during the term of the Franchise Agreement. You must agree to disclose the Confidential Information to your owners and employees only to the extent reasonably necessary and only if those individuals have agreed to maintain the information in confidence by entering into an agreement that we can enforce.

The Confidential Information is disclosed to you on the condition that you, and your owners and employees who have access to the Confidential Information, agree that during and after the term of the applicable agreement they: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (4) will adopt and implement all reasonable procedures we periodically require to prevent unauthorized use or disclosure of the Confidential Information including requiring employees and owners who have access to the Confidential Information to execute non-competition and confidentiality agreements as we otherwise require periodically, and provide us, at our request, with signed copies of each of those agreements.

We claim proprietary rights to all confidential information, including proprietary recipes, contained in the Operations Manual. Certain information in the Operations Manual also constitutes Trade Secrets and is identified as such. All such information may be maintained in print or in electronic form as we deem appropriate in our discretion.

No patents or pending patent applications are material to the franchise at this time.

We own all records with respect to the customers, suppliers, and other service providers of, and related in any way to, your Ginger Sushi Boutique Restaurant including, without limitation, all databases (whether in print, electronic, or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, etc., and may use, transfer, etc. such records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. (See Section 5.18 of the Franchise Agreement). We may contact any or all of your customers, suppliers and other service providers for quality control, market research and such other purposes as we deem appropriate, in our sole and absolute discretion. (See Section 5.8 of the Franchise Agreement).

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

If you are an individual, you must personally supervise the operation of the Ginger Sushi Boutique Restaurant at the Licensed Location. You also must attend and satisfactorily complete our training program. If you are a corporation, partnership or other business entity, the shareholders or partners do not need to personally supervise the operation of the Ginger Sushi Boutique Restaurant at the Licensed Location. However, one of the shareholders and/or partners must attend and satisfactorily complete our training program. We require that you also send your manager ("**Designated Manager**") to training. We require that your Ginger Sushi Boutique Restaurant at the Licensed Location be under the direct, on-site supervision of a Designated Manager who has successfully completed our training program. Even if you chose to employ a Designated Manager to supervise your Ginger Sushi Boutique Restaurant at the Licensed Location, we strongly recommend that you personally devote a substantial amount of time to the Ginger Sushi Boutique Restaurant. Franchisees who do not devote their full time to the managing, operation, marketing of their Ginger Sushi Boutique Restaurant may have lower sales, higher costs, and less name recognition than franchisees who devote their full time attention to the business. Your day to day tasks could include managing and training employees, bookkeeping, ensuring proper customer service, ensuring smooth and efficient operations, marketing the business, and reviewing sales and food costs.

Each individual who owns, directly or indirectly, a 5% or greater interest in the Franchisee entity must sign The Ginger Sushi Boutique Guaranty and Indemnity assuming and agreeing to discharge all obligations of the Franchisee and to comply with all restrictions under the Franchise Agreement. (See **Schedule F** to the Franchise Agreement). A reduction in an owner's equity interest in the entity that holds the franchise below 5% will not affect that equity owner's status as an owner and a guarantor unless expressly agreed to by us. Certain provisions of the Franchise Agreement and the Guaranty and Indemnity restrict you, your owners, and the immediate family members (your spouse and children) of each owner from participating in a competing business. (See ITEM 17).

You must sign The Ginger Sushi Boutique Security Agreement giving us a priority interest in all present and future accounts, inventory, equipment, intangibles, proceeds and interest in the franchise. (See **Schedule L** to the Franchise Agreement).

You agree in the Franchise Agreement that you will not, without our prior written consent, borrow more than the maximum allowed debt we prescribe for you. Currently, the maximum amount of debt we allow you to service is sixty percent (60%) of the total project costs for establishing a Ginger Sushi Boutique franchise. We will establish your maximum allowed debt based upon your financial condition, the initial investment necessary to open your particular Store, and the location of your Ginger Sushi Boutique Restaurant. We periodically may change this amount for you and other franchisees (that is, the amount may differ from franchisee to franchisee because of each franchisee's particular circumstances). We impose this requirement because excess debt may adversely affect your Ginger Sushi Boutique Restaurant's operational results.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell all those products ("**Ginger Sushi Boutique Products**") and services that we designate as required. You must not offer or sell any other types of products or services or operate or engage in any other type of business or profession from or through your Ginger Sushi Boutique Restaurant. You acknowledge that it is essential to sell Ginger Sushi Boutique Products made from confidential proprietary recipes and obtained from designated sources in order to assure the consistency and quality of the Ginger Sushi Boutique System and the services offered at your Ginger Sushi Boutique Restaurant. We have the right to change the types of authorized Ginger Sushi Boutique Products and services, and there are no limits on our right to do so, although we will provide you with written notice 30 days before any changes become effective. Supplies and equipment used in your Ginger Sushi Boutique Restaurant must be purchased from us or a vendor approved by us or meet the standards and specifications set by us from time to time in the Operations Manual. We do not impose any restrictions that would limit your access to customers.

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.

Single Unit Franchises

Provision	Section in Franchise Agreement (unless otherwise indicated)	Summary
a. Length of the franchise term	2.1	Term extends from date on which you execute the Franchise Agreement until (i) the expiration of the site location period, in the event you have not found a suitable location and signed a lease for the Store within the Site Location Period, or (ii) the expiration date of the lease.
b. Renewal or extension of the term	2.2	You do not have any rights to operate the franchised business beyond the Term, subject to any state laws to the contrary.

Provision	Section in Franchise Agreement (unless otherwise indicated)	Summary
c. Requirements for franchisee to renew or extend	2.2	If the Term of the Franchise Agreement expires, we reserve the right to offer you the opportunity to extend your rights to operate the franchised business by entering into a successor franchise agreement ("**Successor Franchise Agreement**") upon such terms as we are offering new franchisees when your Term is expired. Any such Successor Franchise Agreement may differ substantially from the Franchise Agreement.
d. Termination by franchisee	None	Not Applicable
e. Termination by franchisor without cause	None	Not Applicable
f. Termination by franchisor with cause	9.2 - 9.4	We can terminate if you are in default of any of the listed provisions
g. "Cause" defined – curable defaults	9.4	Failing to file reports on time that are more than five days late on two or more occasions, operating in a hazardous manner after receiving a notice to correct such actions from any governmental body, us or the landlord, failure to pay amounts due Franchisor within five (5) days after a demand for payment or fails to honor on two (2) or more occasions checks presented for payment or repeatedly and consistently pays any amount due after its due date
h. "Cause" defined – non-curable defaults	9.2, 9.3 and 9.4	Failure to fulfill the terms of the Franchise or other agreements, filing bankruptcy, assigning franchise without prior consent, abandoning the Store, breaching another agreement with us or our affiliate(s)
i. Franchisee's obligations on termination/non-renewal	10.2, 10.3, 10.4, 10.8, 10.11, 10.12, 10.15 (Section 8 of Application)	Obligations include: you must stop using the Marks, pay all amounts owed to us and the landlord, provide accounting, cancel trademark registrations
j. Assignment of contract by franchisor	12.9	We are unrestricted in our right to assign your contract
k. "Transfer" by franchisee – definition	12.1(a), 12.2(a), 12.7	Transfer includes granting a security interest, subletting the premises, or granting a license to use any part of the premises

Provision	Section in Franchise Agreement (unless otherwise indicated)	Summary
l. Franchisor approval of transfer by franchisee	12.1(a), 12.1(b) 12.4, 12.7	You may transfer the franchise if you meet the criteria set out in the Franchise Agreement, and you secure our reasonable consent
m. Conditions for franchisor approval of transfer	12.2, 12.3, 12.4, 12.7	Transfer must be of all or substantially all of your assets or all of the shares of the franchisee, you must not be in default, you must pay transfer fee, the assignee must qualify as a franchisee and current agreements, assignee must give guarantee and attend training, release must be given by you, landlord must consent; a new Franchise Agreement must be executed upon transfer. We reserve the right to require transferring franchisees to use and pay for the services of a third-party escrow service designated or approved by us.
n. Franchisor's right of first refusal to acquire franchisee's business	12.5	We can match any offer for your business
o. Franchisor's option to purchase franchisee's business	10.4, 10.5	Upon termination of your franchise agreement, we may purchase any part of your business and receive an assignment of your interest in leases of equipment or the premises
p. Death or disability of franchisee	13.2	Your rights may be transferred to your heirs if you have our prior written consent and in accordance with the rules regarding transfers
q. Non-competition covenants during the term of franchise	15.1(a), 15.1(c)	You must not be involved in the operation of any other business which consists substantially of the sale of sushis food items as its main product line
r. Non-competition covenants after the franchise is terminated or expires	15.1(b), 15.1(c)	For 2 years, you must not be involved in the operation of any other business which consists substantially of the sale of sushis food items as its main product line and which is located within your territory or within 10 miles of any Ginger Sushi Boutique franchise
s. Modification of agreement	16.1, 16.5	All modifications/waivers must be in writing, though we may adjust operating standards in accordance with the franchise agreement and/or in the Operations Manual

Provision		Section in Franchise Agreement (unless otherwise indicated)	Summary
t.	Integration/merger clause	16.5	Only the Franchise Agreement applies (subject to state and federal law); all other agreements or promises not enforceable; nothing in the Franchise Agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	16.14	Disputes will be resolved by a single arbitrator
v.	Choice of forum	16.14	Phoenix, Arizona (except as provided in a state specific Addendum)
w.	Choice of law	16.2	Arizona law applies (except as provided in a state specific Addendum)

Multiple Units

Provision		Section in Multiple Unit Purchase Agreement (unless otherwise indicated)	Summary
a.	Length of the Term of the Multiple Unit Purchase Agreement	Section II	The term of the Multiple Unit Purchase Agreement will be negotiated by the parties.
b.	Renewal or extension of the term	Section II	Any subsequent term must be negotiated by the parties. You must be in good standing to extend your rights under the Multiple Unit Purchase Agreement.
c.	Requirements for multiple unit franchisee to renew or extend	None	
d.	Termination by franchisee	None	Not Applicable
e.	Termination by franchisor without cause	None	Not Applicable
f.	Termination by franchisor with cause	Section VII	Ginger Sushi Boutique can terminate you only if you are in default.
g.	"Cause" defined – curable defaults	None	

	Provision	Section in Multiple Unit Purchase Agreement (unless otherwise indicated)	Summary
h.	"Cause" defined – non-curable defaults	Section VII	Failure to comply with Development Schedule, failure to comply with any obligations in the Multiple Unit Purchase Agreement or any Franchise Agreement, etc.
i.	Franchisee's obligations on termination/ non-renewal	Section XI	Non-competition.
j.	Assignment of contract by franchisor	Section VIII.A	No restriction on Ginger Sushi Boutique's right to assign.
k.	"Transfer" by franchisee – defined	Section VIII.B	Includes transfer of contract, assets, any Franchise Agreement or ownership change.
l.	Franchisor's approval of transfer by Multiple Unit franchisee	Section VIII.B	Ginger Sushi Boutique must approve all transfers and Ginger Sushi Boutique has right of first refusal on all proposed transfers.
m.	Conditions for franchisor's approval of transfer	Section VIII.B	Paid up, not in default, release signed, transfer fee paid, transferee is approved, signs current Multiple Unit Purchase Agreement and attends training, etc. (See also r., below). We reserve the right to require transferring franchisees to use and pay for the services of a third-party escrow service designated or approved by us.
n.	Franchisor's right of first refusal to acquire franchisee business	Section VIII.B.5	Ginger Sushi Boutique may match any bona fide offer for your development rights.
o.	Franchisor's option to purchase franchisee business	Section VIII.B.5	Ginger Sushi Boutique may match any bona fide offer for your development rights.
p.	Death or disability of franchisee	None	
q.	Non-competition covenants during the term of the franchise	Section XI	You must not be involved in the operation of any other business which consists substantially of the sale of sushis food items as its main product line
r.	Non-competition covenants after the franchise is terminated or expires	Section XI.B	For 2 years, you must not be involved in the operation of any other business which consists substantially of the sale of sushis food items as its main product line and which is located within 50 miles of the Development Territory or the location of any Multiple Unit Operator, company-owned restaurant, or Franchised Restaurant under the System which exists on the date of expiration or termination of the agreement.

Provision		Section in Multiple Unit Purchase Agreement (unless otherwise indicated)	Summary
s.	Modification of the Agreement	Section XII	Modifications only upon written agreement of the parties.
t.	Integration/merger clause	Section XII	Only the Multiple Unit Purchase Agreement applies (subject to state and federal law); nothing in the Multiple Unit Purchase Agreement is intended to disclaim the representations made in the Franchise Disclosure Document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section XXI	None.
v.	Choice of forum	Section XVIII	Phoenix, Arizona (except as provided in a state specific Addendum)
w.	Choice of law	Section XVIII	Arizona law applies (except as provided in a state specific Addendum)

Institutional License

Provision		Section in Institutional License Agreement (unless otherwise indicated)	Summary
a.	Length of the term of the Institutional License Agreement	1.1	Five (5) years
b.	Renewal or extension of the term	6.1	You may renew for two (2) additional five (5) year periods
c.	Requirements for licensee to renew or extend	6.1	At the time of expiration of the term and each renewal period, you must have complied with your obligations under the Institutional License Agreement to renew or extend your Institutional License Agreement which may have materially different terms and conditions than your current Institutional License Agreement

Provision		Section in Institutional License Agreement (unless otherwise indicated)	Summary
d.	Termination by licensee	10.1, 10.3	You may terminate the Agreement, at any time, for any reason or no reason, upon thirty (30) days' prior written notice to Ginger Sushi Boutique. You may terminate the Agreement if Ginger Sushi Boutique breaches any term of the Agreement and fails to cure such breach within thirty (30) days after receipt of written notice.
e.	Termination by franchisor without cause	10.1	Ginger Sushi Boutique may terminate the Agreement, at any time, for any reason or no reason, upon thirty (30) days' prior written notice to you.
f.	Termination by franchisor with cause	10.2	Ginger Sushi Boutique may terminate the Agreement if you breach any term of the Agreement and fail to cure such breach within thirty (30) days of written notice from Ginger Sushi Boutique.
g.	"Cause" defined – curable defaults	None	Not applicable
h.	"Cause" defined – non-curable defaults	None	Not applicable
i.	Licensee's obligations on termination/ non-renewal	12	You must not disclose confidential information to any third party; you must discontinue use of the Marks.
j.	Assignment of contract by franchisor	8.2	No restriction on Ginger Sushi Boutique's right to assign.
k.	"Transfer" by licensee – definition	8.2	Includes transfer of the Agreement and any interest therein.
l.	Franchisor's approval of transfer by you	8.2	You may not transfer the Agreement without Ginger Sushi Boutique's prior written consent, except to an affiliate or parent corporation.
m.	Conditions for franchisor's approval of transfer	None	Not applicable
n.	Franchisor's right of first refusal to acquire licensee's business	None	Not applicable
o.	Franchisor's option to purchase licensee's business	None	Not applicable
p.	Death or disability of licensee	None	Not applicable

Provision		Section in Institutional License Agreement (unless otherwise indicated)	Summary
q.	Non-competition covenants during the term of the license	7	You may not have any other national competing brand or franchisees that sell any products containing sushis foods and drinks at the server or food court at your location.
r.	Non-competition covenants after the license is terminated or expires	None	Not applicable
s.	Modification of the Agreement	12.6	The Agreement may be modified by a writing executed by both parties.
t.	Integration/merger clause	12.6	Only the Institutional License Agreement applies (subject to state and federal law). Any representations or promises outside of the disclosure document and license agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	None	Not applicable
v.	Choice of forum	None	Not applicable
w.	Choice of law	11	Arizona law applies (except as provided in a state specific Addendum)

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote the System.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 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 franchisor's management by contacting Ray Zandi at (480) 515-6250, 9311 East Via de Venturs, Scottsdale, Arizona 85258, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2013-2015

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
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	0	0

Table No. 2

Transfers of Franchised Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2013-2015

State	Year	Number of Transfers
All States	2013	0
	2014	0
	2015	0
Totals	2013	0
	2014	0
	2015	0

Table No. 3

Status of Franchised Outlets
For Years 2013-2015

State	Year	Outlets at Start of the Year	Outlets Added	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
All States	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Total	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0

Table No. 4

Status of Company-Owned Outlets
For Years 2013-2015

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0

Table No. 5

Projected Openings as of
November 30, 2015 for the balance of 2016

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
New Jersey	1	0	0
Total	1	0	0

As of the date of this Franchise Disclosure Document, we do not own and operate any company-owned stores. See **Exhibit F** for a list of our franchised Ginger Sushi Boutique Restaurants in the United States.

The name and last known address and telephone number of every Franchisee who, during the last fiscal year ended November 30, 2015, had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, or who has not communicated with us within 10 weeks of this Franchise Disclosure Document, is listed on **Exhibit J**. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. We have not signed confidentiality agreements with any franchisees in the last three years.

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

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements for the years ended November 30, 2015 and November 30, 2014, and November 30, 2013. Our fiscal year ended November 30, 2015. We have also included a unaudited balance sheet and statement of operations as of August 31,2016. as **Exhibit A**.

ITEM 22
CONTRACTS

Exhibit B Franchise Agreement:

Schedule A: Licensed Location and Designated Manager
Schedule B: Territory
Schedule C: Acknowledgment
Schedule D: Addendum to Lease
Schedule E: Request for Pre-Authorized Payments
Schedule F: Guaranty and Indemnity
Schedule G: Shareholders/Members/Partners
Schedule H: Address for Notice
Schedule I: Collateral Assignment of Telephone Numbers, Addresses and Listings
Schedule J: Statement of Franchisee
Schedule K: Project Management Agreement
Schedule L: Security Agreement
Schedule M: Sample Acknowledgment of Termination and Release Agreement
Schedule N: SBA Addendum

Exhibit C Multiple Unit Purchase Agreement:

Attachment A: Description of Development Territory
Attachment B: Development Schedule
Attachment C: Guaranty
Attachment D: Statement of Shareholders/Members/Partners

Exhibit D Deposit and Application Agreement

We do not currently use any other contracts or agreements.

ITEM 23
RECEIPTS

Exhibit L contains two detachable pages acknowledging the receipt of the Franchise Disclosure Document by you. One copy is for your records, and one copy must be signed and dated by you and returned to us.

GINGER
SUSHI BOUTIQUE

EXHIBIT A

FINANCIAL STATEMENTS

UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.

PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Financial statements of
MTY Franchising USA, Inc.

For the six-month period ended May 31, 2016
(U.S. Dollars)

(unaudited)

MTY Franchising USA, Inc.

Statement of operations and comprehensive income

Six-month period ended May 31, 2016

(unaudited)

	Six months ended May 31, 2016
	$
Revenue	
Corporate store revenues	1,154,644
Royalties	982,286
Program allowances	164,597
Other	74,214
	2,375,741
Cost and expenses	
Operating expenses	1,662,555
Amortization – property, plant and equipment	31,596
Amortization - intangible assets	25,987
Interest charged by related companies	46,992
Management fees charged by related companies	140,000
	1,907,130
Earnings before income taxes	468,611
Income tax expense (recovery)	
Current	200,000
	200,000
Net income and comprehensive income	268,611

MTY Franchising USA, Inc.

Balance Sheet

Period ended May 31, 2016

(unaudited)

	May 31, 2016
	$
Assets	
Current assets	
Cash	996,892
Accounts receivable (net of allowance for doubtful accounts of $34,167)	314,571
Inventories	13,316
Prepaid expenses and deposits	13,497
	1,338,276
Property, plant and equipment	140,632
Intangible assets	1,831,268
Goodwill	253,267
	2,225,167
	3,563,443
Liabilities	
Current liabilities	
Accounts payable	155,867
Accrued liabilities	230,649
Promotional funds payable	98,906
Deferred revenue	205,107
Income taxes payable	166,491
Advances from parent company	1,387,688
Advances from companies under common control	65,348
	2,310,056
Deferred income taxes	86,838
	2,396,894
Stockholder's equity	
Common stock, $ 0.001 par value, 1,000 shares authorized, 1,000 shares issued and outstanding	1
Additional paid-in capital	99
Retained earnings	1,166,449
	1,166,549
	3,563,443

Financial statements of
MTY Franchising USA, Inc.

For the years ended November 30, 2015 and November 30, 2014

Deloitte LLP
1190 Avenue des
Canadien-de-Montreal
Suite 500
Montréal QC H3B 0M7
Canada

Tel: 514-393-7115
Fax: 514-390-4116
www.deloitte.ca

Independent auditor's report

To the Board of Directors and Stockholder of MTY Franchising USA, Inc.

We have audited the accompanying financial statements of MTY Franchising USA, Inc. (the "Company"), which comprise the balance sheet as at November 30, 2015, and the related statements of operations and comprehensive income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MTY Franchising USA, Inc. as at November 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte LLP [1]

January 19, 2016

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[1] CPA auditor, CA, public accountancy permit No. A116933

MTY Franchising USA, Inc.
Statement of operations and comprehensive income
Years ended November 30, 2015 and November 30, 2014

	Notes	November 30, 2015	November 30, 2014
		$	$
Revenue			
Corporate store revenues		**2,523,888**	—
Royalties		**1,973,017**	464,937
Franchise fees		**32,000**	30,443
Program allowances		**258,470**	87,852
Other		**83,253**	61,004
		4,870,628	644,236
Cost and expenses			
Operating expenses	10	**3,391,711**	498,785
Amortization – property, plant and equipment		**50,364**	—
Amortization - intangible assets		**55,778**	28,341
Interest charged by related companies		**87,031**	—
Management fees charged by related companies		**273,580**	62,782
		3,858,464	589,908
Earnings before income taxes		**1,012,164**	54,328
Income tax expense (recovery)	8		
Current		**265,560**	21,191
Deferred		**116,874**	(21,125)
		382,434	66
Net income and comprehensive income		**629,730**	54,262

The accompanying notes are an integral part of the financial statements.

MTY Franchising USA, Inc.
Statement of changes in stockholder's equity
Years ended November 30, 2015 and November 30, 2014

	Common stock issued	Common stock value	Additional paid-in capital	Retained earnings	Total stockholder's equity
		$	$	$	$
Balance as at November 30, 2013	1,000	1	99	213,846	213,946
Net income	—	—	—	54,262	54,262
Balance as at November 30, 2014	1,000	1	99	268,108	268,208
Net income	—	—	—	**629,730**	**629,730**
Balance as at November 30, 2015	**1,000**	**1**	**99**	**897,838**	**897,938**

The accompanying notes are an integral part of the financial statements.

MTY Franchising USA, Inc.
Balance Sheet
Years ended November 30, 2015 and November 30, 2014

	Notes	November 30, 2015	November 30, 2014
		$	$
Assets			
Current assets			
Cash		**899,018**	313,268
Accounts receivable (net of allowance for doubtful accounts ($16,936 in 2015; $9,483 in 2014)		**296,857**	120,044
Advances to companies under common control	3	**—**	48,310
Inventories		**14,468**	1,327
Prepaid expenses and deposits		**17,786**	—
		1,228,129	482,949
Property, plant and equipment	5	**170,879**	—
Intangible assets	6	**1,857,255**	213,909
Goodwill	7	**253,267**	—
Deferred income taxes	8	**—**	30,036
		2,281,401	243,945
		3,509,530	726,894
Liabilities			
Current liabilities			
Accounts payable		**127,993**	18,835
Accrued liabilities		**225,066**	127,246
Promotional funds payable	9	**81,621**	57,991
Deferred revenue		**122,042**	114,890
Income taxes payable		**265,392**	13,088
Advances from parent company	3	**1,635,277**	126,636
Advances from companies under common control	3	**67,363**	—
		2,524,754	458,686
Deferred income taxes		**86,838**	—
		2,611,592	458,686
Stockholder's equity			
Common stock, $ 0.001 par value, 1,000 shares authorized, 1,000 shares issued and outstanding		**1**	1
Additional paid-in capital		**99**	99
Retained earnings		**897,838**	268,108
		897,938	268,208
		3,509,530	726,894

The accompanying notes are an integral part of the financial statements.

Approved by the Board

_______________________________________, Director

MTY Franchising USA, Inc.
Statement of cash flows
Years ended November 30, 2015 and 2014

	Notes	November 30, 2015	November 30, 2014
		$	$
Operating activities			
Net income		**629,730**	54,262
Items not affecting cash			
Amortization – property, plant and equipment		**50,364**	—
Amortization – intangible assets		**55,778**	28,341
Interest on advance from parent company		**87,031**	—
Deferred income taxes		**116,874**	(21,125)
		939,777	61,478
Changes in non-cash working capital items			
Accounts receivable		**(176,813)**	(5,496)
Inventories		**20,448**	(1,327)
Prepaid expenses and deposits		**67,895**	3,270
Income taxes		**252,304**	40,135
Accounts payable		**(25,144)**	(46,537)
Accrued liabilities		**97,820**	79,967
Promotional funds payable		**(30,042)**	(17,662)
Deferred revenue		**(50,479)**	59,890
Net cash from operating activities		**1,095,766**	173,718
Investing activities			
Additions to property, plant and equipment		**(21,243)**	—
(Issuance) repayment of advances to companies under common control		**115,673**	(48,310)
Net cash from investing activities		**94,430**	(48,310)
Financing activities			
(Repayment) of advances from parent company		**(609,746)**	(63,364)
Net cash from financing activities		**(609,746)**	(63,364)
Net increase in cash		**580,450**	62,044
Cash, beginning of year		**313,268**	251,224
Cash acquired		**5,300**	—
Cash, end of year		**899,018**	313,268

The accompanying notes are an integral part of the financial statements.

1. Nature of operations

The Extreme Pita Franchising USA, Inc. (the "Company") was incorporated on March 14, 2001. During 2014, it changed its name to MTY Franchising USA, Inc. The Company develops and franchises restaurants under the names "Extreme Pita" and "Manchu Wok" in the United States of America.

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the United States of America. The Company uses the United States dollar as its functional and reporting currency.

On September 23, 2013, MTY Tiki Ming Entreprises Inc. ("MTY") acquired 100% of the 100 authorized shares of the Company. On December 28, 2014, MTY purchased the assets of Manchu Wok, having 44 locations in the United States of America, whose financial results are reported with those of the Company.

Presented below are those policies considered particularly significant:

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation with no impact on net income or cash flows.

Revenue recognition

i) Revenue from franchise locations

The Company recognizes revenue in accordance with the accounting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 952-605, Franchisors, Revenue Recognition. The Company's franchise related revenue consists of area development fees, initial franchise fees and continuing royalty payments.

The Company recognizes initial franchise fee revenue when all material services required to be performed and all material conditions required to be satisfied have been substantially completed, which is generally upon the opening of the restaurant or 24 months after the signing of the franchise agreement. Deferred revenue represents advances on initial franchise fees prior to performance being substantially complete and the payment of franchise fees for any franchises which have yet to open, less the area developer commission.

Continuing monthly royalties are recognized as revenue as the fees are earned and become receivable from the franchisee.

The Company receives considerations from certain suppliers called program allowances. Program allowances are recognized as revenues as they are earned.

2. Significant accounting policies (continued)

Revenue recognition (continued)

ii) Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional fund. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The fees collected by the Company for the promotional fund are not recorded in the Company's statement of operations and comprehensive income, but as operations in the accounts payable to the promotional fund. The payable is presented net of any amounts spent from the promotional fund.

Cash held pursuant to the promotional funds received are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the promotional funds rather than to fund its ongoing operations.

Income taxes

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Property, plant and equipment

Property, plant and equipment is comprised of equipment and leasehold improvements and are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is based on the following terms:

Equipment	Straight-line	3 to 10 years
Leasehold improvements	Straight-line	Term of the lease

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost less accumulated impairment losses, if applicable.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The Company currently carries the following intangible assets in its books:

Franchise rights and master franchise rights

The franchise rights and master franchise rights acquired through business combinations were recognized at the fair value of the estimated future revenue stream related to the acquisition of franchises. The franchise rights and master franchise rights are amortized on a straight-line basis over the term of the agreements, which are 10 years.

Trademarks

Trademarks acquired through business combinations were recognized at their fair value at the time of the acquisition and are not amortized. Trademarks were determined to have an indefinite useful life based on their strong brand recognition and their ability to generate revenues through changing economic conditions with no foreseeable time limit.

2. Significant accounting policies (continued)

Impairment of long lived assets other than goodwill

The Company continually reviews whether events or circumstances subsequent to the acquisition of any long-lived assets, including intangible assets with finite useful lives, have occurred that indicate the remaining estimated useful lives of those assets may warrant revision or that the remaining balance of those assets may not be recoverable. If events and circumstances indicate that the long-lived assets should be reviewed for possible impairment, the Company uses projections to assess whether future cash flows on an undiscounted basis related to the assets exceeds the recorded carrying amount of those assets to determine if an asset is impaired. Should an impairment be identified, a loss would be recorded to the extent that the carrying value of the impaired assets exceeds their fair values as determined by valuation techniques appropriate in the circumstances that could include the use of similar cash flow projections on a discounted basis.

Impairment of goodwill

Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (August 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Fair value is determined using a discounted cash flow methodology with a risk adjusted weighted average cost of capital.

Financial instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities and advances payable to (from) a related or parent company. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to their immediate or short term maturities, unless otherwise noted.

Subsequent events

Subsequent events were evaluated through the date that the financial statements were issued, which was January 19, 2016.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Significant accounting policies (continued)

Recently Issued Accounting Pronouncements

ASU 2015-17 – Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17")

In November 2015, the FASB issued ASU 2015-17, which require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position.

The amendments apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments.

The amendments are effective for the Company's financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. The Company is currently evaluating the impact of its pending adoption of ASU 2015-17 on its financial statements.

ASU 2015-14, Revenue From Contracts With Customers (Topic 606), Deferral of the Effective Date ("ASU 2015-14")

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in applying such process, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

As a result of the issuance of ASU 2015-14, ASU 2014-09 is effective for annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements and has not yet determined the method by which they will adopt the standard in 2018.

ASU 2015-01, Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items ("ASU 2015-01")

The amendments in ASU 2015-01 eliminate from U.S. GAAP the concept of extraordinary items. Subtopic 225-20, Income Statement - Extraordinary and Unusual Items, required that an entity separately classify, present, and disclose extraordinary events and transactions. This ASU will also align more closely U.S. GAAP income statement presentation guidance with IAS 1, Presentation of Financial Statements, which prohibits the presentation and disclosure of extraordinary items.

2. Significant accounting policies (continued)

Recently Issued Accounting Pronouncements (continued)

The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The adoption of this Statement is not expected to have a material effect on the Company`s results of operations.

ASU 2014-15, Presentation of Financial Statements —Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15")

The FASB has issued ASU 2014-15 which is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. This ASU provides guidance to an organization's management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes.

The amendments are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The Company is currently evaluating the impact of its pending adoption on its financial statements.

3. Advances to (from) related company and parent company

The advances to related company are provided to a corporation under common control and are non-interest bearing and due on demand, with no specified repayment terms.

Advances to the parent company bears an annual interest fee of 6%, with no specified repayment terms. No interest was paid in 2015 but rather was capitalized to the advances.

4. Business acquisition

On December 18, 2014, the Company acquired the assets of Manchu Wok USA for a total consideration of $2,191,280. The purpose of the transaction was to further diversify the Company's range of offering.

	2015
	$
Consideration paid:	
Purchase price	2,191,280
Net obligations assumed	(159,924)
Net purchase price	2,031,356
Advance payable to parent company	(2,031,356)
Net cash outflow	—

4. Business acquisition (continued)

The preliminary purchase price allocation is as follows:

	2015
	$
Net assets acquired:	
Current assets	
Cash	5,300
Inventories	33,589
Prepaid expense and deposits	85,681
	124,570
Property, plant and equipment	200,000
Franchise rights	239,763
Trademark	1,459,361
Goodwill (1)	253,267
	2,152,391
Current liabilities	
Accounts payable	134,302
Promotional fund liability	53,672
Deferred revenues	57,631
	245,605
Net purchase price	2,031,356

(1) Goodwill is deductible for tax purposes

Goodwill reflects how the acquisition will impact the Company's ability to generate future profits in excess of existing profits. The consideration paid mostly relates to combined synergies, related mainly to revenue growth. These benefits are not recognized separately from goodwill as they do not meet the recognition criteria for identifiable intangible assets.

The purchase price allocation is still preliminary as post-closing adjustments have not been finalized.

5. Property, plant and equipment

	2015	2014
	$	$
Leasehold improvement	101,407	—
Equipment	119,836	—
Total, at cost	221,243	—
Accumulated amortization	(50,364)	—
Total, net	170,879	—

6. Intangible assets

Cost	Franchise rights	Trademark	Total
	$	$	$
Balance at November 30, 2013 & 2014	290,000	—	290,000
Additions through business combinations	**239,763**	**1,459,361**	**1,699,124**
Balance at November 30, 2015	**529,763**	**1,459,361**	**1,989,124**

Accumulated amortization	Franchise rights	Trademark	Total
	$	$	$
Balance at November 30, 2013	47,750	—	47,750
Amortization for the period	28,341	—	28,341
	76,091	—	76,091
Amortization expense	**55,778**		**55,778**
Balance at November 30, 2015	**131,869**	—	**131,869**

Carrying amounts	Franchise rights	Trademark	Total
	$	$	$
November 30, 2014	**213,909**	—	**213,909**
November 30, 2015	**397,894**	**1,459,361**	**1,857,255**

7. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2015
	$
Balance, beginning of year	—
Additional amounts recognized from business acquisitions (Note 4)	253,267
Balance, end of year	253,267

8. Income taxes

The Company accounts for income taxes in accordance with ASC 740, Income Taxes ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740 income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the financial statements than for tax purposes.

The provision for income taxes recorded in the financial statements differs from the amount, which would be obtained by applying the statutory income tax rate of 37% (39% in 2014), to the income for the period as follows:

	2015	2014
	$	$
Earnings for the period before income taxes	**1,012,164**	54,328
Anticipated income tax expense	**374,983**	21,025
Permanent differences	**4,250**	770
True up of prior year tax provision	**(11,228)**	(20,146)
Change in state tax rate	**14,430**	—
Other	**(1)**	(1,583)
Income tax expense	**382,434**	66

The deferred tax liability relates to the franchise rights and other temporary differences.

9. Promotional funds payable

	2015	2014
	$	$
Promotional funds payable, beginning of year	**(57,991)**	(75,653)
Promotional funds received	**(218,035)**	(190,916)
Promotional funds acquired (note 4)	**(53,672)**	—
Promotional funds spent	**248,077**	208,578
Promotional funds payable, end of year	**(81,621)**	(57,991)

10. Contingencies

The Company is contingently liable to make certain payments related to reacquired area developer franchise rights. The payments are reported on a net basis against royalty revenue received.

(a) Under the first agreement, the Company is committed to pay $500,000, with payment terms as follows, contingent on future events:

i. 15% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

ii. 15% of the royalties received from each franchise operating a restaurant in the terminated territory

iii. 60% of each new initial area developer fee, net of commissions, from the sale of any area or territory the state that the right were terminated

Payment is to continue until the amount is paid in full. During the year, $3,704 ($7,331 in 2014) was paid. As at November 30, 2015, $473,965 ($477,669 in 2014), remains contingently payable. There is no end date by which the amount has to be paid in full, however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability.

(b) Under the second agreement, payments are due as follows, contingent on future events:

i. 25% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

ii. 20% of the royalties received from each franchisee operating a restaurant in the terminated territory

iii. 30% of each new initial area developer fee, net of commissions, from the sale of any are or territory the state that the rights were terminated

Payment is to continue until May 10, 2016, however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability. During the year, $15,929 ($17,555 in 2014), has been accrued as payable, but remains unpaid.

11. Operating expenses

Operating expenses are broken down as follows:

	Franchising	Corporate	2015 Total
	$	$	**$**
Cost of goods sold	11,791	797,376	**809,167**
Wages and benefits	626,352	616,331	**1,242,683**
Advertising, marketing and promotion	21,267	25,350	**46,617**
Rent	52,416	578,720	**631,136**
Professional & consulting fees	171,141	—	**171,141**
Travel, meals and entertainment	232,405	—	**232,405**
Other	139,063	119,499	**258,562**
	1,254,435	2,137,276	**3,391,711**

	Franchising	Corporate	2014 Total
	$	$	**$**
Wages and benefits	306,653	—	**306,653**
Advertising, marketing and promotion	3,900	—	**3,900**
Rent	18,210	—	**18,210**
Professional & consulting fees	89,041	—	**89,041**
Travel, meals and entertainment	52,208	—	**52,208**
Other [(1)]	28,773	—	**28,773**
	498,785	—	**498,785**

Operating expenses are split into two types of operations; Franchise operations and Corporate store operations. Operating segments were established based on the differences in the types of products or services offered by each division.

The products and services offered by each segment are as follows:

Franchising operations

The franchising business mainly generates revenues from royalties, supplier contributions, franchise fees and rent.

Corporate store operations

Corporate stores generate revenues from the direct sale of prepared food to customers.

13. Supplemental cash flow information

During the year, the Company paid $13,256 ($4,033 in 2014) in income taxes.

14. Related party transactions

The Company has transactions in the normal course of business with its parent company and companies under common control. These transactions were in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial statements of
MTY Franchising USA, Inc.

For the year ended November 30, 2014 and for the period ended
November 30, 2013
(U.S. dollars)

Deloitte.

Deloitte LLP
1 Place Ville Marie
Suite 3000
Montréal QC H3B 4T9
Canada

Tel: 514-393-7115
Fax: 514-390-4116
www.deloitte.ca

Independent auditor's report

To the Board of Directors and Shareholder of MTY Franchising USA, Inc.

We have audited the accompanying financial statements of MTY Franchising USA, Inc. (the "Company"), which comprise the balance sheet as at November 30, 2014, and the related statements of operations and comprehensive income, changes in shareholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MTY Franchising USA, Inc. as at November 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Predecessor Auditors' Opinion on 2013 Financial Statements

The financial statements of the Company as at and for the period ended November 30, 2013 were audited by other auditors whose report, dated February 12, 2014, expressed an unmodified opinion on those statements.

Deloitte LLP[1]

January 19, 2015

[1] CPA auditor, CA, public accountancy permit No. A116933

	Notes	November 30, 2014	November 30, 2013
		$	$
		(12 months)	(11 months)
Revenue			
Royalties		**464,937**	462,347
Franchise fees		**30,443**	62 500
Program allowances		**87,852**	51 552
Other		**61,004**	11,241
		644,236	587,640
Cost and expenses			
Salaries and wages		**306,653**	267,213
General and administrative		**188,232**	263,965
Advertising, marketing and promotion		**3,900**	5,947
Amortization - intangible assets		**28,341**	47,750
Management fees charges by companies under common control		**62,782**	9 460
		589,908	594,335
Income (loss) before income taxes		**54,328**	(6,695)
Income tax expense (recovery)	5		
Current		**21,191**	12,500
Deferred		**(21,125)**	(8,911)
		66	3,589
Net income (loss) and comprehensive income (loss)		**54,262**	(10,284)

The accompanying notes are an integral part of these financial statements.

MTY Franchising USA, Inc.
Statement of changes in shareholder's equity
Periods ended November 30, 2014 and 2013

	Common stock issued	Common stock value	Additional paid-in capital	Retained earnings	Total stockholders' equity
	$	$	$	$	$
Balance as at January 1, 2013	1,000	1	99	224,130	224,230
Net loss	—	—	—	(10,284)	(10,284)
Balance as at November 30, 2013	1,000	1	99	213,846	213,846
Net income	—	—	—	**54,262**	**54,262**
Balance as at November 30, 2014	**1,000**	**1**	**99**	**268,108**	**268,208**

The accompanying notes are an integral part of these financial statements.

MTY Franchising USA, Inc.
Balance sheet
As at November 30, 2014

	Notes	November 30, 2014	November 30, 2013
		$	$
Assets			
Current assets			
Cash		**313,268**	251,224
Accounts receivable (net of allowance for doubtful accounts ($9,483 in 2014; $4,450 in 2013)		**120,044**	114,548
Advances to companies under common control	3	**48,310**	—
Inventories		**1,327**	—
Prepaid expenses		—	3,270
Income taxes receivable		—	27,047
		482,949	396,089
Deferred income taxes	5	**30,036**	8,911
Intangible assets	4	**213,909**	242,250
		243,945	251,161
		726,894	647,250
Liabilities			
Current liabilities			
Accounts payable		**18,835**	65,372
Accrued liabilities		**127,246**	47,279
Promotional funds payable		**57,991**	75,653
Deferred revenue		**114,890**	55,000
Income taxes payable		**13,088**	—
Advances from parent company	3	**126,636**	190,000
		458,686	433,304
Shareholders' equity			
Common stock, $ 0.001 par value, 1,000 shares authorized, 1,000 shares issued and outstanding		**1**	1
Additional paid-in capital		**99**	99
Retained earnings		**268,108**	213,846
		268,208	213,946
		726,894	647,250

The accompanying notes are an integral part of these financial statements.

Approved by the Board

______________________________, Director

Statement of cash flows

Year ended November 30, 2014

	Notes	November 30, 2014	November 30, 2013
		$	$
		(12 months)	(11 months)
Operating activities			
Net income (loss)		54,262	(10,284)
Items not affecting cash			
Amortization – Intangible assets		28,341	47,750
Deferred income taxes		(21,125)	(8,911)
		61,478	28,555
Changes in non-cash working capital items			
Accounts receivable		(5,496)	(27,142)
Inventories		(1,327)	—
Prepaid expenses		3,270	(3,270)
Income taxes		40,135	(57,069)
Accounts payable		(46,537)	19,818
Accrued liabilities		79,967	29,296
Promotional funds payable		(17,662)	75,653
Unearned revenue		59,890	—
		173,718	65,840
Investing activities			
Payments on reacquired rights		—	(100,000)
(Issuance) repayment of advances to related company		(48,310)	(116,739)
		(48,310)	(216,739)
Financing activities			
Repayment to parent company		(63,364)	—
Net cash from financing activities		(63,364)	—
Net increase (decrease) in cash		62,044	(150,900)
Cash, beginning of year		251,224	402,124
Cash, end of year		313,268	251,224

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

The Extreme Pita Franchising USA, Inc. (the "Company") was incorporated on March 14, 2001. During 2014, it changed its name to MTY Franchising USA, Inc. The Company develops and franchises restaurants under the name "Extreme Pita" in the United States of America.

2. Significant accounting policies

Basis of presentation

The accounting policies of the Company are in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company uses the United States dollar as its functional and reporting currency.

On September 23, 2013, MTY Tiki Ming Entreprises Inc. ("MTY") acquired 100% of the 100 authorized shares of the Company. The Company has changed the ending date of its financial year to November 30, 2014, in order to have the same year-end date as MTY's financial reporting year end. Therefore, the current reporting period, for the Company, are presented for a 12 months period and the comparative figures presents results for a 11 months period.

Presented below are those policies considered particularly significant:

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. On an ongoing basis, the Company evaluates its estimates, including those related to provisions for doubtful accounts, legal contingencies, income taxes and deferred revenue.

Revenue recognition

The Company recognizes revenue in accordance with the accounting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 952-605, Franchisors, Revenue Recognition. The Company's franchise related revenue consists of area development fees, initial franchise fees and continuing royalty payments.

The Company recognizes initial franchise fee revenue when all material services required to be performed and all material conditions required to be satisfied have been substantially completed, which is generally upon the opening of the restaurant. Deferred revenue represents advances on initial franchise fees prior to performance being substantially complete and the payment of franchise fees for any franchises which have yet to open, less the area developer commission.

Continuing monthly royalties are recognized as revenue as the fees are earned and become receivable from the franchisee.

2. Significant accounting policies (continued)

Promotional funds

Pursuant to the franchise agreements, franchisees must pay a fee to the promotional fund. These amounts are collected by the Company in its capacity as agent and must be used for promotional and advertising purposes, since the amounts are set aside to promote the respective banners for the franchisees' benefit. The fees collected by the Company for the promotional fund are not recorded in the Company's statement of operations and comprehensive income, but as accounts payable to the promotional fund. The payable is presented net of any amounts spent from the promotional fund.

Cash held related to promotional and advertising funds are classified as unrestricted cash as there are no legal restrictions on the use of these funds; however, the Company intends to use these funds solely to support the advertising funds rather than to fund operations.

Income taxes

The Company accounts for income taxes pursuant to ASC 740, Income Taxes ("ASC 740"). Deferred tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is recorded for the amount of income tax payable or refundable for the period increased or decreased by the change in deferred tax assets and liabilities during the period.

The Company's primary U.S. state income tax jurisdiction is Arizona and California.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. There were no liabilities recorded for uncertain tax positions as at November 30, 2014.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost less accumulated impairment losses, if applicable.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2. Significant accounting policies (continued)

Intangible assets (continue)

The Company currently carries the following intangible assets in its books:

Franchise rights and master franchise rights

The franchise rights and master franchise rights acquired were recognized at the fair value of the cash payments made related to the acquisition of franchises. The franchise rights and master franchise rights are amortized on a straight-line basis over the term of the agreements, which are 10 years.

Financial instruments

The Company's financial instruments consist of cash, accounts receivable, advances to related company, accounts payable and advances payable from related company. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

3. Advances to related company and from parent company

The advances to related company are provided to a corporation under common control and are non-interest bearing and due on demand, with no specified repayment terms.

The amount due to the parent company is non-interest bearing, with no specified repayment terms.

4. Intangible assets

Cost	Franchise rights
	$
Balance as at November 30, 2013 and 2014	**290,000**

Accumulated amortization	Franchise rights
	$
Balance as at November 30, 2013	47,750
Amortization for the period	**28,341**
Balance as at November 30, 2014	**76,091**

Carrying amounts	Franchise rights
	$
November 30, 2013	242,250
November 30, 2014	**213,909**

5. Income taxes

The Company accounts for income taxes in accordance with ASC 740, Income Taxes ("ASC 740"). ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under ASC 740 income taxes are recognized for the following: a) amount of tax payable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the financial statements than for tax purposes.

The provision for income taxes recorded in the financial statements differs from the amount, which would be obtained by applying the statutory income tax rate of 39% (37% in 2013), to the income for the period as follows:

	2014	2013
	$	$
Earnings (loss) for the period before income taxes	**54,328**	(6,695)
Anticipated income tax (recovery) expense	**21,025**	(2,477)
Permanent differences	**770**	4,074
True up of prior year tax provision	**(20,146)**	8,911
Other	**(1,583)**	1,933
Current income tax expense	**66**	12,500

The deferred tax asset relates or primarily to the franchise rights.

6. Contingencies

The Company is contingently liable to make certain payments related to reacquired area developer franchise rights. The payments are reported on a net basis against royalty revenue received.

(a) Under the first agreement, the Company is committed to pay $500,000, with payment terms as follows, contingent on future events:

i. 15% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

ii. 15% of the royalties received from each franchise operating a restaurant in the terminated territory

iii. 60% of each new initial area developer fee, net of commissions, from the sale of any area or territory the state that the right were terminated

Payment is to continue until the amount is paid in full. During the year, $7,331 ($15,000 in 2013) was paid. As at November 30, 2014, $477,669 ($485,000 in 2013), remains contingently payable. There is no end date by which the amount has to be paid in full, however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability.

6. Contingencies (continued)

(b) Under the second agreement, payments are due as follows, contingent on future events:

i. 25% of new initial franchise fee, net of commissions, for any new Extreme Pita franchise that opens in the terminated territory

ii. 20% of the royalties received from each franchisee operating a restaurant in the terminated territory

iii. 30% of each new initial area developer fee, net of commissions, from the sale of any are or territory the state that the rights were terminated

Payment is to continue until May 10, 2016, however, the uncertainty around the timing and amount of cash outflows results in the liability, as well as the associated intangible asset reacquired, unreliably measurable. Accordingly, no provision has been recorded in the financial statements related to this contingent liability. During the year, $17,555 ($14,861 in 2013), has been accrued as payable, but remains unpaid.

7. Supplemental cash flow information

Master franchise rights acquired during 2013 totalled $290,000, which has been recorded as an intangible asset. $190,000 was paid by the parent company on behalf of the Company to reacquire franchising rights.

During the year, the Company paid nil (nil in 2013) in interest and $4,033 (nil in 2013) in income taxes.

8. Promotional fund payable

	November 30, 2014	November 30, 2013
	$	$
Promotional fund reserve	**(75,653)**	—
Promotional fund received	**(190,916)**	(227,410)
Promotional fund expenses	**208,578**	151,757
Promotional fund payable	**(57,991)**	(75,653)

9. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

10. Subsequent events

On December 18, 2014, the Company has acquired the US operations of Manchu Wok for a consideration of $2.6 million. At closing, Manchu Wok operated a network of 52 franchised quick-service restaurants and 4 corporate restaurants. The acquisition was financed by an advance from its parent company, which bears interest at 6% and has no specified terms of repayment.

GINGER
SUSHI BOUTIQUE

EXHIBIT B

FRANCHISE AGREEMENT WITH SCHEDULES

GINGER
SUSHI BOUTIQUE

MTY FRANCHISING USA, INC.

- and -

____

GINGER SUSHI BOUTIQUE

FRANCHISE AGREEMENT

MTY FRANCHISING USA, INC.
FRANCHISE AGREEMENT

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MTY FRANCHISING USA, INC.

FRANCHISE AGREEMENT

This Franchise Agreement is dated this _____ day of _______________, 20__, (the "**Effective Date**") between **MTY FRANCHISING USA, INC.**, a Delaware corporation, d.b.a. Ginger Sushi Boutique ("**Franchisor**"), and ____, a partnership, limited liability company, or corporation formed under the laws of __________________ ("**Franchisee**") and ______________________________ an individual(s) (collectively and individually "**Guarantor**").

WHEREAS the Franchisor has expended time, effort and money to acquire experience and knowledge with respect to the operation and management of a retail food service business and the provision of services related thereto; and

WHEREAS the Franchisor has developed a System (as defined in Section 1.1(1)) for the establishment, development and operation of such a business and is continuing to develop the System; and

WHEREAS the System is identified by certain Marks (as defined in Section1.1(h)) hereinafter described and certain copyrighted material embodying the use of such Marks, and the Franchisor has goodwill in connection with such Marks and copyrighted material; and

WHEREAS the Franchisee wishes to obtain a license to operate a retail food service business of the standard and quality set by the Franchisor and to utilize the System, the product lines approved by the Franchisor, the suppliers, the distinctive fixtures, accessories and color scheme specified by the Franchisor, and the know-how, experience, goodwill, and Marks of the Franchisor; and

WHEREAS the Franchisee recognizes the importance of maintaining the distinctive qualities and attributes of the products, services and facilities identified by the Marks.

NOW THEREFORE in consideration of the agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto agree with each other as follows:

1. DEFINITIONS

1.1 Definitions. Wherever used in this Agreement, the following words shall have the following meanings respectively:

(a) **"Business"** means the retail food service business operated or to be operated by the Franchisee at the Store pursuant to this Agreement.

(b) **"Business Records"** means evidence of each business transaction, and all marketing and other operating aspects of the Business, and all evidence and records with respect to customers and other service professionals relating to the Business including, without limitation, all databases in print, electronic or other form, including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other records created and maintained by Franchisee in operation of the Business. The term Business Records does not include any of Franchisee's tax or financial records related to the operation of the Business.

(c) **"Commencement Date"** means the date on which Franchisee executes this Agreement.

(d) **"Gross Sales"** means the aggregate of the actual selling price of all goods and services sold or provided in, on or from the Store or such other place as authorized by Franchisor (including, without limitation, all sales of food and beverages, concessions or catering made on or off premises by Franchisee, whether for cash, credit, or on a credit or time basis, including the reasonable market value of any goods or services sold or traded in any barter or trade transaction, without reserve or deduction for any failure or inability to collect, and including income of every kind and nature related to the Business), unless otherwise provided in this Agreement and any proceeds from business interruption insurance received by the Franchisee. No deductions shall be allowed for uncollected or uncollectible credit accounts and each charge or sale made on installment or credit shall be treated as a sale for the full selling price in the week during which such charge or credit is made, irrespective of the time when the Franchisee receives payment. Gross Sales shall include all amounts received or receivable in respect of orders taken or received at the Store, even though such orders may be filled elsewhere. Gross Sales shall not include:

(i) any retail sales tax(es) which does not form part of the quoted price for the goods or service and which is collected from customers by the Franchisee acting as agent for the sales tax authority; or

(ii) any gratuities collected by employees of the Franchisee.

(e) **"Lease"** means the lease or agreement to lease the Store entered into by the Franchisee, as tenant, and any amendments made thereto from time to time.

(f) **"Manual"** means the operating manual for the System developed by the Franchisor containing various mandatory specifications, standards, methods, techniques and procedures for the operation of the Business as may be prescribed by the Franchisor from time to time for the franchisees of the Franchisor and containing information relative to other obligations of the Franchisee under this Agreement.

(g) **"Marks"** means the trademark Ginger Sushi Boutique™ and all other trademarks, logos, distinctive names, service marks, certification marks, trade names, commercial symbols, insignia, labels and designs or otherwise, now or hereafter owned or used (and not thereafter withdrawn) by Franchisor and authorized for use by Franchisee by notice in writing given by Franchisor. Marks also include all trademark, logo, distinctive name, service mark, certification mark, trade name, commercial symbol, insignia, label and design mark applications that the Franchisor has pending at the United States Patent and Trademark Office.

(h) **“Products”** means food and beverages, promotional items, uniforms, smallwares, computer software and hardware, telephone equipment, furnishings, fixtures, and equipment used in connection operating the Store, leasehold improvements, supplies, recipes, materials, forms, and other products sold or used through a Store.

(i) **“Services”** means any services rendered to Ginger Sushi Boutique customers outside of the Store, including, without limitation, the delivery of Products, catering services and such other services as may be expressly authorized by the Franchisor in writing from time to time.

(j) **“Store”** means the premises identified in **Schedule A** to this Agreement or any other location as may be mutually agreed upon between the Franchisee and the Franchisor in writing. If the Store is not identified in **Schedule A** at the time of execution of this Agreement, then the Store will be such premises as are subsequently agreed upon by the Franchisor and the Franchisee, such agreement to be evidenced in writing by completing **Schedule A** at the time the Store is identified.

(k) **“System”** means the systems, standards, methods and procedures conceived of, developed or used by the Franchisor or which may hereafter be conceived, developed, updated or used by the Franchisor for the operation of a retail food service business and includes, without limitation, the following:

(i) the standards of quality and service used in the operation of a retail food service business utilizing the Franchisor’s System;

(ii) the design, color, style and other distinguishing characteristics of the leasehold improvements, fixtures, signs and furnishings;

(iii) distinguishing characteristics relating to the basic image, design, appearance, layout and color scheme of the interior and exterior of a location licensed by the Franchisor.

(l) **“Termination”** has the meaning attributed to it in section 10.1 of this Agreement.

(m) **“Territory”** means the territory located within the boundaries identified on **Schedule B** to this Agreement. If the Territory is not identified in **Schedule B** at the time of execution of this Agreement, then the Territory will be such territory as is subsequently agreed upon between the Franchisor and the Franchisee, such agreement to be evidenced in writing by completing **Schedule B** at the time the Territory is identified.

1.2 <u>Schedules</u>. The following are the schedules referred to in this Agreement:

Schedule A	Licensed Location and Designated Manager
Schedule B	Territory
Schedule C	Acknowledgment
Schedule D	Addendum to Lease
Schedule E	Request for Pre-Authorized Payments

Schedule F	Guaranty and Indemnity
Schedule G	Shareholders/Members/Partners
Schedule H	Address for Notice
Schedule I	Collateral Assignment of Telephone Numbers, Addresses and Listings
Schedule J	Statement of Franchisee
Schedule K	Project Management Agreement
Schedule L	Security Agreement
Schedule M	Sample Acknowledgment of Termination and Release Agreement
Schedule N	SBA Addendum

2. TERM

2.1 Term. This Agreement shall be effective as of the Effective Date, and the term of this Agreement ("**Term**") shall, unless terminated earlier under the terms and conditions of this Agreement, remain in full force and effect for a period of time commencing on the Commencement Date until the earlier of:

(a) the expiration of the Site Location Period as set forth in Section 4.1(c) in the event Franchisee has not found a suitable location and signed a Lease for the Store within the Site Location Period; or

(b) the expiration date of the Lease ("**Lease Expiration Date**") as set forth in Schedule A.

If this Agreement is terminated in accordance with its terms earlier than the Lease Expiration Date or if any other agreement between the Franchisor and the Franchisee is terminated or the Lease is terminated, then the Term shall be such shorter period as ends on such date of termination.

2.2 No Additional Rights Beyond Term. Franchisee does not have any rights to operate the Business beyond the Term, subject to any state laws to the contrary. Notwithstanding the foregoing, Franchisor reserves the right to offer to Franchisee the opportunity to extend its rights to operate the Business by entering into a successor franchise agreement ("**Successor Franchise Agreement**") upon such terms as Franchisor is offering new franchisees when Franchisee's Term is expired. Franchisee acknowledges and agrees that the terms and conditions of any such Successor Franchise Agreement may differ substantially from those in this Agreement. If Franchisor offers Franchisee a Successor Franchise Agreement, Franchisee will pay Franchisor a successor franchise fee ("**Successor Franchise Fee**") equal to $2,500 per year for each year included in the term of the Successor Franchise Agreement, up to a maximum of five years.

2.3 Interim Period. After the expiration of this Agreement, if a period of time transpires before (a) Franchisee's rights under this Agreement have been fully and finally terminated or (b) Franchisor has offered a Successor Franchise Agreement to Franchisee and Franchisee has not yet signed such Successor Franchise Agreement, and Franchisee continues to accept the benefits of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (a) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (b) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

3. GRANT OF LICENSE AND RIGHT TO USE MARKS

3.1 Grant of License. On and subject to the terms and conditions contained in this Agreement, the Franchisor grants to the Franchisee the following (collectively, the "**License**"):

(a) an exclusive license to carry on the Business only at the Store under the name Ginger Sushi Boutique™ or such other Marks as may be specified from time to time by the Franchisor during the Term or any Interim Period;

(b) a non-exclusive license to use and display the Marks during the Term and any Interim Period in connection with the operation, advertising and promotion of the Business; and

(c) a non-exclusive license to use, in connection with the Store, the System.

The License shall only remain in effect during the Term and so long as the Franchisee continues to operate the Business and does not commit an Event of Default under this Agreement. Upon Termination, such license shall immediately be at an end and the Franchisee shall immediately cease the use of the Marks and the System and shall not thereafter in any way hold itself out as being associated with the Franchisor or the restaurant operations owned or licensed by the Franchisor.

Notwithstanding the foregoing, the Franchisee expressly acknowledges that the Franchisor expressly reserves the right to:

(i) identify the Territory around the Store for which Franchisee's franchise rights will be granted;

(ii) establish, operate or license to any other person or entity the right to establish or operate, a restaurant owned or licensed by the Franchisor at any location outside of the Territory;

(iii) develop, market, own, operate or participate in any other business under the Marks or any other trademarks;

(iv) develop, lease and license the use of, at any location inside or outside the Territory, trademarks other than the Marks licensed by Franchisor under this Agreement, in connection with the operation of a system which offers products or services which are the same as or similar to those offered under the System on any terms or conditions which the Franchisor deems advisable;

(v) merge with or be acquired by any other business, including a business that competes with Franchisee's Business, or to acquire and convert to the System operated by the Franchisor any retail stores, including retail stores operated by competitors located inside or outside the Territory or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned;

(vi) distribute, sell or license other persons to distribute or sell non-System products and System products whether inside or outside the Territory through all other channels. "**Other Channels**" means locations other than traditional restaurants owned or franchised or licensed by the Franchisor and includes sale by or through other channels of trade including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail, Internet sales, malls, universities, schools, hospitals, military bases, casinos, convention centers, arenas, stadiums, health and fitness facilities, office buildings, theme parks, movie theatres, and amusement facilities; and

(vii) implement multi-area marketing programs (including, without limitation, mail drops and other flyer distribution methods) which may allow Franchisor or others to solicit or sell to customers anywhere, including without limitation inside or outside of the Territory. Franchisor also reserves the right to issue mandatory policies to coordinate such multi-area marketing programs.

Each of the Franchisee and the Guarantor further agree to execute and provide the Franchisor with the acknowledgment in substantially the form attached hereto as **Schedule C**.

Provided that the Franchisee does not commit an Event of Default under this Agreement including, without limitation, the Manual, the Lease or any other agreement between the Franchisee and the Franchisor, during the Term or any Interim Period, the Franchisor shall not operate a restaurant identified by any of the Marks within the Territory, nor shall the Franchisor authorize any other franchisee to operate a restaurant identified by any of the Marks within the Territory during the Term or any Interim Period.

Franchisee expressly agrees that all right, title and interest in and to the Marks, the System, the goodwill associated with the System and confidential trade secrets are owned by the Franchisor or its affiliates, and shall remain solely owned by Franchisor or its affiliates, and are being revealed to Franchisee solely to enable Franchisee to establish and operate a Ginger Sushi Boutique franchise only in accordance with the terms and conditions of this Agreement.

3.2 License Subject to this Agreement. The Franchisee acknowledges that the Franchisor is a licensee of the Marks and that the Franchisor has the right to grant the license granted to the Franchisee in Section 3.1 of this Agreement. The Franchisee agrees not to question the ownership of the Marks or the Franchisor's right to grant to the Franchisee the right to use the Marks. Franchisee agrees not to file any trade mark, copyright or intellectual property application in regards to the Marks, except as expressly permitted herein. Furthermore, Franchisee renounces any and all of Franchisee's common law interests in said Marks. The Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by the Franchisee pursuant to and in compliance with this Agreement and all-applicable standards, specifications, and operating procedures prescribed by the Franchisor and contemplated in this Agreement. Any unauthorized use of the Marks by the Franchisee shall constitute an infringement of the rights of the Franchisor in and to the Marks and shall constitute an Event of Default under this Agreement.

3.3 Usage Inures to Benefit of the Franchisor. The Franchisee agrees that all usage of the Marks by the Franchisee and any goodwill established thereby shall inure to the exclusive benefit of the Franchisor and/or its affiliates, as the case may be. The Franchisee acknowledges that this Agreement does not confer any interest in the Marks or goodwill associated therewith upon the Franchisee.

3.4 Identification of Business. The Franchisee agrees to use the Marks as the sole identification of the Business; provided that the Franchisee shall identify itself as a franchisee of the Franchisor and as the independent owner of the Business as otherwise provided in this Agreement.

3.5 Display of Marks. The Franchisee agrees to prominently display the Marks in connection with the Business and in the manner prescribed by the Franchisor from time to time in the Manual or otherwise; provided that, prior to using the Marks on any signs, goods or materials for any reason whatsoever, the Franchisee shall obtain the written approval of the Franchisor to such usage. The Franchisee agrees to give such notices, at the Store or otherwise, as may be required by the Franchisor for the purpose of indicating that the Franchisee is a licensed user of the Marks. In its use of the Marks, the Franchisee shall include such notices as may be required by the Franchisor for purposes of preserving the interests of the Franchisor in the Marks, including trademark and copyright notices.

3.6 Unauthorized Use. The Franchisee shall not use the Marks as part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. The Franchisee shall only use the Marks in connection with the sale of goods, products, and services authorized by the Franchisor.

3.7 Infringement of or Challenges to the Marks. The Franchisee shall immediately notify the Franchisor of any actual or apparent infringement of or challenge to the Franchisee's use of the Marks, or any claim by any person of any rights in any of the Marks. The Franchisee shall not communicate with any person other than the Franchisor and its counsel in connection with any such infringement, challenge, or claim. The Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Marks. The Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of the Franchisor's counsel, be necessary or advisable to protect and maintain the interest of the Franchisor in the Marks. If it becomes advisable at any time, in the Franchisor's sole discretion, for the Franchisor and/or the Franchisee to modify or discontinue the use of any of the Marks, and/or use one or more additional or substitute Marks, the Franchisee agrees to comply with the directions of the Franchisor in that regard within a reasonable period of time after receipt of such directions and the sole obligation of the Franchisor in any such event shall be to reimburse the Franchisee for its reasonable out-of-pocket costs, if any, of changing the signage at the Store except if such change is required pursuant to Section 2.2 herein.

3.8 Termination of License. Upon Termination, the Franchisee shall immediately cease all use of the Marks, including any colorable imitation thereof, in connection with any goods, services or business and, without restricting the generality of the foregoing, the Franchisee agrees not to use the word "Ginger Sushi Boutique" in any manner or form as a trademark, trade name or otherwise in connection with any goods, services or business. The Franchisee agrees that this covenant is reasonable and necessary to protect the integrity of the Marks, and that this covenant is enforceable by injunction, including a temporary restraining order, by any court of competent jurisdiction.

4. COMMENCEMENT OF OPERATIONS

4.1 Site Location Period. If the Store or the Territory is not identified and agreed to by the Franchisor during the execution of this Agreement, then the Franchisee will have eighteen (18) months following the Commencement Date of this Agreement ("**Site Location Period**") to use its best efforts to find a suitable location for the Store acceptable to the Franchisee and the Franchisor in all reasonable respects and to sign a Lease for the Store. As set forth in Section 2.1 of this Agreement, the Term of this Agreement will expire if Franchisee is unable to find a suitable location within the Site Location Period, and in such event, Franchisor may retain any and all monies paid to Franchisor, including the Initial Franchise Fee paid pursuant to Section 8.1, as liquidated damages and not as a penalty. Franchisee's failure to sign a Lease for the Store prior to the expiration of the Site Location Period will constitute abandonment of the Business by Franchisee and entitle the Franchisor to terminate this Agreement without providing Franchisee with notice or the opportunity to cure.

4.2 Lease of the Store. Franchisee will be solely responsible for selecting and negotiating the purchase or lease of the Store. Franchisee recommends that Franchisee retain a commercial real estate broker or salesperson who has at least five years of experience in locating restaurant sites to advise and counsel the Franchisee with regard to the price, economics, demographics, access, visibility, location, and the acquisition or lease of the site for Franchisee's Store. Franchisor further recommends that Franchisee retain an experienced attorney to provide advice and counsel on the terms, conditions and economics of the legal and other documents required to lease or purchase the site for the Store. Franchisee shall, as soon as practicable following the execution of this Agreement and within the Site Location Period, submit to the Franchisor for its review and approval a copy of the Lease (prior to the execution of the Lease) proposed to be entered into in respect of the Store. Such review is for the benefit of Franchisor, and Franchisee acknowledges that Franchisor's review and approval of a Lease for the Store does not constitute a recommendation, endorsement, or guarantee by Franchisor of the suitability, success of the Store or the Lease, and Franchisee and Guarantor shall take all steps necessary to ascertain whether such Store and Lease are acceptable to Franchisee including by seeking professional advice, legal and/or otherwise with respect to the Lease. It is understood that the terms of the Lease shall include the terms contained in the Addendum to Lease (currently in the form attached hereto as **Schedule D**) in Franchisor's then-current-form Addendum to Lease. In addition, the terms of the Lease must also give the Franchisor the right to enter the premises of the Franchised Location to conduct inspections during regular business hours. Following Franchisor's approval of any Lease to be entered into by Franchisee, Franchisee agrees not to terminate or in any way alter or amend the same during the Term of the Franchise Agreement or any renewal term thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests hereunder. Franchisor acknowledges and agrees that Franchisor may grant or deny its consent for any reason in its sole discretion.

4.3 Design and Construction. Franchisee shall, if requested by Franchisor, enter into a project management agreement (the "**Project Management Agreement**") with Franchisor or any of its affiliates or subsidiaries providing for the completion of improvements to the Store, such Project Management Agreement to be in substantially the form attached as **Schedule K**. The plans and specifications for the Store provided under the Project Management Agreement shall be subject to final approval by Franchisor or Franchisor's affiliate or subsidiary and no revisions may be made to such plans and specifications without Franchisor's written approval or the written approval of any of Franchisor's affiliates or subsidiaries. The Project Management Agreement shall be prepared by Franchisor and delivered to Franchisee and the Guarantor for execution contemporaneously upon the execution of this Agreement or at such other time as Franchisor may determine. If the same are not executed and delivered to Franchisor by Franchisee and the Guarantor within thirty (30) business days following delivery by Franchisor, then Franchisor shall be entitled to terminate this Agreement by written notice to Franchisee and Franchisor may retain any and all monies paid to Franchisor, including the Initial Franchise Fee paid pursuant to Section 8.1, as liquidated damages and not as a penalty.

Franchisee may, at Franchisor's sole discretion, have the option to construct and equip the Store in conformity with Franchisor's standard plans, specifications and drawings provided by the Franchisor or Franchisor's affiliates or subsidiaries. The cost of producing all plans and specifications and all costs and expenses pertaining to the planning, construction of leaseholds, signs, logos, graphics, permits, fees, equipment, machinery, and of whatever else the Franchisee encounters in the way of costs and expenses in bringing about completion of the Store to Franchisor's standards shall be borne exclusively by the Franchisee. In addition, Franchisee must pay Franchisor for assisting Franchisee to in managing the construction of Franchisee's Store. Franchisor will charge a project management fee ("**Project Management Fee**") for this service. The minimum Project Management Fee will be Twenty Five Hundred Dollars ($2,500.00) and the Project Management Fee may equal up to five percent (5%) of the total cost of all professional fees, permits, leasehold improvements, furniture, fixtures, equipment and graphics, but in no event will the Construction Management Fee exceed Twenty Thousand Dollars ($20,000.00). Franchisee acknowledges that any guarantee or warranty with respect to the performance and function of any of the equipment for use in the Business will be limited to those provided by the manufacturer or supplier of such equipment. Franchisor makes no representation that it's standard layout plans, specifications and drawings or any work already performed by the Franchisor or Franchisor's affiliates or subsidiaries at the Store are in compliance with state or local laws.

4.4 Training Program. Prior to opening the Store for business, the Franchisor shall provide, and the Franchisee shall attend and successfully complete, all training programs required by the Franchisor regarding the System. The Franchisor may designate the location of all such training programs. Unless otherwise agreed, the Franchisee shall cause the Designated Manager to participate in the training program. Franchisee acknowledges that the successful completion of the initial training program will require, among other things, that each attendee be able to communicate that he/she can read, write, and converse in English by passing a competency test. The Designated Manager may be required to take and pass a competency test when the Franchisee signs this Agreement and receive a passing score. Franchisee agrees that the Designated Manager will be fluent in the English language. Up to two (2) individuals including the Designated Manager are eligible to participate in Franchisor's initial training program without paying any tuition or fee. Franchisee shall be responsible for any and all travel and living expenses incurred in connection with attending the training program as well as wages or salaries, if any, of the person(s) receiving training or undergoing testing. Franchisee and the Designated Manager must successfully complete the training program before Franchisee begins operating the Store, failing which, Franchisor shall be entitled to terminate this Agreement by written notice to Franchisee and Franchisor shall retain any and all monies paid to Franchisor, including the Initial Franchise Fee paid pursuant to Section 8.1, as liquidated damages and not as a penalty. In the event Franchisor elects to terminate this Agreement, Franchisee must pay to Franchisor immediately upon demand, any and all costs and losses Franchisor incurred in administering the opening of the Store, including without limitation, any outstanding rent, operating losses, and construction cost shortfalls. Franchisor reserves the right to waive all or a portion of the training program, or alter the training schedule, in Franchisor's sole discretion.

The Franchisor may require that the Franchisee and its personnel attend and complete additional training, re-training sessions or seminars that it may offer from time to time during the currency of this Agreement at locations determined by Franchisor. Attendance at these training sessions or seminars by Franchisee and/or the Designated Manager is required and mandatory. All travel, living, and other expenses in connection with said training programs, including wages, shall be paid by the Franchisee.

If, whether as a result of observations, test results or otherwise during initial training or thereafter (including during operation of the Franchisee's Ginger Sushi Boutique Store) the Franchisor determines in the Franchisor's reasonable discretion, that the Franchisee is not meeting the System standards, after written notice and a 10-day opportunity to cure, the Franchisor can require that: (1) a manager or other person designated by the Franchisor be placed in the Franchisee's Ginger Sushi Boutique Store to supervise day-to-day operations for the purpose of assuring compliance with the Franchisor's standards. The Franchisee will pay all costs in connection therewith, including salary, benefits, travel, meals, lodging, and incidental expenses; and/or (2) the Franchisee (or a managing partner or shareholder consented to by the Franchisor) and/or the Franchisee's equity manager, re-attend and successfully complete training, at the Franchisee's sole cost and expense.

4.5 Opening for Business. The Franchisee shall do all such acts and things as are necessary (including, without limiting the foregoing, compliance with all contractual obligations) to ensure that the Store is open for business within ten (10) days of receiving Franchisor's written consent, which cannot be provided until the Franchisor has approved the Store and Franchisee has: (1) successfully completed the initial training program; (2) paid all amounts owing to the Franchisor or its affiliates or subsidiaries and their contractors and suppliers under this Agreement or any other agreements between the Franchisor and the Franchisee; (3) furnished to Franchisor copies of all insurance policies required by this Agreement; (4) built out and equipped the Store in accordance with Franchisor's standards and specification; (5) stocked the Store with an inventory of approved products and supplies; (6) staffed the Store as required by Franchisor's standards and specifications; (7) obtained all necessary approvals from local authorities and government agencies; (8) completed all other aspects of developing the Business as Franchisor has reasonably required; and (9) provided Franchisor with a voided check from Franchisee's business account for purposes of allowing Franchisor to collect payment of Royalties and Marketing Fund Contributions from such business account.

Franchisee acknowledges and warrants that the Franchisor's approval of the Business at the Store does not constitute a guarantee, recommendation, or endorsement of the Business and that the success of the Business to be operated at the Store depends on the Franchisee's Designated Manager's and Guarantor's abilities as independent businesspersons and the acceptance of them and the Products in the community where the Store is located.

5. OPERATION OF BUSINESS

5.1 Acknowledgment. The Franchisee acknowledges that the goodwill associated with the Marks has been created through the use of certain marketing and operating methods established by the Franchisor and/or its affiliates, as the case may be. The Franchisee further acknowledges that, through the operation of the Business, the Franchisee shall have the opportunity to benefit from such goodwill and shall be in a position to affect such goodwill to the benefit or detriment of the Franchisor and other franchisees of the Franchisor. Accordingly, the Franchisee agrees that the restrictions imposed on the conduct of the Business pursuant to this Section 5 shall be of the essence of this Agreement and that the Franchisee covenants to continuously and strictly observe and perform all of the conditions and agreements contained in this Section 5.

5.2 Full-Time Involvement. The Franchisee acknowledges that the success of the Business is dependent in part on the active involvement of an owner/manager in the Business. The Franchisee shall ensure that a person designated to operate the Business ("**Designated Manager**") shall at all times devote his or her full time and attention to managing, supervising, and developing the Business and that such person is at all times identified to the Franchisor. The Designated Manager is, at the time of the execution of this Agreement, identified on **Schedule A**. The Franchisee shall secure the Franchisor's written consent before changing or designating a new Designated Manager. The Designated Manager must attend and satisfactorily complete Franchisor's training program.

5.3 Managers. Except as otherwise provided in this Agreement, the operation of the Business shall at all times be under the supervision and control of the Designated Manager. The

Franchisor shall be entitled to hold information and training sessions from time to time during the Term and any Interim Period and the Franchisee shall, at its own cost, send the Designated Manager and one or more of its managers to each such information and training session. If the Designated Manager and/or manager fails to attend such information and training sessions, Franchisee shall pay to Franchisor One Thousand and Five Hundred Dollars ($1,500.00) as liquidated damages and not as a penalty.

5.4 Authorized Food, Beverages and Services. The Franchisee agrees to offer at the Store goods, food, beverages, paper and packaging and services of a type and quality from time to time specified by the Franchisor. The Franchisee will not, without prior written approval from the Franchisor, offer any goods, food, beverage, paper and packaging or service that has not been authorized by the Franchisor for its outlets generally. The Franchisee agrees that all food and beverages served in the Store shall be prepared in accordance with recipes and procedures set out in the Manual from time to time specified by the Franchisor.

5.5 Designated Suppliers and Volume Rebates. The Franchisor shall be entitled (but shall not be obligated) to designate certain goods (including, without limitation, the Products, food and beverages, promotional items, uniforms, smallwares, computer software and hardware, telephone equipment, and other things), the Services, furnishings, fixtures, and equipment used in connection with the Business, which must be obtained by the Franchisee from suppliers designated by the Franchisor or directly from the Franchisor. Such designated Products shall only be purchased by the Franchisee from the designated supplier or from the Franchisor. Additional Products may be designated from time to time by the Franchisor notwithstanding that the same are not so designated on the date of this Agreement, or at any time hereafter. The designated suppliers may be changed by the Franchisor from time to time on written notice to the Franchisee. Franchisee grants permission to Franchisor to examine without prior notice to Franchisee, all records of any supplier relating to Franchisee's purchases, and Franchisee hereby authorizes such suppliers to release Franchisee's purchase records to Franchisor at such times and places Franchisor may request. The Franchisee acknowledges and agrees that the Franchisor or Franchisor's affiliate or subsidiary may receive a rebate, royalty, or commission in connection with Products and/or Services purchased, leased, or obtained by the Franchisee from designated suppliers and that the benefit of such rebate, royalty, or commission may not necessarily be passed onto the Franchisee and that the Franchisor and/or its subsidiaries and/or affiliates are entitled to keep such rebates, royalties, or commissions for their own use and benefit. Franchisee further acknowledges that Franchisor or Franchisor's affiliate or subsidiary in Franchisee's geographic area may derive a profit from the design and construction of the Store or as a result of tenant inducements or tenant allowances and Franchisee hereby waives any claims to such tenant inducements or tenant allowances.

If the Franchisee desires to use suppliers that are not on the Franchisor's list of approved suppliers, it shall notify the Franchisor in writing before using the said supplier and, if the Franchisor so requests, will provide the Franchisor with samples of the product and any relevant data. Upon receiving such request, the Franchisor will determine whether the product meets the required specifications and will notify the Franchisee accordingly within sixty (60) days of receiving samples of the product and other relevant data. The Franchisee will reimburse the Franchisor for the Franchisor's actual out-of-pocket expenses relating to the testing or granting or approval of the supplier. If the Franchisor determines that any such supplier does not meet the required specifications, the Franchisee agrees that it will not use the said supplier in its Business. Without limiting the generality of the foregoing, the supplier proposed for use by the Franchisee under this Section 5.5 may be required to demonstrate to the Franchisor's reasonable satisfaction that the proposed supplier:

(a) meets the Franchisor's specifications, including its quality, quantity, warranty, variety, service, health and safety specifications, for the product and for the facilities used in the production and distribution of the product;

(b) has the capacity to supply the Franchisee's requirements;

(c) has a sound financial condition and business reputation;

(d) will supply product to a sufficient number of Ginger Sushi Boutique franchisees to enable the Franchisor to economically monitor compliance by the supplier with the Franchisor's specifications; and

(e) has met such other criteria as may be established by the Franchisor, acting reasonably, from time to time and as set out in the Manual.

If it is deemed necessary by either Franchisor or any of the approved suppliers to recall from Franchisee any quantity of any of products, either as a result of failure of such products to satisfy the proprietary manufacturing specifications issued to approved suppliers by Franchisor, or for any other reason bearing on the quality and/or safety of such products, Franchisee shall comply diligently with all product recall procedures then in effect, as established from time to time by Franchisor and/or the suppliers. Franchisor shall not be required to bear the costs associated with the recall of any product unless such recall is the result of gross negligence on the part of Franchisor. If Franchisee fails or refuses to comply with the recall of such products hereunder upon request by Franchisor, Franchisor shall be authorized to take such action as it deems necessary to recall such products from the System and Franchisee shall promptly reimburse Franchisor for its costs and expenses (including, but not limited to, legal fees) incurred in such recall procedure; any such action taken by Franchisor shall not relieve Franchisee of its other obligations hereunder.

5.6 Operating Obligations. In the conduct of the Business, the Franchisee acknowledges that it is solely responsible for the successful operation of its Store and that Franchisee's successful operation depends on Franchisee's compliance with this Agreement and the Manual. In addition to all other obligations contained in this Agreement and the Manual, Franchisee agrees that it shall:

(a) maintain a clean, safe, and high quality Store operation and shall promote and operate the Business with due diligence and efficiency and maintain an adequate and properly trained staff to properly serve its customers;

(b) carry a sufficient inventory to meet the reasonable requirements of the Franchisee's customers;

(c) be open for business during such hours and on such days as the Franchisor may from time to time require, provided that nothing herein shall require the Franchisee to carry on the Business during any period prohibited by any law regulating the hours when such business may be carried on, Franchisor reserves the right, in Franchisor's sole discretion, to at any time reduce or increase the hours of operation for Franchisee's store. Franchisee acknowledges that its hours of operation may be greater or less than other Ginger Sushi Boutique franchisees or licensees;

(d) from time to time accept and honor such nationally recognized credit/debit/gift/loyalty stored value cards (and only such credit/debit cards) as may be designated by the Franchisor;

(e) carry on the Business in accordance with the terms of this Agreement, all applicable laws, regulations, and other ordinances and in such a manner so as to promote a good public image in the community. Franchisee shall be solely and fully responsible for obtaining any and all licenses to operate the Business;

(f) at all times use its best efforts to promote the Business and the Marks;

(g) cooperate with Franchisor and all other franchisees in promoting good public and customer relations with the public generally and with customers and potential customers of the Business; and

(h) properly manage the Business and ensure that the Franchisee and/or its Designated Manager who has completed the initial training program will be responsible for managing the Business after commencement of operations and be present at the Store during its operation. Franchisee or the Designated Manager must work full-time at the Store.

5.7 Marketing and Marketing Fund Contributions. Except as prohibited or limited by law the Franchisee shall actively participate in and co-operate with the Franchisor's national, regional and local advertising and sales promotion campaigns, prize contests, special offers, and (without limiting the generality of the foregoing) the Franchisee shall:

(a) obtain the prior approval of the Franchisor to all promotions, special events, sales promotion materials and advertising used by the Franchisee (including, without limitation, on-site, Internet, direct mail, newspaper, radio and television advertising, and advertising by third parties at the Store or at any other location if in connection with the Business);

(b) display in the Store, and in the manner specified by the Franchisor, advertising material provided to the Franchisee by the Franchisor from time to time;

(c) pay to the Franchisor an amount ("**Marketing Fund Contributions**") equal to three percent (3%) of Gross Sales, such amount to be calculated and paid weekly as provided for in Section 8.3;

(d) conduct such promotions and special events, offer such promotional items and accept such coupons, loyalty, stored value, and gift cards as the Franchisor may from time to time require;

(e) not make any television or radio appearance or make any statement to any media in connection with the System without first obtaining the written consent of the Franchisor;

(f) pay Franchisor for the organization and coordination of Franchisee's grand opening advertising and promotional program for the Store at the time and in the manner specified by Franchisor and agree to spend a minimum of Ten Thousand Dollars ($10,000.00), plus applicable taxes, for the grand opening program ("**Grand Opening Expenditure**"). Franchisee acknowledges and agrees that Franchisee will incur certain food costs in connection with the grand opening program, and that such promotional food costs are in addition to the Grand Opening Expenditure. Franchisee agrees to provide Franchisor with a summary of Grand Opening Program Expenditures within forty-five (45) days after the Store opens. Franchisee's grand opening program shall utilize the marketing and public relations programs and media and advertising materials that Franchisor has approved; Franchisee shall also advertise and display such advertisements and solicitations at the Store to attract potential franchisees to the System as the Franchisor may require from time to time.

All Marketing Fund Contributions, together with amounts contributed by other franchisees of the Franchisor, shall be maintained in a fund ("**Marketing Fund**") administered by the Franchisor. Such funds shall be applied for the purpose of advertising and promoting the licensed and company-owned operations associated with the Marks and producing such advertisement and promotion. However, the Franchisor cannot and does not ensure that any particular franchisee will benefit directly or pro-rata or at all from the placement of advertising and promotion. The Franchisor may consult with its franchisees from time to time concerning the advertising programs to be established by the Franchisor and, for that purpose, may invite franchisees to participate in a franchisee advisory board. The cost of establishing and maintaining such an advisory board may be charged to the Marketing Fund. Notwithstanding any such consultation with franchisees, the Franchisor shall make all decisions concerning advertising and promotion in its sole discretion. This includes the right to use the Marketing Fund Contributions for broadcast or print advertising, the creation, development and production of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising; any marketing or related research and development; developing, enhancing and maintaining Franchisor's Website; vehicle advertising menu development, point-of-sale advertising, retaining public relations firms, and uniform designs; and advertising and marketing expenses, including payment for research and development on new Products and Services, services provided by advertising agencies or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of the Internet, Internet access provider costs, personnel to support the marketing function, subscriptions to industry newsletters or magazines, and administrative costs. Franchisor may reimburse itself or its designated representatives (which may be one or more of Franchisor's subsidiaries or affiliates) for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and other reasonable direct and indirect expenses incurred by Franchisor or its representatives in connection with the programs funded by and the administration and operation of the Marketing Fund. Franchisor and its representatives will not be liable for any act or omission that is consistent with this Agreement and done in good faith. Franchisor and its representative may spend in any fiscal year more or less than the aggregate Marketing Fund Contribution of all stores to the Marketing Fund in that year, and the Marketing Fund may borrow from Franchisor or others (including Franchisor's affiliates) to cover deficits or invest surplus for future use. Franchisor may cause the Marketing Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity, if established, will have all rights and duties specified in this Section. Franchisor and its representatives undertake no obligation to ensure that the Marketing Fund benefits Franchisee's Store in proportion to Franchisee's respective Marketing Fund Contributions or at all. Franchisee acknowledges and agrees that the Marketing Fund's primary purpose is to support sales by the entire Ginger Sushi Boutique System and to build brand identity. Franchisee agrees to participate in any promotional campaigns and advertising and other programs that the Marketing Fund periodically establishes.

The Franchisor shall be entitled to increase the Marketing Fund Contributions to four percent (4%) of Gross Sales instead of the three percent (3%) provided for in Section 5.7(c) if the owners of at least seventy-five percent (75%) of the franchisees in the United States agree to pay such increased percentage of sales to the Marketing Fund. Once such seventy-five percent (75%) agreement is reached, no further or continuing agreement shall be required in order to maintain the Marketing Fund Contributions at four percent (4%) of Gross Sales. Upon written request by the Franchisee, the Franchisee will be provided with an unaudited annual statement of funds received by the Marketing Fund, and expenditures made from the Marketing Fund. The cost of preparing the statement shall be paid by the Marketing Fund. The reporting period used for the purpose of this accounting will coincide with the fiscal year of the Franchisor. The Franchisee acknowledges that the Franchisor shall have sole discretion over the manner in which the Marketing Fund Contributions are used and allocated.

Franchisee acknowledges and agrees that, from time to time, Franchisee will incur certain food and advertising costs in connection with regional or national advertising programs offered in connection with the Marketing Fund, and that such costs are in addition to, and cannot be used to offset, Franchisee's obligation to pay its monthly Marketing Fund Contribution.

Except as expressly provided in this Section 5.7, the Franchisor shall assume no liability, direct or indirect or otherwise to the Franchisee with respect to the maintenance, direction or administration of the Marketing Fund Contributions.

Although the Franchisor intends the Marketing Fund to be of perpetual duration, the Franchisor has the right to terminate the Marketing Fund. The Franchisor will not terminate the Marketing Fund, however, until all monies in the Marketing Fund have been expended for advertising and promotional purposes.

Franchisor and its representatives have the right, but not the obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. Franchisor and its representatives also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Franchisor and its representatives, reserves the right, in Franchisor's sole discretion, to at any time defer or reduce Marketing Fund Contributions and operations for one (1) or more periods of any length.

5.8 Local Advertising Contributions and Local Advertising Cooperatives.

(a) In addition to the Marketing Fund Contributions to be made by Franchisee in accordance with Section 5.7 above, Franchisee agrees to spend an amount (the "**Local Marketing Expenses**") equal to two percent (2%) of Gross Sales, such amount to be calculated and spent monthly, for purposes of conducting local advertising marketing campaigns. Franchisor may request that Franchisee prepare and submit five (5) days after the end of every month a report setting out the Local Marketing Expenses actually disbursed by Franchisee for that month during each month of the Term and any Interim Period.

(b) In regional and metropolitan areas where there are two or more Ginger Sushi Boutique franchisees, Franchisee shall participate in an advertising and public relations cooperative ("**Local Advertising Cooperative**") and pay Franchisee's proportionate share of the cost of joint regional and local public relations and advertising programs, such proportionate shall be a minimum of two hundred and fifty ($250.00) dollars ("**Advertising Cooperative Fee**"), however, Franchisee acknowledges and agrees that such minimum Advertising Cooperative Fee may increase or decrease on the decision of Local Advertising Co-Operative franchise members. The Advertising Co-operative Fee shall be used for joint regional and local public relations and advertising programs initiated by the Local Advertising Co-operative. Franchisor, in its sole and absolute discretion, may determine the boundaries of such regional and metropolitan areas and the number and identities of franchisees within such areas belonging to Franchisee's Local Advertising Co-operative. Any contributions made by Franchisee towards Franchisee's Local Advertising Cooperative shall be credited towards the Local Marketing Expenses that Franchisee is required to make as provided for in Section 5.8(a). In determining the level of expenditure and the type of advertising and public relations program to be launched by the Local Advertising Co-operative, each Ginger Sushi Boutique franchisee within the area participating in the Local Advertising Cooperative shall have one vote for each Store in operation and scheduled to be in operation during the promotional period ("**Total Operational Stores**"). Franchisee's share of the expenses for public relations and electronic media advertising shall be the ratio of the number of the Stores Franchisee has open and operating in the metropolitan area covered by the Local Advertising Cooperative to the Total Operational Stores in the relevant regional and metropolitan area. Franchisee's share of expenses for print media advertising shall be the ratio of the circulation of the publication in Franchisee's Territory to the circulation of that publication in all the franchisees' territories in that relevant regional and metropolitan area. The rules of the Local Advertising Cooperative shall be in writing and established by its members, but must be submitted to Franchisor for prior approval (and shall be deemed approved ten (10) days after submission if Franchisor does not disapprove such rules in writing). Each Local Advertising Cooperative shall provide quarterly financial reports to Franchisor as required by Franchisor in the Manual.

Franchisor reserves the right, in its sole discretion, to form, change, merge or dissolve any Local Advertising Cooperative.

5.9 Approval of Advertising by Franchisor. Without limiting the generality of Section 5.8, prior to their use by Franchisee, Franchisee must provide Franchisor with samples of all advertising and promotional materials and programs (including any proposed uses on the Internet or other electronic media or other forms of media approved by Franchisor) not prepare or previously approved by Franchisor, whether in respect to Franchisee's local advertising or marketing campaigns or advertising to be conducted by the Local Advertising Cooperative. All such materials must be approved by Franchisor in writing prior to any use by Franchisee, and Franchisor shall be entitled to grant, withhold or condition its consent to such use for any reason in Franchisor's sole discretion. If Franchisee does not receive written approval by Franchisor within thirty (30) days of the day such materials are submitted to Franchisee, the materials shall be deemed disapproved. Franchisee shall not use any advertising, marketing or promotional materials or programs that have been disapproved by Franchisor or that do not satisfy Franchisor's requirements with regard to copyright, trademark or other notices.

5.10 Entry by the Franchisor. Without prior notice, Franchisor, or its representatives, shall be entitled to enter upon the Store at any time during business hours for the purpose of determining whether the Franchisee is in compliance with the terms and conditions of this Agreement. Franchisor or its representatives shall be permitted to audit, photocopy, and videotape Franchisee's business operations and records, and to interview Franchisee's employees, suppliers, and customers at any time throughout the Term or any Interim Period of this Agreement.

5.11 Continuous Operation. Subject to the terms of this Agreement, the Franchisee shall, throughout the Term and any Interim Period, actively and continuously carry on the Business at the Store in compliance with the terms of this Agreement.

5.12 Maintenance of Store. The Franchisee shall only operate its Business at the Store and it shall maintain the condition and appearance of the Store so as to be consistent with the image of a clean, modern, attractive and efficiently operated business and in accordance with the image of a Ginger Sushi Boutique franchise as dictated by the Franchisor from time to time. In connection therewith, the Franchisee shall at all times ensure that the Store is neat and clean, shall cause all necessary repairs to be made to the Store and (subject to Section 5.13 and Section 5.15) shall periodically redecorate the Store and replace worn out or obsolete leasehold improvements, fixtures, furnishings, equipment, signs and wares as may be required by the Franchisor provided that the Franchisee shall not be required to do so within six (6) months of the expiration of the Lease unless the Franchisee has renewed or executed a new Lease for the Store. Franchisee shall also paint the entire Store, at Franchisee's sole cost and expense, at least once every three (3) years in colors that satisfy Franchisor's current standards. In the event of any dispute as to whether the Franchisee is in compliance with its obligations under this Section 5.12, the commercially reasonable determination of the Franchisor shall be final and binding. In the event the Franchisee fails to maintain the Store as required herein, the Franchisor or its designee may (in addition to any other remedy available to the Franchisor), but is not obligated to, perform such maintenance and do and perform, and cause to be done and performed, any further and other acts and things as may be necessary or desirable to effect the foregoing after giving fifteen (15) days prior written notice to the Franchisee, and all costs and expenses incurred by the Franchisor in doing so, plus an administrative fee equal to fifteen percent (15%) of such costs and expenses, shall be paid by the Franchisee on demand.

5.13 Alterations to Store. The Franchisee shall not make any Material alteration to the Store, nor shall the Franchisee make any Material replacement or alteration to the layout, leasehold improvements, fixtures, furnishings, signs, equipment, wares or appearance of the Store, without the prior written approval of the Franchisor. For the purposes of this Section 5.13, "**Material**" shall mean any alteration(s) or replacement(s) having a value in the aggregate equal to or greater than Fifteen Hundred Dollars ($1,500.00) during each year of the Term of this Agreement.

5.14 Suggested Retail Prices. The Franchisor shall from time to time provide the Franchisee with a suggested retail price for any or all of the food items, beverages, goods, and services sold by its franchisees generally, and the Franchisee be encouraged but not required to sell any such food items, goods, beverages or services for a price that exceeds the suggested retail price. The Franchisee is free to sell all food items, goods, beverages, and services for a price, which is less or more than the applicable suggested retail price. The suggested retail price for food items, beverages, goods, and services, as determined by the Franchisor, may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. Franchisor reserves the right to establish maximum resale prices, in its sole discretion, on some or all items sold by Franchisee from the Store.

5.15 Remodeling of Store. The Franchisee, at its sole cost, shall undertake to renovate, modernize, remodel and refurbish the Store as the Franchisor may require, in Franchisor's sole discretion, to reflect and to comply with Franchisor's then-current standards, at least once every six (6) years during the Term of this Agreement. Any such renovation, remodeling, and upgrade shall be subject to prior written approval by Franchisor of all plans, layouts, designs and other items specifically identified by Franchisor. Franchisee acknowledges and agrees these requirements are necessary and reasonable to preserve the identity, reputation, and goodwill developed by the Franchisor and the value of the Business. Franchisee shall promptly and fully comply with all such requirements and, if Franchisee fails to do so, Franchisor may do so on Franchisee's behalf, and Franchisee shall pay Franchisor the cost thereof, together with a reasonable administrative fee equal to fifteen percent (15%) of all costs incurred by Franchisor on Franchisee's behalf, within ten (10) days of the date Franchisor submits a bill detailing such expenditures to Franchisee.

5.16 Compliance with Laws. The Franchisee shall at all times ensure that there is strict compliance with all laws, regulations, orders, by-laws and restrictions which affect the Business or the Store and shall immediately notify the Franchisor in writing of any notices, documents or correspondence relating to any breach by the Franchisee of any such laws, regulations, orders, by-laws and restrictions, including, without limitation, any fire, health and building inspection reports. Franchisee shall keep copies of all health department, fire department, building department, and other similar reports of inspections on file and available for inspection by Franchisor and its affiliates. Franchisee shall immediately forward to Franchisor or its designated representatives any such reports or inspections in which Franchisee has been found not to be in compliance with the underlying regulation.

5.17 Unacceptable Conduct. Any conduct or practice carried on by the Franchisee, or Franchisee's employees, agents, or contractors, whether through advertising or operating procedures or otherwise, which, in the opinion of the Franchisor, may harm the goodwill associated with the Marks or the System, or which may reflect unfavorably on the Franchisor, the System, or other franchisees of the Franchisor, or which may tend to confuse, mislead, deceive or be fraudulent to the public, shall be immediately discontinued by the Franchisee upon written notice from the Franchisor. Without limiting the foregoing, the Franchisee shall, or, if the Franchisee is a legal entity, the Franchisee shall cause its shareholders, partners, members, officers and directors, to conduct themselves in an upright and respectable manner while at the Store, within the Territory or any other the Franchisor licensed locations.

5.18 Operating Procedures. The Franchisor shall be entitled to establish mandatory specifications, standards and procedures relating to the operation of a Ginger Sushi Boutique location generally, including without limitation:

(a) the type and quality of food, beverages, goods, and services to be offered at the Store, the recipes and procedures to be used in connection with preparing and serving food and beverages and the standards of service to be offered to customers;

(b) the safety, maintenance, cleanliness, operation and appearance of the Store and all fixtures, furnishings, equipment, wares and signs used in connection therewith;

(c) the hiring, appearance, conduct and training of employees, including the use of uniforms to be worn by the Franchisee and its employees;

(d) the use of the Marks and the use and protection of trade secrets;

(e) the notices to be given for the purpose of indicating that the Business is owned by the Franchisee, that the Franchisee is a licensed user of the Marks and that the Marks are owned by the Franchisor;

(f) the use and retention of standard forms;

(g) the use and illumination of signs, posters, displays, standard formats and similar items;

(h) the hours during which the Store shall be open for business to the public, Franchisee acknowledges that as of the date of this Agreement the current standard hours of operation are from 10:30 A.M. to 10:30 P.M. from Monday to Sunday;

(i) the limiting of the placement of any personal property security interest in the Franchisee's assets or any pledge of such assets; and

(j) the use and honoring of gift certificates, coupons and other such local and national promotional programs authorized by the Franchisor.

5.19 Operations Manual. Franchisor agrees to loan Franchisee one (1) copy of the Manual. The Franchisee shall abide by the specifications, standards and procedures referred to in Section 5.18 above in a manner consistent with this Agreement and all applicable laws. Specifications, standards and procedures prescribed from time to time by the Franchisor in the Manual or otherwise communicated to the Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. The Franchisee shall operate the Business strictly in accordance with the Manual and this Agreement. Franchisee agrees to require all of its employees to abide by all specifications, standards and procedures set forth in the Manual or otherwise communicated to Franchisee in writing. The Franchisor shall have the right to add to, and otherwise modify, the Manual from time to time to reflect changes in authorized Products and services, the System, or the operation of the Business. The Franchisee covenants to accept, implement and adopt any such additions and modifications at the Franchisee's own cost, except as provided in Section 3.7 with respect to a change in the Marks. The Franchisee shall keep the Franchisee's copy of the Manual up-to-date with replacement pages and insertions as instructed by the Franchisor.

The Franchisee acknowledges that the Manual contains proprietary information of the Franchisor and the Franchisee agrees to keep the Manual and its contents confidential at all times during the Term, any Interim Period and at any time thereafter, and not to make any copies thereof. The Franchisor may transmit a copy of the Manual and any additions or modifications by e-mail, internet, intranet or other electronic means. Franchisor reserves the right to convert some or all of the Manual into an exclusively electronic format, and Franchisee agrees to access such electronic Manual through the Internet or through an intranet created and supported by Franchisor.

The Manual shall at all times remain the property of the Franchisor and the Franchisee shall promptly return all copies of the Manual (including all disks, CD-Roms and other electronic versions) to the Franchisor upon the Franchisor's request and in any event upon the termination or expiration of this Agreement for any reason. The Manual may not be copied or duplicated or disclosed to persons other than employees or officers who need the information to perform their jobs. The provisions of this Agreement shall prevail in the event of a conflict between the specifications, standards and procedures set out in the Manual and this Agreement. The Franchisee acknowledges that the master copy of the Manual maintained by the Franchisor at its principal office shall be controlling in the event of any dispute relative to the content of the Manual. If Franchisee's copy of the Manual is lost, destroyed, or significantly damaged, Franchisee agrees to obtain a replacement copy from Franchisor at Franchisor's then applicable charge. The current replacement charge is One Thousand Five Hundred Dollars ($1,500.00), but such replacement charge may be increased or decreased by Franchisor at any time, within Franchisor's sole and absolute discretion and without notice to the Franchisee.

5.20 Directions. The Franchisee shall comply with all written directions given by the Franchisor from time to time with respect to matters over which the Franchisor has authority or control pursuant to this Agreement.

5.21 Ownership of Business Records. Franchisee acknowledges and agrees that the Franchisor owns all Business Records with respect to customers and other service professionals of, and related to, the Store including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business

Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, at all times during and after the termination, expiration or cancellation of this Agreement, Franchisor may access such Business Records, and may utilize, transfer, or analyze such Business Records as Franchisor determines to be in the best interest of the System, in Franchisor's sole discretion. If the Franchisee requires any information contained in the Business Records for tax or other reasonable purposes then the Franchisor will provide Franchisee with copies of the relevant information contained in the Business Records as it deems appropriate.

5.22 Inspections and Temporary Management of Store. Franchisor and/or its representatives shall have the right at any time and without prior notice to Franchisor, to enter and remain in the Store to inspect it and to otherwise examine the manner in which the Business is being conducted. In such event, Franchisee and its staff shall cooperate fully with Franchisor and/or its representatives. Notwithstanding anything otherwise contained in this Agreement, if in Franchisor's judgment, acting reasonably, Franchisee is not conducting or otherwise managing the Business in a proper-manner and as a result, the Business is being affected detrimentally (whether financially, standards of quality are not being maintained or Franchisee is not otherwise complying with the System), Franchisor shall have the right but not the obligation, at Franchisees expense, to send a representative(s) to remain at the Store to in fact operate and/or manage the Business and to charge a reasonable fee therefor. Any fee charged by Franchisor to Franchisee for such services shall be paid forthwith upon receipt of invoice or at Franchisor's option. Franchisor may also deduct such amount from the receipts of the Business.

6. COVENANTS OF FRANCHISEE

6.1 Covenants of Franchisee. Throughout the Term and any Interim Period, the Franchisee covenants and agrees with the Franchisor:

(a) at all times to maintain and employ in connection with the Business such working capital as may be required, in the sole discretion of the Franchisor, to enable the Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement. The current minimum amount of working capital required at all times during the currency of this Agreement is Five Thousand Dollars ($5,000.00). The Franchisor may require that the such minimum amount be increased and the Franchisee shall comply with such requirements upon receipt of a written notice to that effect from the Franchisor;

(b) to advise each supplier, the public and all others with whom the Franchisee deals, that the Business is owned by the Franchisee, that the Franchisee is an independent contractor and that all debts and liabilities incurred by it are for the account of the Franchisee only, and not the Franchisor and without limiting the generality of the foregoing, the Franchisor may in its sole discretion require that the Franchisee hang a sign designated or produced by the Franchisor to that effect at a specific place at the Store, as may be directed by the Franchisor which states "The Ginger Sushi Boutique™" trademarks are owned by MTY Tiki Ming Enterprises Inc. and the independent franchise operator of this restaurant is a licensed user of such trademarks." Any such sign or other signs bearing the name "Ginger Sushi Boutique," or any of the Marks shall remain property of Franchisor without compensation to Franchisee;

(c) to deposit all monies received from each day's business not later than the following banking day in an account or accounts to be maintained specifically for such purpose with the Franchisee's bankers. The Franchisee shall advise the Franchisor of the name of the bank and the branch thereof where such account or accounts are being maintained and shall instruct the bank that the Franchisor shall at all times be entitled to information concerning the account of the Franchisee, to examine all bank statements and canceled checks and other bills of exchange and to institute the pre-authorized payment plan described at Section 8.3;

(d) to pay all taxes (levied or assessed), charges and expenses arising in connection with the Business, including, without limitation, rent, repair and maintenance charges, insurance premiums, staff wages and employer levies, business taxes, utility charges and accounts for goods and services purchased in connection with the operation of the Business. The Franchisee shall, upon request, produce receipts showing payment of all such expenses which become due and payable during the one (1) year period immediately preceding such request;

(e) to promptly and completely observe and perform all terms, covenants, conditions and agreements contained on the part of the Franchisee in the Lease, including but not limited to the Project Management Agreement and General Security Agreement;

(f) to purchase and maintain the following insurance coverage:

(i) insurance on the Franchisee's inventory, fixtures, furniture, equipment and wares in an amount equal to not less than the full replacement cost thereof with coverage against the perils of fire and standard extended coverage, including malicious mischief and burglary;

(ii) comprehensive public liability and property damage insurance, including personal injury liability, contractual liability, public liability and employer's liability, with coverage of not less than Two Million Dollars ($2,000,000) for any one occurrence and such greater amount as may be specified from time to time by the Franchisor;

(iii) business interruption insurance in such amount as will reimburse the Franchisee for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent restaurant owners, or attributable to prevention of access to the Store, with coverage for a period of interruption of one hundred eighty (180) days and such longer period as may be specified by the Franchisor from time to time;

(iv) such insurance as the Franchisor may require for the purpose of insuring the Franchisor's interest in any and all Royalties, lease payments and/or Marketing Contributions due to it hereunder against any loss resulting from any interruption in the Business attributable to damage or destruction to the Store or to prevention of access to the Store or the death or disability of the Designated Manager, the Guarantor and/or the Franchisee, if the Franchisee is an individual;

(v) tenant's liability insurance;

(vi) Such other insurance as required by law, including Workers' Compensation Insurance in such amounts as prescribed by statute; and

(vii) such other insurance coverage as reasonably required by the Franchisor or the Landlord from time to time.

Such insurance coverage shall be taken out in the name of the Franchisee and shall name the Franchisor, Franchisor's affiliates, Franchisor's agents, representatives, shareholders, directors, officers and employees, and those of Franchisor's affiliates as additional insureds and with insurers acceptable to the Franchisor. Prior to the Commencement Date, the Franchisee shall furnish the Franchisor with certified copies of each of the insurance policies described above. Each such policy shall provide that it cannot be canceled without thirty (30) days' prior written notice to the Franchisor and that the Franchisor shall receive at least twenty (20) days' prior written notice of its expiration. The Franchisee shall promptly refer all claims or potential claims against it or the Franchisor to the Franchisee's insurer and the Franchisor. Franchisor reserves the right to add, delete, or otherwise amend any insurance requirement, including the amount of any required insurance coverage, in Franchisor's reasonable discretion, by advising Franchisee of such new requirement in writing in the Manual and providing Franchisee a reasonable period of time, not to exceed thirty (30) days, to acquire such coverage.

(g) that subject to Section 8.12, to not mortgage, charge, grant a security interest in or encumber any of the property and assets used in connection with the Business, without the prior written consent of the Franchisor;

(h) that all improvements in the System developed by the Franchisee or its employees, agents, contractors or affiliates shall be deemed to be sold to the Franchisor for $10.00 and that it shall disclose such improvements to the Franchisor as soon as they are developed;

(i) to comply with all federal, state, municipal and local by-laws, rules and regulations, and shall obtain on a timely basis any and all permits, certificates or licenses necessary for the full and proper conduct of the Business, including, but not limited to, licenses to do business, name registrations, and sales tax permits Franchisee shall be solely and fully responsible for obtaining any and all licenses to operate the Store. Franchisee shall research the laws, building codes, restaurant and equipment rules, and business regulations to be certain the Franchisee is in compliance with all rules and regulations in the Franchisee's jurisdiction. The Franchisee acknowledges that the Franchisor does not know these laws for every market, county or state. Franchisee shall keep copies of all health department, fire department, building department, and other similar reports of inspections on file and available for inspection by Franchisor or one of

Franchisor's representatives. Franchisee shall immediately forward to Franchisor and/or its designated representatives any such reports or inspections in which Franchisee has been found not to be in compliance with the underlying regulation;

(j) to not establish a Website on the Internet using any domain name containing the words "Ginger Sushi Boutique™," "www.gingersushiboutique.com," or any variation thereof. The Franchisor retains the sole right to advertise on the Internet and create a Website using "www.gingersushiboutique.com" or similar domain names. The Franchisee acknowledges that the Franchisor or any of its affiliates is the owner of all right, title and interest in and to such domain names as the Franchisor shall designate in the Manual. Any website designed by the Franchisee which contains the Franchisor's Marks and/or logo must be approved in advance in writing by the Franchisor. If Franchisee elects to develop its own website, Franchisee shall engage Franchisor's Internet service provider to host Franchisee's website. Franchisee may be required to use Franchisor's pre-approved website template. Franchisor shall at all times have the right to approve the design and content of Franchisee's website in advance and in writing. The Franchisor retains the right to preapprove Franchisee's use of linking and framing between the Franchisor's web pages and all other Websites. The Franchisee shall within two (2) days, dismantle any frames and links between the Franchisor's Websites and any other Websites, if and as requested by the Franchisor. The Franchisee further acknowledges that any representations and warranties of any kind whatsoever, express or implied, regarding the Franchisor's Website, including representations and warranties as to the operation, functionality, lack of interruption or resources of the Website, are expressly excluded. Without limiting the foregoing, the Franchisor disclaims any implied warranties of merchantability and fitness for a particular purpose as to its Website. As to any malfunctioning of the Franchisor's Website, the Franchisor will not be liable to the Franchisee for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if the Franchisee has advised the Franchisor that such damages are possible as a result of any breach of warranty or malfunction;

(k) Franchisee shall, at all times during the Term of this Agreement and any Interim Period, maintain an e-mail address on the Internet. Immediately upon securing such an e-mail address, Franchisee shall provide Franchisor with such e-mail address to be used by Franchisor for purposes of electronic communication with Franchisee. Franchisee's e-mail address shall not include the words "Ginger Sushi Boutique" or any derivation of such words, unless such e-mail address is provided to the Franchisee by the Franchisor;

(l) Franchisor reserves the right to require Franchisee to purchase and implement new technology initiatives, which may include but will not be limited to loyalty and case card programs, LCD or plasma monitors, high speed broadband Internet connection, music, Internet TV broadcasts, WIFI, and software management applications, surveillance systems, on-line ordering, remote ordering through PC's or handheld devices, E-learning, and software applications designed to better manage business functions and control costs. Franchisee will be responsible for all fees associated with these new technology initiatives. Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor has taken reasonable steps to ensure that these problems will not materially affect the System. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems;

(m) Franchisee shall permit Franchisor to speak and/or write to Franchisee's customers about the services being provided to such customers at or from the Store to ensure that the standards associated with the System are being achieved and maintained to Franchisor's satisfaction;

(n) should Franchisee be offered an opportunity to operate Franchisee's Store in combination with another store or quick service concept, which shall be licensed directly to Franchisee by a third party franchisor approved by Franchisor ("**Co-Brand Franchisor**"), and Franchisee agrees to offer the products and/or services offered by the Co-Brand Franchisor, Franchisee shall establish a retail outlet licensed by the Co-Brand Franchisor and offer the products and/or services offered by the Co-Brand Franchisor, and Franchisee shall cooperate with Franchisor and the Co-Brand Franchisor to accommodate the different requirements of this Agreement, the Manual and Franchisor's policies and requirements, with those of the Co-Brand Franchisor, to permit the efficient and harmonious operation of the co-branded concepts at Franchisee's Store. Franchisor or the Co-Brand Franchisor may require Franchisee, for example, to alter the design of the Store, its hours of operations, any applicable signs and operational procedures and to execute a Co-Brand Agreement in a form acceptable to Franchisor and/or the Co-Brand Franchisor;

(o) to actively participate and abide by Franchisor's requirements and/or guidelines with respect to any programs introduced by Franchisor from time to time, including, without limitation, any programs, services or initiatives involving payroll services or debit/credit card services;

(p) to use the brand of fountain service beverages or other non-fountain beverages that Franchisor may designate from time to time, upon prior notice to Franchisee;

(q) to offer for sale all products included in Franchisor's standard menu as specified in the Manual, and to not add nor remove any product from Franchisor's standard menu unless Franchisor authorizes such removal in writing; and

(r) to comply with all agreements with third parties related to the Store, including, in particular, all provisions of any Lease.

6.2 Group Insurance. The Franchisor shall be entitled at its sole discretion to require the Franchisee to subscribe to its group insurance plan for the purpose of providing all or part of the insurance coverage to be taken out pursuant to Section 6.1(f). The Franchisor may, in its sole discretion, modify such group insurance plan from time to time as specified by the Franchisor in its Manual or by other written notice from time to time. The Franchisee agrees to participate in the plan if the plan is available to Franchisee. If the underwriters of such plan increase the premiums under the plan as a result of any act or occurrence at the Store, or as a result of any act or omission of the Franchisee, then the Franchisee shall, for the duration of this Agreement, pay the amount of such increase in premiums. The Franchisee shall comply with all recommendations made by the underwriters of the plan. The Franchisee acknowledges that the Franchisor may receive a rebate, royalty, commission or some other form of benefit in connection with the purchase of group insurance and that the Franchisor is entitled to keep such rebate, royalty, commission or other benefit for its own use and benefit.

6.3 Representation Regarding Terrorist Activity. Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti Terrorism Laws.

(a) Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at *http://www.treasury.gov/offices/enforcement/ofac/legal/eo/13224.pdf*). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee and its owners certify that it and they have no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee and its owners are solely responsible for ascertaining what actions it and they must take to comply with the Anti Terrorism Laws, and Franchisee and its owners specifically acknowledge and agree that its and their indemnification responsibilities set forth in this Agreement pertain to its and their obligations under this Section 6.3.

(d) Any misrepresentation under this Section or any violation of the Anti Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of the Franchisor's affiliates.

(e) "**Anti Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

7. COVENANTS OF THE FRANCHISOR

7.1 Covenants of the Franchisor. The Franchisor hereby covenants and agrees that, upon the request of the Franchisee from time to time, the Franchisor shall provide such assistance and support to the Franchisee as the Franchisor, in its sole discretion, may deem appropriate in respect of the following:

(a) advice concerning the maintenance of food, beverages, goods, and services offered at the Store;

(b) advice in establishing stock controls for the Business;

(c) training programs in systems, standards, methods and procedures developed and introduced by the Franchisor from time to time;

(d) opening assistance consisting of one (1) or more representatives on site at the Store for not less than five (5) days to assist Franchisee in opening the Business; provided, however, Franchisee shall hire and exclusively be responsible for training, compensation, and control of its employees; and

(e) loan one (1) copy of the Manual, as described in Section 5.19, during the term of this Agreement.

8. PAYMENTS BY FRANCHISEE AND ACCOUNTING OBLIGATIONS

8.1 Initial Franchise Fee. In consideration of the Franchisor entering into this Agreement and the opportunity to establish the Business as herein provided, the Franchisee agrees to pay the Franchisor a fee ("**Initial Franchise Fee**") of Twenty Five Thousand Dollars ($25,000.00) concurrently upon execution of this Agreement. The Initial Franchise Fee shall be deemed fully earned upon receipt by Franchisor and non-refundable to the Franchisee after it is paid.

If Franchisee is in compliance with the terms of this Agreement and other agreements with the Franchisor and Franchisor's affiliates or subsidiaries and the Manual and opens a second Ginger Sushi Boutique store, the Initial Franchise Fee will be reduced by Two Thousand Five Hundred Dollars ($2,500.00) to Twenty Two Thousand Five Hundred Dollars ($22,500.00). In addition, if Franchisee is in compliance with the terms of this Agreement and other agreements with the Franchisor and Franchisor's affiliates or subsidiaries and the Manual and opens a third or subsequent Ginger Sushi Boutique stores, the Initial Franchise Fee will be reduced by Five Thousand Dollars ($5,000.00) to Twenty Thousand Dollars ($20,000.00) for each subsequent Store. Franchisor reserves the right to increase or decrease these reduced Initial Franchise Fees at any time.

8.2 Royalty. The Franchisee shall pay to the Franchisor an ongoing royalty ("**Royalty**" or "**Royalties**") equal to six percent (6%) of Gross Sales during the Term and any Interim Period.

8.3 Payment Dates.

(a) Within four (4) days after the end of every month, the Franchisee shall report to the Franchisor Gross Sales by telephone, facsimile, electronically, or by other means the Franchisor shall permit and provide such additional information requested by the Franchisor for the month or such other frequency which the Franchisor shall require during each month of the Term and any Interim Period and Franchisee shall pay to Franchisor the Royalties and Marketing Contributions due in accordance with such report.

(b) During the Term and any Interim Period, the Franchisee shall pay all Royalties and Marketing Contributions due and owing to the Franchisor by participating in a pre-authorized payment plan ("**Payment Plan**") whereby the Franchisor shall be authorized to debit the Franchisee's bank account on a weekly basis or on or about the 7th, 14th, 21st and 28th of each month during the year or from time to time. The Franchisor also reserves the right to require payment from the Franchisee of all Royalties and Marketing Contributions due and owing to the Franchisor in such other form or manner as the Franchisor may determine from time to time. To effect the foregoing, Franchisee agrees to sign any necessary documents that may be required to institute the Payment Plan, which may be the same or similar to the form of document entitled Request for Pre-Authorized Payment, attached to this Agreement as **Schedule E**.

8.4 Books and Records.

(a) Franchisee will submit weekly summaries showing results of the Store operations by telephone, facsimile, electronically, or by other means at Franchisor's request within two (2) days after the end of each business week, which is currently Sunday. Weekly summaries showing results of the Store's operations will be submitted in writing or in electronic form as Franchisor requires to the locations designated by the Franchisor.

(b) The Franchisee shall maintain, at the Store, and/or its corporate head office or any other such location as agreed to in writing by the Franchisor, and for such period of time and in such manner as we may from time to time prescribe, full and accurate accounts and records of all transactions relating to Gross Sales, including without limitation, receipts, cash register tapes, control sheets, inventory counts, deposit slips, business bank statements, cancelled checks, business tax returns, and other records necessary to verify Gross Sales. Such accounts and records shall be maintained in such a form that the Royalties and Marketing Fund Contributions payable under this Agreement may be readily and accurately determined and verified by the Franchisor. The Franchisor shall be entitled to require the use of specified methods, procedures and standard forms in connection with the maintenance by the Franchisee of its accounts and records and the Franchisee shall comply with all such requirements, as they may be amended from time to time in the Manual. All such requirements of the Franchisor shall conform to American generally accepted accounting principles ("**GAAP**") applied consistently on a year-to-year basis. The Franchisor shall be entitled to specify equipment to be used by the Franchisee in connection with recording sales by the Franchisee and the Franchisee shall promptly purchase and utilize such equipment as required by the Franchisor. Such specifications may be outlined in the Manual and may be changed from time to time in the Franchisor's sole discretion. All accounts and records of the Franchisee maintained hereunder shall be kept by the Franchisee for a period of at least four (4) years (or such other period as required by government or other agencies that may have jurisdiction).

8.5 Financial Statement. Unless otherwise agreed upon by the Franchisor, within fifteen (15) days of the end of each fiscal quarter during the Term and any Interim Period, the Franchisee shall submit to the Franchisor:

(a) a statement of profit and loss for the quarter then ended,

(b) a balance sheet of the Franchisee as at the end of such quarter, and

(c) a listing of the Franchisee's outstanding payables as at the end of such quarter.

8.6 Taking of Inventory. The Franchisee shall take physical inventories at such intervals as may be required by the Franchisor and shall provide the Franchisor with the results of such inventories if the Franchisor so requires. The physical inventories shall be taken by the Franchisee with or without the participation of a representative of the Franchisor, which shall be in the discretion of the Franchisor.

8.7 Annual Statements. The year-end of the Franchisee shall correspond with the year end of the Franchisor, which is currently November 30. Within ninety (90) days following the end of each November 30 year end, the Franchisee shall provide the Franchisor, at Franchisee's expense, with financial statements of the Business as, at, and for the year then ended including a balance sheet, income statement, statement as to source and use of funds and notes thereto which are in compliance with GAAP. Such records shall be created exclusively for the Store and shall be separate and apart for records kept for any other business in which Franchisee and/or Guarantor have an interest (provided such interest in another business is an interest that is permitted under this Franchise Agreement). Each financial statement shall be accompanied by a sworn statement, executed by Franchisee or an officer of Franchisee, attesting that the items contained in the financial statement are true and accurate, that they completely and fully describe and disclose the information sought in such statement, and that the signer has made diligent and careful efforts to ascertain the truth, accuracy and completeness of such information. If at any time Franchisor believes this is not the case, Franchisor reserves the right to review or require submission of financial statements prepared, at Franchisee's expense, by an independent Certified Public Accountant acceptable to Franchisor.

8.8 Examination of Records. The Franchisor, or its authorized representative, may examine, audit and make copies of all records and accounts maintained by the Franchisee in connection with the Business at the Franchisor's own cost and expense, and, for that purpose, shall be entitled to enter any premises where such accounts and records are kept. If any such examination or audit shall disclose that Gross Sales have been understated in any report delivered by the Franchisee to the Franchisor by more than two percent (2%) or if the Franchisor or its representative shall determine that the accounts and records of the Franchisee are not in compliance with the terms of this Agreement and/or are misstated according to GAAP, then the cost of such examination or audit shall be borne by the Franchisee. Upon notification of the Royalties and/or Marketing Contributions owing, as determined on the basis of such examination or audit, the Franchisee shall immediately pay to the Franchisor an amount equal to any deficiency in the Royalties and/or Marketing Contributions actually paid to the Franchisor together with the interest rate provided in Section 10.10 below. In addition, if any such examination or audit discloses that Gross Sales or any other accounts have been misstated by more than two percent (2%) and/or do not comply with GAAP, in any report delivered by the Franchisee to the Franchisor then, unless otherwise agreed by the Franchisor, the Franchisee shall be required to conduct an annual review or audit of the financial statements for the Business by a firm of independent certified public accountants and the cost of such audit shall be borne by the Franchisee. If you do not deliver any statement of Gross Sales as required or such statement is incomplete, we or our accountants shall have the right to estimate the Gross Sales for the period in question and you shall immediately pay the amount so estimated. Any estimation made by us and/or any report of our accountants' shall be final and binding on all parties hereto. You and your staff shall cooperate fully with all persons carrying out any review, examination or audit conducted pursuant to this Section 8.8.

8.9 Recalculation of Royalties and Marketing Fund Contributions. If any examination or audit performed pursuant to Sections 8.7 or 8.8 discloses, in the opinion of the Franchisor, that the accounts and records of the Franchisee are not in compliance with the terms of this Agreement and that an accurate determination of Gross Sales cannot be made, then the Franchisor shall be entitled to estimate Gross Sales on the basis of information available to the Franchisor (including the perceived volume of business in the Store as may be calculated by Franchisor), and the Franchisee shall pay to the Franchisor an amount equal to the amount by which the Royalties and Marketing Fund Contributions calculated on the basis of such estimated Gross Sales is in excess of the actual Royalties and Marketing Fund Contributions paid by the Franchisee to the Franchisor.

8.10 Point-of-Sale Software and Hardware. The Franchisor shall be entitled to require that the Franchisee, at Franchisee's expense, connect its point-of-sale computer programs, with a computer facility designated by the Franchisor so as to enable the Franchisor to collect information concerning Gross Sales and the Franchisee shall sign all documents and do such further acts as may be required by the Franchisor from time to time in order to effect the foregoing. Without limiting the generality of the foregoing, the Franchisee shall purchase such computer software and hardware and telephone equipment as may be required to implement the aforesaid point-of-sale programs and/or for any other purposes designated by the Franchisor from time to time in the Manual or by notice in writing from suppliers designated by the Franchisor and the Franchisee shall assume and pay all such costs related to the program. If Franchisees fails or refuses to deliver any statement of Gross Sales as required or such statement is incomplete, Franchisor or its accountants shall have the right to estimate the Gross Sales for the period in question and Franchisee shall immediately pay the amount so estimated. Any estimation made by Franchisor or any report of our accountants' shall be final and binding on all parties hereto. Franchisee and Franchisee's employees shall cooperate fully with all persons carrying out any review, examination or audit conducted pursuant to Section 8.8.

Franchisee further acknowledges and agrees that it shall purchase (or lease), use, maintain and update computer and other systems and software programs which meet the Franchisor's specifications as they evolve over time and which, in some cases, may only be available through the Franchisor, the Franchisor's affiliates and/or designated suppliers. The Franchisee shall maintain its systems network and must promptly update and otherwise change its computer and point of sale hardware and software systems, as the Franchisor may require from time-to-time, at the Franchisee's expense. The Franchisee shall pay all amounts charged by any supplier or licensor of the systems and programs used by it, including charges for use, maintenance, support and/or update of these systems or programs. Franchisee will record all sales and designated business information in the point-of-sale system in the manner specified by Franchisor in the Manual. Franchisee will report information to Franchisor electronically as it may specify and Franchisor may call up or poll Franchisee's point-of-sale system to retrieve information at any time.

8.11 Bookkeeper. Franchisee acknowledges that the maintenance of accurate financial records, and the preparation of financial statements on a timely basis, is essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records, in Franchisor's reasonable determination, then Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchisee and who will attend at the Store and/or the corporate head office for not less than once every two (2) weeks for that purpose. Franchisee shall purchase such accounting software and Franchisee and or its bookkeeper shall use the accounting software designated by Franchisor from time to time.

8.12 Security Interest. As security for the full and timely performance of Franchisee's obligations under this Agreement, including but not limited to monies Franchisee owes to Franchisor, Franchisee hereby grants to Franchisor a security interest in all equipment, fixtures, inventory, machinery, personal property, accounts receivable (including rights to payment under insurance claims), contract rights, (including all executory contracts pertaining to or arising from the operation of the Store), Franchisee's lease and license rights, customer lists, customer profiles, promotional brochures, mailing lists, goodwill, general intangibles and chooses in action, of every sort now owned or hereafter acquired by Franchisee, wherever located, in any way related to the operation by Franchisee of the Store, together with all cash and non-cash proceeds and products of any or all of the foregoing, including without limitation, all property purchased with the proceeds of any loan from Franchisor to Franchisee and all parts, fittings, accessories, accessions, additions, substitutions, replacements and proceeds (including insurance proceeds thereof) ("**Collateral**"). Franchisor may, at any time without prior notice to Franchisee, give notice of Franchisor's security interest in the Collateral to any and all persons. At our request, at any time and from time to time, Franchisee shall execute and deliver to

Franchisor any document or instrument necessary to perfect and record our security interest and maintain Franchisor's priority as the first lien upon the Collateral, including, but not limited to the Security Agreement attached to this Agreement as **Schedule L** ("**Security Agreement**"). Upon the occurrence of any act or event that would entitle Franchisor to terminate this Agreement, Franchisor: (i) may take possession of the Collateral or any portion thereof, wherever it may be found and using all reasonable force, or require Franchisee to assemble the Collateral and make it available to Franchisor at a place Franchisor designates which is reasonably convenient to Franchisee and Franchisor, and Franchisee hereby waives all claims for damages due to, arising from or connected with such taking; (ii) shall have the right, but not the obligation, to maintain possession of and dispose of the Collateral on the Premises or at any other location under Franchisee's or Franchisor's control; (iii) may exercise any and all rights under the Security Agreement; and (iv) may exercise any remedies of a secured party under the Uniform Commercial Code.

8.13 Maximum Borrowing Commitment. Franchisee acknowledges and agrees that Franchisor may from time to time designate the maximum amount of debt service ("**Maximum Debt Limit**") that the Business may be permitted to service. As of the date of this Agreement the Maximum Debt Limit is seventy percent (70%) of the Total Project Cost of establishing a Ginger Sushi Boutique Franchise, which includes all costs associated with the construction of the Ginger Sushi Boutique Store, working capital requirements, all fees payable to the Franchisor, including Initial Franchise Fees, and any other applicable costs ("**Total Project Cost**"). Franchisee shall not borrow in excess of the Maximum Debt Limit without Franchisor's prior written consent.

9. TERMINATION AND/OR DEFAULT

9.1 Termination upon Expiration of Term and any Interim Period. This Agreement shall immediately terminate at the end of the Term or at the end of the Interim Period as set forth in Section 2.3.

9.2 Termination Before Commencement of Operations – Without Notice, Initial Franchise Fee Forfeited. As set forth in Section 4.1(c) of this Agreement, Franchisee's failure to sign a Lease for the Store prior to the expiration of the Site Location Period will constitute abandonment of the Business by Franchisee and entitle the Franchisor to terminate this Agreement and all rights granted the Franchisee hereunder without providing the Franchisee with notice or the opportunity to cure.

9.3 Termination Before Commencement of Operations - With Notice, Initial Franchise Fee Forfeited. The Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted the Franchisee hereunder, subject to the provisions of applicable state law governing franchise termination and renewal, effective upon receipt of notice by the Franchisee, upon the Franchisee failing to:

(a) lease the Store in the manner required by 4.1(a), 4.1(b), and 4.2;

(b) commence to operate the Business as required by Section 4.5;

(c) successfully complete the initial training as required by Section 4.4.

(d) enter into the Project Management Agreement with Franchisor within thirty (30) business days following delivery of that agreement to Franchisee or Franchisee's failure to fulfill the terms of the Project Management Agreement;

(e) execute and deliver the Guarantee and Indemnity Agreement as required by this Franchise Agreement and the General Security Agreement as required by this Franchise Agreement; or

(f) execute and deliver to Franchisor any of the other Schedules as required by this Agreement.

In the event of such termination, the Franchisor shall have no liability to the Franchisee whatsoever and the Franchisee acknowledges, without limiting the generality of Section 8.1, that the Franchisor may retain the Initial Franchise Fee paid pursuant to Section 8.1 as liquidated damages and not as a penalty.

9.4 Termination - With Notice and Effective Immediately. The Franchisor may, at its sole option, terminate this Agreement and all rights hereunder, without affording Franchisee an opportunity to cure the default, effective immediately, unless otherwise specified herein or in the notice of termination, upon delivery of notice of termination if the Franchisee and/or Guarantor or any corporation to which the Franchisee and/or Guarantor have assigned this Agreement:

(a) If Franchisee begins operating Business without having obtained Franchisor's written consent, as required under Section 4.4 of this Agreement;

(b) commits an act of bankruptcy or becomes an insolvent person within the meaning of the United States Bankruptcy Code; or files, or fails to contest within three (3) days of filing and subsequently defeats, any petition in bankruptcy; or fails to contest, satisfy or vacate within sixty (60) days any execution, levy, or distress against the assets of the Business;

(c) fails to contest within ten (10) days and have removed the appointment of a receiver or other custodian (either temporary or permanent) of the Business or any part of its assets, except by the Franchisor pursuant to the provisions of this Agreement;

(d) takes the benefit of any act or proceeding for winding up its affairs or compromising its debts or purports to make a general assignment for the benefit of creditors;

(e) breaches the Lease or the Lease is terminated or if the Franchisor or the Landlord, under the Lease, shall become entitled to terminate the Lease (whether or not it exercises that right of termination);

(f) makes an assignment or sale of the Franchise or ownership in the Franchise without first complying with the provisions of this Agreement;

(g) commits a material breach of any other franchise agreement or other agreement entered into with the Franchisor;

(h) knowingly make any material false statements to Franchisor in connection with Franchisee's application for the franchise;

(i) all or any part of the assets and property of the Business are seized by any of Franchisee's secured creditors, or if a receiver or manager is appointed with respect to Franchisee or the Business;

(j) abandons or surrenders or transfers control of the operation of its Business or fails to actively carry on business from the Store and such condition continues for two (2) days after notice of such default is given;

(k) submits on two (2) or more occasions during the Term or any Interim Period a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Sales by more than two percent (2%), unless the Franchisee demonstrates to the Franchisor's satisfaction that such understatement resulted from inadvertent error; or if any audit performed pursuant to Sections 8.7 or 8.8 indicates that Gross Sales have been understated by more than two percent (2%) for any period; or if Gross Sales shall be understated by more than two percent (2%) on two or more occasions as determined on the basis of an examination of audits performed pursuant to Sections 8.7 or 8.8, or if the Franchisee shall repeatedly fail to maintain accounts and records in accordance with the terms of this Agreement;

(l) repeatedly fail to maintain accounts and records in accordance with the terms of this Agreement; for purposes of this subsection 10.04(c), "repeatedly" shall mean three (3) or more occasions during the Term of this Agreement;

(m) fails, or refuses, to submit any report, weekly summary, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than five (5) days late on two (2) or more occasions during the Term or any Interim Period unless due to circumstances beyond the control of the Franchisee;

(n) operates the Business in a manner that presents a health or safety hazard to its customers, employees or the public and such manner of operation continues uncorrected after notice to correct same from any governmental body, the Franchisor or the Landlord is delivered to the Franchisee;

(o) fails or refuses to pay any amount owed to the Franchisor or any affiliate, subsidiary or any authorized supplier of the Franchisor or the Landlord for any debt whatsoever within five (5) days after a demand for payment or fails to honor on two (2) or more occasions during the Term or any Interim Period checks presented for payment or repeatedly and consistently pays any amount due hereunder after its due date;

(p) sells or offers for sale any unauthorized product or service;

(q) sells or offers for sale any merchandise which is in, the Franchisor's sole opinion, of poor taste, or which the Franchisor believes is likely to have an adverse effect on the System, the Marks or the goodwill associated with the Marks;

(r) fails to comply with any other provision of this Agreement or any specification, standard or procedure prescribed by the Franchisor and Franchisee does not correct such failure within five (5) days, (or such longer period of time as the Franchisor in its sole discretion deems appropriate,) after written notice from the Franchisor (which shall describe the action that the Franchisee must take) is delivered to the Franchisee;

(s) violates any law, ordinance, rule, regulation of any governmental agency in connection with the operation of the Business or involving moral turpitude; which for purposes of this Agreement shall mean conduct that is contrary to justice, honesty or morality;

(t) violates any law, ordinance, rule or regulation of any governmental agency in connection with the operation of the Business or involving moral turpitude;

(u) is convicted of a criminal offense;

(v) allows any lessor or encumbrancer or any other person, corporation or entity lawfully entitled, to take possession of any of the undertaking, Business, property or assets of the Franchisee;

(w) commits or suffers any default under any contract of conditional sale, mortgage or other security instrument;

(x) fails to observe or perform any of the rules, bulletins, directives or other notices set forth in the Manual, which in the opinion of the Franchisor, are material and any such failure to observe or perform the same shall continue for a period of five (5) days, or such longer period of time as the Franchisor in its sole discretion deems appropriate, after written notice thereof has been given to the Franchisee;

(y) takes or threatens to take any action to liquidate its assets, or stops making payments in the usual course of business;

(z) fails to successfully complete the Franchisor's training or retraining course(s);

(aa) receives from the Franchisor during the Term and any Interim Period three (3) or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by the Franchisee;

(bb) if the Franchisee is a legal entity, changes the effective control of the Franchisee, without the consent of the Franchisor as required under Section 12 of this Agreement;

(cc) registers a trademark or trademarks utilizing the words "GINGER SUSHI BOUTIQUE" or a colorable imitation thereof, or otherwise using such words in its corporate name;

(dd) discloses to any unauthorized person, copies or distributes the Manual, in whole or in part, through any means whatsoever, without Franchisor's written consent.

(ee) alters, amends or terminates its Lease without receiving Franchisor's prior written consent as required under Section 4.2 of this Agreement;

(ff) fails to pay Franchisor the liquidated damages amounts set out in this Franchise Agreement; or

(gg) fails to participate in Franchisor's group insurance plan as required by this Franchise Agreement.

Franchisor's waiver of any Franchisee's defaults will not constitute a waiver of any other default and will not prevent Franchisor from requiring Franchisee to strictly comply with this Agreement and/or any other agreement with the Franchisor and/or its affiliates.

9.5 Rights on Default. At any time following the occurrence of an event of default occurring set out in Sections 9.2, 9.3, and 9.4 (referred to herein as an "**Event of Default**"), without prejudice to any other rights available to the Franchisor set out in this Agreement, the Franchisor shall be in its sole discretion entitled and authorized to:

(a) terminate this Agreement and the rights granted to the Franchisee hereunder in accordance with such sections; or

(b) attempt to remedy such Event of Default and for such purpose (but without limitation) the Franchisor or its authorized agent may, but is not obligated to, (i) enter the Store, (ii) make payments on behalf of the Franchisee, and/or (iii) take possession of the Store and operate the Business as agent for the Franchisee for such period as the Franchisor deems appropriate in the circumstances. Forthwith upon demand, the Franchisee shall reimburse the Franchisor for all costs and expenses incurred, and all payments made, by the Franchisor or its agent in exercising any of its rights under this Section 9.5(b), plus an administrative fee equal to fifteen percent (15%) of such costs and expenses, and shall indemnify and save the Franchisor harmless from all costs and expenses incurred in exercising any of its rights under this Section 9.5(b). The Franchisor shall not be under any obligation to attempt to remedy any Event of Default hereunder. The Franchisor may at any time terminate its efforts to remedy any Event of Default, without thereby incurring any liability or obligation to the Franchisee. Any attempt to remedy an Event of Default under this Section 9.5(b) shall not constitute a waiver of such Event of Default, nor shall it prevent the Franchisor from terminating this Agreement pursuant to Section 9.5(a) during the continuance of such Event of Default; or

(c) exercise its rights under Sections 10.4 or 10.6; or

(d) demand that the Franchisee deliver to the Franchisor all the certificates for all issued shares in the capital of the Franchisee, if the Franchisee is a corporation, or all the certificates evidencing all membership interests, if the Franchisee is a limited liability company, outstanding at the time of the delivery by the Franchisor of notice requiring such delivery, by way of pledge, to be held as security for the performance by the

Franchisee and the Guarantor of their obligations to the Franchisor set out herein and in any other agreements between the Franchisor, the Franchisee and/or the Guarantor. The Franchisee and the Guarantor shall cause all shareholders to deliver such shares in accordance with the terms set out in the notice.

9.6 Liquidated Damages.

(a) Franchisee acknowledges that the success of the System and enhancing the value of its investment and the overall value of the System depends on maintaining consistent products, services, and standards of appearance and Franchisee acknowledges the importance of operating the Business in accordance with the System, as modified from time to time. Franchisee further acknowledges that deviation from the requirements of the System, as specified in this Agreement and/or Manual, will damage Ginger Sushi Boutique, the System, the Marks, and Franchisor's goodwill, which damage is difficult to quantify. Accordingly, the parties agree that in the event of deviations from this Agreement and/or mandatory provisions of the Manual, Franchisee shall pay to Franchisor, as liquidated and agreed upon damages ("**Liquidated Damages**"), and not as a penalty, the following amounts for each deviation from this Agreement, beginning with the second deviation in any calendar year:

(i) Second deviation in calendar year: Three Hundred Fifty Dollars ($350.00);

(ii) Third deviation in calendar year: Six Hundred Dollars ($600.00);

(iii) Each Additional deviation in calendar year: One thousand Five Hundred Dollars ($1,500.00).

(b) The Liquidated Damages set out above shall be paid to Franchisor within ten (10) days of receipt of notice of the deviation from Franchisor. The imposition of Liquidated Damages as against Franchisee shall be at Franchisor's sole option. Franchisor is not required to impose Liquidated Damages and may instead elect to pursue our other remedies provided in this Agreement, including termination of this Agreement. Even if Franchisor imposes Liquidated Damages for any violation, Franchisor further reserves all other rights and may thereafter elect to terminate this Agreement or to pursue any other remedy available to Franchisor under law for a subsequent violation. For greater certainty, Franchisor, in its absolute and sole discretion, shall determine whether there has been a deviation from this Agreement.

10. RIGHTS AND OBLIGATIONS OF PARTIES UPON TERMINATION

10.1 Termination Defined. "**Termination**" shall mean the termination or expiration of this Agreement, whether by reason of expiration of the Term or any Interim Period or by reason of the Franchisor exercising its right to terminate this Agreement as a result of an Event of Default or otherwise.

10.2 Franchisee Obligations on Termination. At all times up to the date of Termination, the Franchisee shall, in all respects, be bound by all the terms of this Agreement, and Termination shall not relieve the Franchisee of any obligation that shall have accrued under this Agreement to the date of Termination. Upon Termination:

(a) the License shall be terminated and the Franchisee shall immediately discontinue the use of the Marks in accordance with Section 3.8 of this Agreement;

(b) Franchisee shall take such action within five (5) days as may be required to cancel all registrations, including trade name registrations, relating to Franchisee's use of the Marks. If Franchisee was awarded a telephone directory listing associated with the Marks, Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's rights to use any telephone number and any classified or other telephone directory listings associated with the Marks and shall authorize the transfer of same to Franchisor or any new franchisee approved by Franchisor. Franchisee acknowledges that, as between Franchisee and Franchisor, Franchisor has the sole right to, and interest in, all telephone numbers and directory listings associated with the Marks. Franchisee shall, within two (2) days following termination, dismantle any frames and links between Franchisor's Website and any other authorized or unauthorized Websites owned or controlled by Franchisee, if and as requested by Franchisor, such costs to be borne completely by the Franchisee. Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the provisions of this Section 10.2(b). Franchisee shall execute a document substantially in the form attached as **Schedule I** as further evidence of Franchisor's rights upon Termination;

(c) In the event Franchisee lawfully maintains possession of the Store subsequent to the Termination, Franchisee shall immediately upon Franchisor's request make such alterations and removals or changes in signs and colors as Franchisor may reasonably request so as to distinguish effectively the Store from its former appearance and from the then-prevailing image of the System. If Franchisee fails to make such changes in a timely manner, Franchisor may enter upon such Store premises and make such changes at Franchisee's expense without such action constituting a trespass and without being liable to Franchisee in any manner;

(d) the Franchisee shall immediately remove all signs, displays, logos, symbols, slogans, graphics, and other things, which contain or display any of the Marks or other names belonging to Franchisor;

(e) the Franchisee shall deliver to the Franchisor all advertising material, bulletins, all copies of the Manual, handbooks, training tapes, drawings, designs, uniforms, correspondence, stationery, files, and paper goods which are in the possession or control of the Franchisee and which belong to the Franchisor or which bear any Marks, and all copies thereof, including all disks, CD-Roms, DVDs and electronic copies;

(f) all amounts owing by the Franchisee to all third-party creditors and to the Franchisor and any affiliate and subsidiary of the Franchisor under any of the agreements entered into by the Franchisor or such affiliate or subsidiary shall immediately become due and payable; and

(g) take such action as the Franchisor may request to disassociate itself from the System including, without limitation, to cease and desist using Website addresses, e-mail addresses, domain names, and telephone numbers.

10.3 The Franchisor May Pay Trade Debts. The Franchisee agrees to pay within five (5) days of the effective date of Termination all amounts owed to the Franchisor, the Landlord of the Store and the Franchisee's trade and other creditors which are then unpaid. All periodic payments to the Franchisor shall be deemed to accrue daily and shall be adjusted accordingly.

Upon Termination, the Franchisor shall be entitled, but not obligated, to pay all or any part of the trade debts of the Franchisee in order to preserve the goodwill of the Franchisor with trade creditors. If the Franchisor elects to make such payments, then the amount thereof shall become immediately due and payable by the Franchisee and the Guarantor to the Franchisor.

10.4 Options to Purchase. Upon Termination, the Franchisor shall have the option, but not the obligation to:

(a) purchase from the Franchisee all or any part of the inventory of food, beverages and paper goods owned by the Franchisee in connection with the Business, other than food, beverages and paper goods which are spoiled, stale dated or not then in use by other Ginger Sushi Boutique™ franchisees generally, for a purchase price equal to the price paid by the Franchisee therefore plus verified shipping costs;

(b) purchase from Franchisor all or any part of the furniture, furnishings, fixtures, equipment and smallwares owned by Franchisee and used in connection with the Business for a purchase price to be agreed upon by the parties that are to be sold. If the parties are unable to agree as to a purchase price and terms, the fair market value of such property shall be determined by three appraisers chosen in the following manner: Franchisee shall select one appraiser and Franchisor shall select one appraiser, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties. The determined purchase price shall be adjusted by setting off and reducing the purchase price by any amount owing by Franchisee to Franchisor or its affiliates, any losses Franchisor may incur from the interim operation of the business as outlined in Section 10.6 below, and including any amounts paid by Franchisor to cure Franchisee's defaults with third parties including, but not limited to, suppliers and Landlords (the decision to pay such cure amounts to be the sole decision of Franchisor);

(c) receive an assignment of the Franchisee's interest in all or any leases of the furniture, fixtures, equipment, and smallwares used in connection with the Business in consideration of the assumption by the Franchisor of all future obligations of the Franchisee under such leases; and/or

(d) receive an assignment of the Franchisee's interest in the Lease in consideration of the assumption by the Franchisor of all of the future obligations to the Franchisee under the Lease.

Each of the options described in this Section 10.4 may only be exercised by written notice given to the Franchisee by the Franchisor within ninety (90) days of Termination and each such option shall survive Termination. If the Franchisor elects to exercise the option described in Section 10.4(d), then the Franchisor shall not be obligated to exercise the options described in Sections 10.4(a), 10.4(b) and 10.4(c).

10.5 Completion of Purchase. Upon the exercise by the Franchisor of any of the options described in Section 10.4, there shall be a binding agreement of purchase and sale between the Franchisor and the Franchisee, pursuant to which the Franchisee shall be bound to sell or assign, and the Franchisor shall be bound to purchase or assume, the property or interest with respect to which such option was exercised ("**Purchased Property**"). Subject to Section 10.6, the closing of the transaction shall occur on the first business day after the fifteenth (15th) day following the exercise of such option. At the closing of the transaction, the Franchisee agrees to sell, transfer and assign to the Franchisor good and marketable title to the Purchased Property, free and clear of all mortgages, charges, liens, security interests and other encumbrances whatsoever and to execute and deliver to the Franchisor such bills of sale, assignments and other conveyances of title as may be necessary in order to effectively transfer the Franchisee's interest in the Purchased Property to the Franchisor.

This transaction of purchase and sale shall be subject to all applicable bulk sales legislation and the Franchisor or its agent shall be entitled to act as trustee for the payment of money required to be paid thereunder. Unless mutually satisfactory arrangements are otherwise made between the Franchisor and the Franchisee, and subject to applicable bulk sales legislation, the purchase price shall be applied on closing as follows:

(a) first, to the payment of all amounts necessary in order to obtain a discharge of all mortgages, liens, charges, security interests and other encumbrances on the Purchased Property;

(b) second, to the payment of all amounts which are due and owing by the Franchisee (i) to the Franchisor, (ii) under the Lease, (iii) to the trade creditors of the Franchisee, and (iv) to any governmental agency; and

(c) third, to the Franchisee, at Franchisor's option in full, or in eighteen (18) equal monthly installments, with interest at a rate equal to the prime lending rate as of the closing at Franchisor's bank.

If the Franchisee shall fail to close this transaction on the date set for closing, then the Franchisor shall be entitled to pay the purchase price as provided above, and in that regard shall be entitled to deposit that portion of the purchase price which is to be paid to the Franchisee into a bank account opened in the name of the Franchisee or to an account established for the benefit of the Franchisee, and to advise the Franchisee as to the particulars of such bank account or trust account, whereupon the Franchisor shall be entitled to take possession for its own account the Purchased Property, including the Store if the Franchisor is entitled to an assignment of the Lease.

10.6 Interim Right to Operate Business.

(a) In order to enable the Franchisor to determine whether it will exercise any of its options under Section 10.4 and to preserve the goodwill associated with the Business, the Franchisor, or its authorized agent, shall be entitled to take exclusive possession of the Store for a period of up to ninety (90) days prior to Termination and to operate the Business as agent for and on behalf of the Franchisee during that period.

(b) This right on the part of the Franchisor shall be exercised by written notice given by the Franchisor to the Franchisee. From and after the giving of such written notice, the Franchisee shall deliver exclusive possession of the Store to the Franchisor and shall provide the Franchisor with access to all books and records relating to the Business. If the Franchisor shall elect to exercise any of its options under Section 10.4, then the period of the Franchisor's occupancy of the Store under this Section10.6 shall be extended until the closing of the transaction of purchase and sale arising out to the exercise of such option. The Franchisor shall have the right to terminate its management of the Business at any time upon written notice to the Franchisee.

(c) In managing the Business as agent for the Franchisee, the Franchisor shall be liable to account to the Franchisee only in respect of the income received by it in managing the Business less its bona fide expenses, including its reasonable fees charged for such management and any legal fees incurred by the Franchisor or its agent relating to its management of the Business. The Franchisor shall not be liable or responsible for any losses, costs, expenses or damages suffered by the Franchisee during the management of the Business by the Franchisor or its agent, and the Franchisee agrees to indemnify the Franchisor for any losses, costs, expenses or damages suffered by the Franchisor in respect of the Business operated by the Franchisee up to and including the date of Termination and the period during which the Franchisor is managing the Business.

10.7 Power-of-Attorney Upon Termination and Legal Incapacity.

(a) The Franchisee hereby irrevocably appoints the Franchisor, with full power of substitution, as the Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to take any action, execute any document, or do any other act or things required by Section 10 at the Franchisee's sole risk and expense upon the Franchisee's failure or refusal to comply fully therewith within ten (10) days after termination or expiration of this Agreement.

(b) The Franchisee consents and agrees that the Franchisor or its designated agents shall have the right to enter the Store at any time, at the Franchisee's sole risk and expense and without liability for trespass, tort or other act, to make any alterations thereto upon the Franchisee's failure or refusal to do so within ten (10) days after the termination or expiration of this Agreement.

(c) The Franchisee hereby covenants and agrees for its successors and assigns to allow, ratify and confirm whatsoever the Franchisor shall do by virtue of the foregoing power-of-attorney. The Franchisee hereby declares that the power-of-attorney herein granted may be exercised during any subsequent legal incapacity on the Franchisee's part.

10.8 Accounting Between Parties. Within the latter of (a) one hundred twenty (120) days after Termination, or sixty (60) days following our possession and management of the Store should Franchisor exercise its interim right to operate the Business under Section 10.6 hereof, and (b) ten (10) days following the closing of the transaction of purchase and sale pursuant to Section 10.4, there shall be an accounting between the parties with respect to the monies due by each to the other under the terms of this Agreement or under any agreement or instrument entered into between them, and each of the parties agrees promptly to pay to the other whatever monies shall be found as owing by one to the other pursuant to such accounting. Such accounting shall be subject to readjustment.

10.9 Indemnity. The Franchisee agrees to indemnify and hold the Franchisor and its affiliates and subsidiaries and their respective officers, directors, agents, employees and contractors ("**Indemnified Parties**") harmless from and against any and all losses, damages, liability, costs and expenses, including, without limitation, legal fees, courts costs, and expert witness fees, suffered or incurred by any of the Indemnified Parties as a result of: (a) any violation of this Agreement, the Lease or any other agreement by the Franchisee or the Guarantor; (b) any act or omission on the part of the Franchisee or the Guarantor or any of their respective agents, servants, employees or contractors; or (c) any claims, damages, suits or rights of any persons, firms or corporations arising from the operation of the Business or anything which may occur at the Store.

10.10 Interest on Overdue Accounts. All amounts payable pursuant to this Agreement or any other agreement between the Franchisor or any of its affiliates or subsidiaries and the Franchisee shall bear interest after the date upon which the said payment becomes due until paid in full at the Key Bank prime rate of interest plus eight percent (8%) in effect at the time the said payment becomes due. The acceptance of any interest payment shall not be construed as a waiver by the Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to the Franchisor's right to terminate this Agreement in respect of such default in accordance with the provisions of this Agreement.

10.11 Survival of Obligations. All obligations of the parties hereto which expressly or by their nature survive the Termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Sections 3, 5.16, 9, 10 and 15 shall survive Termination of this Agreement.

10.12 Cross Default. Breach by the Franchisee and/or the Guarantor of the Lease and/or the Guarantee and Indemnity or any other agreement entered into by the Franchisee and/or the

Guarantor with the Franchisor shall constitute a breach by the Franchisee, and the Guarantor, as the case may be, of each of the other agreements. Should the Franchisee or the Guarantor, or any partnership, joint venture, corporation, or limited liability company in which the Franchisee or the Guarantor has a controlling equity interest, be a franchisee pursuant to another franchise agreement with the Franchisor, respecting another franchised business using the Marks, a default under this Agreement shall constitute a default under such other franchise agreement and vice versa, with like remedies available to the Franchisor and should such other franchise agreement cease to be valid, binding and in full force and effect for any reason then the Franchisor may, at its option, terminate this Agreement and this Agreement shall be forthwith surrendered by the Franchisee and terminated. Likewise, should this Agreement cease to be valid, binding and in full force and effect for any reason, the Franchisor may at its option terminate the other franchise agreement and the other franchise agreement shall be forthwith surrendered and terminated.

In the event that this Agreement is terminated for any reason whatsoever by either party, and the Franchisor exercises its option to assume the Lease, the Franchisee shall immediately vacate the Store and deliver up possession to the Franchisor and shall leave the premises of the Store in a clean, tidy condition, free of debris, and shall remove therefrom only its own personal property.

10.13 Acceleration of Note and Security Interest. In the event that this Agreement expires or is terminated for any reason whatsoever and the Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, stock or membership certificates, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("**Security Interest**") from the Franchisee concerning assets used at any time by the Franchisee in the Business or which are situated on the Store, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

11. GUARANTEE

11.1 Obligation to Execute Guarantee. The Guarantor hereby agrees to, and it is a condition of this Agreement that the Guarantor and the Guarantor's spouse or domestic partner shall, execute and deliver to the Franchisor an indemnity and guarantee in the form annexed hereto as **Schedule F** forthwith upon the execution of this Agreement.

12. SALE OF BUSINESS

12.1 No Transfer Unless Permitted.

(a) The Franchisee shall not (i) assign or transfer, or grant any security in, any of its rights under this Agreement or the Lease, or (ii) sublet or part with possession of the Store, or (iii) grant any license or concession to use or occupy all or any part of the Store, except in accordance with Sections 12.3 and 12.4 of this Agreement.

(b) Notwithstanding anything in this Agreement to the contrary but subject to Section 13, the Franchisee and any shareholder(s), partner(s), or member(s) of the Franchisee, if the Franchisee is a corporation, partnership, or a limited liability company, shall not assign, sell or transfer any rights that it has or they may have under this Agreement without first obtaining the written consent of the Franchisor, which consent may not be unreasonably withheld or delayed, and provided that Franchisee is in full compliance with the terms of this Agreement at the time of the requested transfer and at the time of the transfer.

12.2 Bona Fide Offer Defined. When used in this Agreement, the term "**Bona Fide Offer**" means an offer from an arm's length party to purchase the Business pursuant to which:

(a) the purchaser shall purchase in the case of an asset sale, all or substantially all of the assets then used in connection with the Business and shall receive an assignment of the Franchisee's rights under this Agreement, the Lease and any leases of equipment used in connection with the Business (and no other property or rights shall be purchased), and in the case of a sale of shares in the capital stock or membership interests of the Franchisee, all but not less than all of the shares or membership interests owned by the shareholder(s) or members of the Franchisee,

(b) the purchase price ("**Purchase Price**") for the Business shall be expressed solely as a monetary sum payable in cash or by certified check,

(c) not less than twenty-five percent (25%) of the Purchase Price shall be payable at closing and the remainder (if any) shall be paid in equal periodic installments over not more than five (5) years or the remaining Term of this Agreement, whichever is less,

(d) the sole security for the payment of the Purchase Price shall be, in the case of an asset sale, a purchase money security interest in the tangible assets being purchased and sold, and in the case of a share sale, a pledge of shares by the purchaser in favor of the Franchisee; provided, however, that the Franchisee shall not directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such assets or shares or offer or attempt to do so or permit the same to be done without the Franchisor's prior written consent,

(e) the underlying terms and conditions are bona fide and are not so unique or unusual as to render it impossible for the Franchisor to perform and observe them on a commercially reasonable basis, and

(f) the purchaser shall have agreed in writing to pay all applicable taxes in respect of the Bona Fide Offer.

12.3 Transfer to Personal Corporation. If the Franchisee is not a corporation, then the Franchisee shall be entitled to assign all its rights under this Agreement to a corporation ("**Franchisee Corporation**"), provided that each of the following conditions are satisfied:

(a) the Franchisee shall not be in default under this Agreement on the date of such assignment;

(b) the Franchisee shall assign the Lease to the Franchisee Corporation and the Landlord shall consent to such assignment;

(c) the Franchisee shall own all of the issued and outstanding shares of the Franchisee Corporation at the time of the assignment, and the activities of the Franchisee Corporation shall be confined exclusively to operating a GINGER SUSHI BOUTIQUE™ franchise;

(d) the Franchisee Corporation shall enter into a written agreement with the Franchisor, in form satisfactory to the Franchisor, pursuant to which the Franchisee Corporation shall covenant to observe and perform all the terms, covenants and conditions to be observed and performed on the part of the Franchisee under this Agreement;

(e) the Franchisee shall provide the Franchisor with a guarantee and indemnity, in a form satisfactory to the Franchisor, whereby the Franchisee and any and all other future shareholders of the Franchisee Corporation shall guarantee the obligations of the Franchisee Corporation.

12.4 Transfer Under Bona Fide Offer. The Franchisee shall be entitled to assign its rights under this Agreement and the Lease pursuant to a Bona Fide Offer, subject to each of the following terms and conditions:

(a) the Franchisee shall comply with the provisions of Section 12.5;

(b) the Franchisee shall not be in default under this Agreement, the Lease, or any other agreement during both the sixty- (60-) day period prior to receiving Bona Fide Offer and the period to the date of such assignment, and prior to the time of transfer Franchisee shall bring its Store into full compliance with Franchisor's then-current standards as set forth in the Manual or bulletin. Without limiting the generality of the foregoing, all of Franchisee's accrued monetary and other obligations to Franchisor shall have been satisfied in full;

(c) the Franchisee provides written notice to Franchisor at least sixty (60) days prior to the proposed effective date of such assignment and Franchise shall have obtained the prior written consent of the Franchisor to such assignment, which consent shall not be unreasonably withheld; provided, however, without limiting the generality of the foregoing, the Franchisor shall be entitled to withhold its consent to such assignment where, in the opinion of the Franchisor, such assignee is not of good moral character and reputation or does not have adequate financial strength or a satisfactory credit rating, business experience, aptitude, fails to pass Franchisor's English competency test and other required tests, or does not possess appropriate business qualifications or does not satisfy any of the other qualifications required for franchisees joining the System at that time. The Franchisee shall provide the Franchisor with such reasonable information as the Franchisor may request in order to make such determination. Franchisor shall have thirty (30) days from the date of receipt of the written notice of the proposed assignment to approve or disapprove, in writing, Franchisee's proposed assignment. If Franchisee and the proposed assignee comply with all conditions for assignment set forth herein and the Franchisor has not given Franchisee written notice of Franchisor's approval or disapproval within a 30-day period, approval is deemed denied;

(d) the assignee shall enter into the Franchisor's then-current form of Franchise Agreement as franchisee, which agreement shall have terms equal to the remainder of their respective terms but which may contain provisions substantially different from those contained in this Agreement, including a higher Royalty and greater expenditures for advertising and promotion than are provided in this Agreement, and such other documents then customarily used by the Franchisor to grant franchises as may be reasonably requested by the Franchisor;

(e) if the assignee is a corporation, the shareholders of the corporation shall jointly and severally guarantee the obligations of the assignee under the franchise agreement referred to in Section 12.4(d) by entering into a guarantee and indemnity in form satisfactory to the Franchisor;

(f) on or before the date of such assignment, Franchisee shall pay to Franchisor the following amounts:

(i) a transfer fee ("**Transfer Fee**") equal to the greater of five percent (5%) of the total purchase price being paid for the Store and twelve thousand dollars ($12,000), plus all applicable taxes; and

(ii) Franchisor's legal fees;

(g) the assignee shall not have debt of more than forty percent (40%) of the sale price of the Business to the assignee and Franchisor has determined that the terms of payment are not so burdensome as to affect adversely the assignee's future operation of the Business;

(h) the assignee shall ensure that it's Designated Manager and Guarantor successfully completes a training program established by the Franchisor and that the assignee shall otherwise meet all criteria for a franchisee of the Franchisor as may be established by the Franchisor from time to time. The Assignee shall not be permitted to attend training until such time it has satisfied all of Franchisor's conditions, which include the execution of the then-current form of Franchise Agreement and Franchisor having received the Transfer Fee;

(i) the Franchisee shall execute Franchisor's then current form of assignment and consent agreement and the Franchisee shall release the Franchisor, its affiliates and subsidiaries and its and their officers, directors and employees from all claims, suits and actions which the Franchisee may have against any of them by reason of any act, omission, cause, matter or thing up to the date of such assignment;

(j) the assignee, at its own cost, agrees to make all capital expenditures requested by the Franchisor to renovate, refurbish, remodel and modernize the Store so as to reflect the then-current image for the Franchisor prior to the transfer or within a timeframe specified by Franchisor;

(k) the Landlord provides written consent to the assignment of the Lease for the Store to the proposed assignee;

(l) the proposed assignee provides such personal guarantees which the Franchisor may request, guaranteeing the proposed assignee's performance of its obligations under the agreements to be entered into;

(m) in the case of an asset sale, the assignee purchases all of the Franchisee's assets used in the Business in accordance with all applicable bulk sales legislation and assumes all of the Franchisee's business liabilities, including all tax liabilities, unless such liabilities have been paid prior to the closing of the transaction of purchase and sale;

(n) if Franchisee or its Guarantor's finance any part of the purchase price, Franchisee and its Guarantor's agree that all of the assignee's obligations under promissory notes, agreement, or security interests reserved in the Business are subordinate to assignee's obligations to pay fees and other amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement and the Lease. Franchisee shall not take any security interest in the assets of the assignee or the assets of the Business without Franchisor's written consent;

(o) Franchisee abides by all post-termination covenants, including, without limitation, the covenant not to compete set forth in Section 15; and

(p) Neither the assignee or its owners, without Franchisor's prior written consent, take over possession of the Business at the Store until the assignment is complete;

(q) any advertisement for a transfer shall be approved by Franchisor in writing;

(r) the assignee shall have agreed in writing for Franchisor to conduct a grand opening advertising and promotional program for the Store at the time of transfer and to pay Franchisor the Transitional Promotional Expenditure. The assignee shall acknowledge and agree that it will incur certain food costs in connection with its grand opening upon transfer, and that such promotional food costs are in addition to the Transitional Promotional Expenditure. The assignee shall agree to provide Franchisor with a summary of its Transitional Promotional Expenditures within seventy five (75) days following the earlier of the Store opening or transfer. The assignee grand opening transfer program will only utilize the marketing and public relations programs and media and advertising materials that Franchisor has approved in writing; and

(s) If required by Franchisor, Franchisee must use and pay for the services of a third-party escrow agent, designated or approved in advance by Franchisor, to facilitate the transfer process and ensure all debts and other payments are properly made.

12.5 Right Of First Refusal. Without in any way derogating or otherwise affecting the Franchisor's right to reject a proposed assignee pursuant to Section 12.4 herein, if at any time during the Term or any Interim Period, the Franchisee receives a Bona Fide Offer which the Franchisee wishes to accept, or the Franchisee intends to make a Bona Fide Offer, then the Franchisee shall deliver to the Franchisor a true copy of such Bona Fide Offer together with an offer in writing ("**Franchisee's Offer**") to sell the Business to the Franchisor on the same terms as described in the Bona Fide Offer. The Franchisor shall be entitled to accept the Franchisee's Offer at any time within ten (10) business days after receipt of the Franchisee's Offer by the Franchisor, whereupon such acceptance shall be deemed to be a binding agreement of purchase and sale between the Franchisor and the Franchisee on the terms and conditions contained in the Franchisee's Offer. If the Franchisor fails to accept the Franchisee's Offer within ten (10) business days following its receipt by the Franchisor, the Franchisee may make or accept the Bona Fide Offer subject to the provisions of Section 12.4, provided that the transaction contemplated under the Bona Fide Offer shall be completed within one hundred and twenty (120) days following the expiration of such period of ten (10) business days. If the transaction contemplated under the Bona Fide Offer is not completed within such one hundred and twenty (120) day period or if the terms of the Bona Fide Offer are changed from those described in the Franchisee's Offer, then the Franchisee shall be obligated to once again comply with the provision of this Section 12.5.

12.6 Continued Responsibility. Notwithstanding any assignment of the Franchisee's rights under this Agreement, the Franchisee shall remain liable for the prompt and complete observance and performance of all of the terms, covenants and conditions to be observed and performed on the part of the Franchisee under this Agreement on or before the said assignment.

12.7 Equity Holders. The Franchisee hereby warrants and represents to the Franchisor that the individuals named in **Schedule G** to this Agreement are the registered and beneficial owners of these equity interests of the Franchisee, if the Franchisee is a legal entity, set forth beside their names, which equity interests represent all of the issued and outstanding equity interests in the capital of the Franchisee. The Franchisee agrees that any transfer of the legal or beneficial ownership of such equity interests, or any issuance of further equity interests, or any change in effective control of the Franchisee, meaning a change equal to 51% or more of the ownership interest, without the prior written consent of the Franchisor, shall constitute an unauthorized assignment of this Agreement and a default under this Agreement. The Franchisor will not unreasonably withhold its consent to such transfer, issuance or change in effective control if the same is to any of the shareholders or members identified in **Schedule G** or their children or spouses, provided that the Franchisor may, without limitation, withhold its consent for any of the reasons contemplated in Section12.4 save and except Sections 12.4(f) and (j). Otherwise, the Franchisor shall be entitled to withhold its consent to such transfer, issuance, or change in control, for any reason or no reason whatsoever.

12.8 Advertising Sale of Business. The Franchisee shall not cause or permit any notice or advertisement indicating that the Business is for sale to appear at, on or about the Store or in printed media of general and regular circulation, radio, internet or television, unless the same is consented to in writing by the Franchisor.

12.9 Assignment by the Franchisor. This Agreement is fully assignable by the Franchisor in whole or in part and shall inure to the benefit of and be binding upon any assignee or other legal successor to its interest herein. In the event of any such assignment, the Franchisor, its directors, officers, employees and agents shall be released from any further liability for the obligations assigned other than any obligations relating to matters or periods prior to the effective date of such assignment. The Franchisee shall attorn to such assignee and shall execute any attornment agreement requested by the Franchisor or its assignee.

13. ABSENCE, DISABILITY OR DEATH

13.1 Right to Operate Business. Without limiting the generality of Section 13.2 below, in order to prevent any interruption of the Business which might cause harm to the Business and depreciate the value thereof, the Franchisee authorizes the Franchisor to operate the Business as agent for and on behalf of the Franchisee for a period not to exceed ninety (90) days, renewable as necessary up to one year, ("**Interim Operating Period**"), and without waiver of any of the rights or remedies the Franchisor may have under this Agreement, if the Franchisee is not, in the sole judgment of the Franchisor, able to operate the Business in accordance with its obligations under this Agreement as a result of the death, absence or incapacity of the Franchisee or any of its shareholders or members, the Designated Manager, or the Guarantor. During the Interim Operating Period, Franchisor shall periodically discuss the status of the Business with Franchisee. All monies from the operation of the Business during such period of operation by the Franchisor shall be kept in a separate account, and the expenses of the Business, including reimbursement for all costs and expenses incurred by the Franchisor and reasonable compensation for the services provided by the Franchisor including any legal fees, shall be charged to such account. The Franchisor shall not be obligated to operate the Business pursuant to this Section 13.1 and shall be entitled to terminate its operation of the Business at any time immediately upon written notice to the Franchisee.

13.2 Death or Incapacitation. If the Franchisee dies or becomes incapacitated, which shall be deemed to include, in the reasonable opinion of the Franchisor, the inability of the Franchisee, by reason of physical or mental illness or disability, to operate the Business in the ordinary course for a period of thirty (30) days or more in any consecutive ninety (90) day period, so that the Franchisee, or, in the case of the Designated Manager's incapacity only, the Designated Manager, is not able to devote full time and attention to the operation of the Business, then the rights granted hereunder may be transferred to the heirs or personal representatives of the Franchisee, subject to Franchisee's heirs or personal representatives successful completion of the Training Program as described in Section 4.4 above, if the Franchisor's prior written consent is obtained. In no event shall the Franchisor provide its consent to such transfer unless the conditions set out in Section 12.4, save and except the requirement to pay the Franchisor's then-current transfer fee, are satisfied. In the event that such conditions, save and except the requirement to pay the Franchisor's then-current transfer fee, are not satisfied, the Franchisor shall have the right in its sole discretion to terminate this Agreement by notice, in the case of death, to the estate of the Franchisee and, in the case of incapacity of the Franchisee, to the Franchisee or his representative and the provisions of Section 10 shall then apply.

14. RELATIONSHIP OF PARTIES

14.1 No Agency Relationship. The Franchisee agrees that it is not an agent of the Franchisor, but is an independent contractor completely separate from the Franchisor, and that the Franchisee has no authority to bind or attempt to bind the Franchisor in any manner or form whatsoever or to assume or incur any obligation or responsibility, express or implied, for or on behalf of or in the name of the Franchisor. This Agreement shall not be construed so as to constitute the Franchisee a partner, joint venturer, agent or representative of the Franchisor for any purpose whatsoever. The Franchisee shall use its own name in obtaining goods and services, or when executing contracts or making purchases, so that the transaction shall clearly indicate that the Franchisee is acting on its own behalf and not on behalf of the Franchisor.

15. RESTRICTIVE COVENANTS

15.1 Franchisee and Guarantor Not to Compete.

(a) During the Term or any Interim Period, neither the Franchisee nor the Guarantor shall either individually or in partnership or in conjunction with any person or persons, firm, association, syndicate or company as principal, agent, shareholder, employee, advisor, or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interest in the operation of any business which consists substantially of the sale of sushi food items as its main product line.

(b) During the two- (2-) year period immediately following Termination, neither the Franchisee nor the Guarantor shall either individually or in partnership or in conjunction with any person or persons, firm, association, syndicate or company as principal, agent, shareholder, employee or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interested in the operation of any business which consists substantially of the sale of sushi food items as its main product line and which is located (i) in the Territory, or (ii) within ten (10) miles of any business operating under the Marks.

(c) This Section 15.1 shall not apply to (i) any interest which the Franchisee or Guarantor may have in another Ginger Sushi Boutique Franchise, or (ii) the ownership of shares in a company whose shares are listed on a stock exchange provided that the Franchisee or Guarantor does not participate in the management or direction of such public company. Promptly upon written request by the Franchisee or any Guarantor, the Franchisor shall advise the requesting party whether the proposed location is located within any of the restricted territories referred to in this Section 15.1.

(d) If the Franchisee is a legal entity, the Franchisee shall deliver to the Franchisor at any time the Franchisor may request, the written acknowledgment of any or all of the directors, members, partners, officers, shareholders or employees of the Franchisee as the Franchisor may determine, whereby they shall acknowledge that they have reviewed the provisions of this Section 15.1 and that they each agree to abide by all such provisions.

15.2 Non-Solicitation. During the Term of this Agreement and for a period of two (2) years thereafter, the Franchisee shall not attempt to attain an unfair advantage over other franchisees of the Franchisor, the Franchisor or any affiliates and subsidiaries of the Franchisor by soliciting for employment any person who is, at the time of such solicitation, employed by any other franchisees, the Franchisor or any such affiliates and subsidiaries without first obtaining the written consent of the Franchisor or the franchisees, as the case may be, nor shall the Franchisee directly or indirectly induce or attempt to induce any such person to leave his or her employment as aforesaid.

15.3 Trade Secrets and Confidentiality. Franchisee expressly understands and agrees that a confidential relationship is established between Franchisee and Franchisor under this Agreement, and that Franchisor will be disclosing to Franchisee certain confidential and proprietary information in connection with the System and Franchisee's operation of the Business. Franchisee acknowledges and agrees that the recipes, operating procedures, food costs and margins, price structure, names of suppliers and promotional techniques supplied or communicated by Franchisor to Franchisee constitute our valuable trade secrets. Franchisee acknowledges that information relating to the operation of the Business (including, without limitation, the specifications, standards, procedures and rules of the System and the Business, and the entire contents of the Manual) is derived from information disclosed to Franchisee by Franchisor, and that all such information is confidential and Franchisor's trade secret. Franchisee agrees:

(a) not to disclose, use, or obtain any benefit from any such trade secrets except to the extent necessary in order to operate the Business;

(b) not to make copies of the Manual or any other operating manuals or lists of suppliers and further agree to return the Manual, and all other operating manuals and lists of suppliers to Franchisor immediately upon Termination;

(c) to maintain the absolute confidentiality of all such information and the contents of this Agreement during the Term and any Interim Period of this Agreement and after termination or expiration of this Agreement for any reason whatsoever, disclosing same to employees of the Business only to the extent necessary for the operation of the Business in accordance with this Agreement;

(d) not to use any such information in any other business or in any manner not specifically approved in writing by Franchisor;

(e) to advise Franchisee's employees and agents of the confidential nature of such information and not to disclose it. Franchisee shall require such employees to whom such information is disclosed to comply with the foregoing and, if required by Franchisor, to execute confidentiality agreements in a form acceptable to Franchisor;

(f) to promptly and permanently delete any and all e-mails or any other form of electronic data transfer or communication between the Franchisor and Franchisee from Franchisee's computer system or server that may contain references to any specific articles/provisions in the Manual or any updates to the Manuals via insert pages or any other proprietary information.

15.4 Injunctive Relief. The Franchisee hereby acknowledges and agrees that the covenants and agreements given by it pursuant to this Section 15 are reasonable, having regard to the necessity of the Franchisor to protect its interests and rights in the Marks and the integrity thereof, and that without the express understanding and agreement of the Franchisee to take such steps as may be necessary to protect the interest and rights of the Franchisor in the Marks, the Franchisor would not have granted any right and license to the Franchisee pursuant to this Agreement to use either the trade name or the Marks. Accordingly, the Franchisee agrees that the Franchisor, aside from any other rights and remedies to which it may be entitled under this Agreement, may enforce its rights under this Agreement by means of injunctive relief, including securing a temporary restraining order, by any court of competent jurisdiction.

15.5 Liquidated Damages. In addition to any other remedies or damages allowed and available to Franchisor under this Agreement, if Franchisee breaches any of the covenants set out in Section 15.1 hereof, Franchisee shall to pay Franchisor, as Liquidated Damages, and not as a penalty, the following amounts:

(a) a fee equal to Franchisors then-current Initial Franchise Fee for each Competitive Business opened by Franchisee or any legal entity controlled by Franchisee or, individually or in partnership or in conjunction with any person or persons, firm, association, syndicate or company as principal, agent, shareholder, employee or in any other manner whatsoever, directly or indirectly, in violation of the said covenants; and

(b) five percent (5%) of each Competitive Business's gross sales until expiration of the non-competition period set forth in Section 15.1(b). Should Franchisee fail to provide Franchisor with a detailed account of such gross sales and all substantiating documentation deemed acceptable to Franchisor, Franchisor shall estimate such gross sales for the purposes of calculating the said amount payable by Franchisee under this Section 15.5 (b); and

(c) legal fees and disbursements incurred by Franchisor to enforce this Article 15.

16. GENERAL CONTRACT PROVISIONS

16.1 Waiver in Writing. No term, covenant or condition of this Agreement shall be deemed to have been waived by either the Franchisor or the Franchisee unless such waiver is in writing, and then such waiver shall apply only to the specific event or circumstance described in such waiver. All rights and remedies of the Franchisor under this Agreement shall be cumulative and no remedy herein shall be exclusive of, but shall be in addition to, every other remedy contained herein or existing at law or in equity or by stature. The covenants and agreements of the parties hereto shall be independent and a breach by one party of any of its agreements or obligations hereunder shall not relieve the other of the performance of its covenants and agreements hereunder.

16.2 Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the State of Arizona.

16.3 Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable, then such provision shall be considered separate and severable from this Agreement and the remaining provisions of this Agreement shall remain in full force and shall be binding upon the parties of this Agreement.

16.4 Headings for Reference Only. The index, article headings and section headings in this Agreement are for convenience of reference only and do not form part of, or affect the meaning of, the provisions of this Agreement.

16.5 Entire Agreement. This Agreement sets forth the entire understanding between the parties relating to the subject matter hereof, and there are no agreements, promises, representations or understandings between the parties other than as set forth herein. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. No amendment or modification of this Agreement shall be effective unless in writing and signed by the Franchisor and the Franchisee.

16.6 Notices. Any notice or other communication required or permitted hereunder shall be sufficiently given if personally delivered, e-mailed, faxed or if mailed by prepaid registered mail and addressed to the party for whom it is intended at the address indicated on **Schedule H** or to such other address of which notice is given hereunder. Each such notice or other communication shall be deemed to have been given when personally delivered, e-mailed or faxed or on the third business day following the date on which it was deposited in the mail, provided that if such notice or other communication is mailed and if normal mail service is interrupted prior to such third business day, then such notice or other communication shall be deemed to have been received in the ordinary course unless otherwise personally delivered. For the purposes of this Agreement, personal delivery shall include delivery by a professional courier. The Franchisee is required under this Agreement to obtain an e-mail address in order to accept electronic communication from the Franchisor.

16.7 Grammatical Changes. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense where there is more than one signatory named as Franchisee or Guarantor and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

16.8 Joint and Several Obligations. If there is more than one person, firm or corporation named as Franchisee or Guarantor, they shall be bound jointly and severally by the terms, covenants and agreements contained on the part of the Franchisee or Guarantor (as the case may be) under this Agreement. Any notice required or permitted by the terms of this Agreement may be given by or to any one of them and shall have the same force and effect as if given by or to all of them.

16.9 Further Assurances. Each of the Franchisee and the Guarantor agrees to execute such further assurances, agreements, and documents and to do and perform or cause to be done and perform such further acts and things that may be considered necessary or desirable by the Franchisor, acting reasonably from time to time to give effect to the terms and conditions of this Agreement.

16.10 Inurement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

16.11 Force Majeure. Notwithstanding anything to the contrary contained in this Agreement, if either party hereto is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reason of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, war, terrorism, sabotage, health disasters or outbreaks, including an outbreak of any virus, acts of God or other reasons beyond the control of such party whether all of a like nature or not which is not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then the performance of such term, covenant or act is excused for the period of the delay and the party so delayed shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. However, the provisions of this Section 16.11 shall not in any way operate to excuse the Franchisee from the prompt:

(a) payment of any fees, Royalties, or other sums required to be paid to Franchisor or Franchisor's affiliates or subsidiaries by the terms of this Agreement; or

(b) performance of any of Franchisee's other obligations under this Agreement where such prompt performance is delayed, hindered or prevented by reason of lack of funds; or

(c) performance of any of Franchisee's other obligations under this Agreement where such performance is delayed, hindered or prevented by reason of Franchisee's fault or negligence; or

(d) performance of any of Franchisee's other obligations under this Agreement where the act of force majeure was caused by Franchisee or those persons for whom Franchisee is by law responsible.

16.12 Withholding Payment and Set-off. The Franchisee agrees that it shall not, on grounds of an alleged nonperformance by the Franchisor of any of its obligations or any other reason, withhold payment of any amount due to the Franchisor whatsoever. No endorsement or statement on any check or payment of any sum less than the full sum due to the Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and the Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. The Franchisor may apply any payments made by the Franchisee against any past due indebtedness of the Franchisee as the Franchisor may see fit. The Franchisor may set off against any payment due to the Franchisee hereunder any outstanding debts of the Franchisee to the Franchisor, and may, at the

Franchisor's option, pay the Franchisee's trade creditors out of any sum otherwise due to the Franchisee.

16.13 No Misrepresentations. The Franchisee and the Guarantor jointly and severally represent to the Franchisor, as an inducement to the Franchisor's entry into this Agreement, that the Franchisee and the Guarantor have made no misrepresentations in obtaining the Franchise Agreement.

16.14 Arbitration.

(a) Except as otherwise provided in this Section, any controversy or dispute arising out of, or relating to the franchise or this Agreement including, but not limited to, any claim by the Franchisee, any Guarantor or any person in privity with or claiming through, on behalf of or in the right of the Franchisee, concerning the entry into, performance under, or termination of this Agreement or any other agreement entered into by the Franchisor, or its subsidiaries or affiliates, and the Franchisee, any claim against a past or present employee, officer, director or agent of the Franchisor, any claim of breach of this Agreement and any claims arising under State or Federal laws, except for claims brought pursuant to the Lanham Act, 15 U.S.C. Sections 1051 *et seq.*, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute.

(b) Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever waived and lost.

(c) Persons in privity with or claiming through, on behalf of or in the right of the Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns.

(d) Subject to this Section 16.14, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the *Federal Arbitration Act*, 9 U.S.C. § 1 *et seq.*, as amended, and arbitration shall take place according to the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed.

(e) The arbitration shall be held in Phoenix, Arizona and conducted entirely in the English language. However, arbitration will not be used for any dispute which involves the Franchisee's continued usage of any of the Marks or the System, business concept or any issue involving injunctive relief against the Franchisee, all of which issues will be submitted to a court within the State of Arizona. The parties expressly consent to personal jurisdiction in the State of Arizona and agree that the state and federal court(s) will have exclusive jurisdiction over any such issues not subject to arbitration.

(f) Each party shall agree on one arbitrator selected from a panel of neutral arbitrators provided by the National Franchise Mediation Program of the CPR Institute for Dispute Resolution (located at New York, NY) and the arbitrator shall be chosen by the striking method. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The prevailing party shall be entitled to actual costs and attorneys' fees incurred in any such arbitration. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state of Arizona. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

(g) Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person, other than the Franchisee and Guarantor, in privity with or claiming through, in the right of or on behalf of the Franchisee or the Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Franchisor and the Franchisee or any person in privity with or claiming through, in the right of or on behalf of the Franchisee or the Franchisor.

(h) The parties waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which either party may have against the other arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a claim or other proceeding contemplated by this Agreement, recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

16.15 Waiver of Jury Trial. In the event that any state or federal court asserts jurisdiction over a dispute between Franchisor and Franchisee or any Guarantor of Franchisee, Franchisor, Franchisee, and Guarantor each waive their right to a trial by jury. Franchisee, Guarantor, and Franchisor acknowledge that the parties' waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement or any aspect of the parties' relationship. Franchisee, Guarantor, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit.

16.16 Remedies. The court or arbitrator will have the right to award any relief which it deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), lost profits, specific performance, injunctive relief, and attorney's fees and costs. The parties agree that any claim for lost earnings or profits by

Franchisee shall be limited to a maximum amount equal to the net profits of the Business for the prior year as shown on Franchisee's federal income tax return. The parties further agree that, in addition to such other damages awarded by the court, if this Agreement is terminated because of Franchisee's default, Franchisee shall be liable to Franchisor for a lump sum amount equal to the net present value of the Royalties and Marketing Fund Contributions that would have become due following termination of this Agreement for the period this Agreement would have remained in effect but for Franchisee's default. Royalties and Marketing Fund Contributions for purposes of this Section shall be calculated based on the Business' average monthly Gross Sales for the twelve (12) months preceding the termination date.

16.17 Rules of Construction. This Agreement shall not be construed against the party preparing it, and shall be construed without regard to the identity of the person who drafted it or the party who caused it to be drafted and shall be construed as if all parties had jointly prepared this Agreement and it shall be deemed their joint work product, (except that copyright in it shall remain vested in Franchisor), and each and every provision of this Agreement shall be construed as though all the parties to it participated equally in its drafting; and any uncertainty or ambiguity shall not be interpreted against any one party. As a result of the foregoing, any rule of construction that a document is to be construed against the drafting party shall not be applicable.

16.18 Disclosure Document. Franchisee acknowledges and confirms having received (as one document, and at one time) Franchisor's disclosure document containing disclosures required by federal or state franchise laws regarding the opportunity to acquire the rights to open a GINGER SUSHI BOUTIQUE Store, either by personal delivery or registered mail or courier (signature required), not less than 14 days before the earlier of:

(a) the signing by Franchisee of this Agreement or any other agreement relating to the franchise; and

(b) the payment of any consideration by Franchisee or on Franchisee's behalf to Franchisor or its affiliates, relating to the franchise.

16.19 PURBLENDZ™ Rider. Franchisor may permit Franchisee to offer a PURBLENDZ™ smoothie bar at Franchisee's Store, and, if Franchisee so qualifies, Franchisee will be required to sign and deliver to Franchisor the PURBLENDZ™ Rider attached hereto at **Schedule O**.

16.20 Legal Fees. If Franchisee is in default under this Agreement, then Franchisee shall pay Franchisor all damages, costs, and expenses (including legal fees) that Franchisor incurs as a result of Franchisee's default under this Agreement or any other agreement between Franchisee (and its affiliates) and Franchisor (and our affiliates).

16.21 Social Media. Franchisee acknowledges that the use of any social networking website, including but not limited to Facebook, YouTube, LinkedIn, and Twitter, which exploits, utilizes, displays, or otherwise makes use of any of the Marks or Franchisor's intellectual property is Franchisor's sole property, and Franchisee shall promptly submit to Franchisor all passwords for such site(s) and any changes to a password shall be submitted to Franchisor within three (3) days of the change. Franchisor shall be granted full access to any social networking sites or webpages. Franchisee shall have no right, title or interest to any webpage on any of Franchisee's social networking sites including, but not limited to, all "fans", "followers", "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Marks or Franchisor's intellectual property even if such webpage is established by Franchisee or otherwise held in Franchisee's name or by any Guarantor. Upon expiration, transfer or termination of this Agreement, Franchisee shall immediately take whatever steps are necessary to cancel or dismantle any such social networking account or webpage or transfer the account or webpage and all related information, including all "fans", "followers", "friends" and "contacts" associated with such accounts or webpages, to Franchisor or as Franchisor may otherwise direct.

16.22 Franchisor's Use of Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises reasonable business judgment ("**Reasonable Business Judgment**") in making a decision or exercising a right. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decisions or actions are intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interests. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

17. ACKNOWLEDGMENT AND FRANCHISE DISCLOSURE QUESTIONNAIRE

Franchisee and Guarantor represent and warrant that they have completed and executed the Acknowledgement, attached as **Schedule C**, and the Statement of Franchisee, attached as **Schedule J**, honestly and to the best of their actual knowledge as of the date of this Agreement.

Both Franchisee and the Guarantor jointly and severally acknowledge and agree that:

(a) Franchisee and each Guarantor has received, has had ample time to read, and has read and understands this Agreement, including all Schedules attached thereto;

(b) Franchisor has encouraged Franchisee and Franchisee has had an opportunity to be advised by professional advisors of Franchisee's own choosing regarding all pertinent aspects of this Agreement, the franchise granted by Franchisor and the business venture contemplated by this Agreement. If Franchisee did not use a professional advisor, Franchisee represents that Franchisee is satisfied relying on its own education, experience, and skill in evaluating the merits of a franchise offering;

(c) the success of the business venture contemplated to be undertaken by Franchisee pursuant to this Agreement is speculative and depends, to a large extent, on Franchisee's ability as an independent corporation or business person, the acceptance of the business in the community, the total square footage of the Store, and, most significantly, the qualities of Franchisee's character, business acumen, general drive and ambition as owner/manager and the employees of the Business and other factors beyond Franchisor's control;

(d) Franchisor's approval of the location for the Store does not guarantee the Store's success at that location and that the business may lose money or fail. Franchisee is solely responsible for identifying the location for the Store. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the location of the Store nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on Franchisee's review and Franchisee's lawyer's review of any such lease or agreement;

(e) Franchisee and Guarantor have entered into this Agreement after making an independent investigation of the proposed Business, and Franchisee is not relying upon any representation or warranty, express or implied, by Franchisor or Franchisor's officers, directors, employees or agents as to revenue, profits or success which the you or the Guarantor might be expected to realize, nor has anyone made any other warranty or representation which is not expressly set out in this Agreement to induce Franchisee or any Guarantor to execute the Agreement;

(f) both Franchisee and each Guarantor acknowledges having received Franchisor's Disclosure Document and its exhibits, including this Agreement at least fourteen (14) calendar days before Franchisee signed this Agreement and that Franchisee signed a Receipt for the Disclosure Document;

(g) Franchisee understands that it is Franchisee's responsibility to obtain financing for its Store. In particular, Franchisor may assist Franchisee by providing Franchisee with the names of certain independent consultants who Franchisee could contact for the purposes of preparing a business plan appropriate for Franchisee's Store (in any case, without any personal or corporate liability). In such event, the choice to contact any such consultant will be completely Franchisee's and Franchisee may choose to contact another consultant altogether for the aforesaid purpose. In any event, apart from being more confident that Franchisee will be in a position to present to Franchisee's financial institution a business plan prepared under the guidance of a professional, Franchisor does not directly or indirectly benefit financially or otherwise from making such introductions. Provided further that Franchisee acknowledges that should Franchisor provide Franchisee with the names of such independent consultants, Franchisor shall assume no personal or corporate liability in this regard;

(h) if Franchisee or any Guarantor is NOT a citizen of the United States of America, purchasing a Ginger Sushi Boutique Franchise may not entitle Franchisee or the Guarantor to a Visa and work permit to live and work in the United States of America and that it is solely the responsibility of the Franchisee to make the appropriate arrangements in this regard;

(i) all services provided by Franchisor for Franchisee's benefit, including but not limited to, technical and marketing advice, suggestions or recommendations are to be used by Franchisee at its own risk. Because any advice, suggestion or recommendation rendered is necessarily limited in scope to the extent that it may not consider local custom, practice, law or other nuance, Franchisor is unable to make any warranty or representation, either express or implied, with respect to the accuracy, reliability or completeness of the information provided or the result of the use of the information provided;

(j) it shall be deemed a breach of this Agreement if Franchisee's spouse or children engage in any conduct prohibited by this Agreement.

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IN WITNESS WHEREOF this Agreement has been executed on the date first above written.

MTY FRANCHISING USA, INC.

By: ______________________________________
Name:
Title:
I have authority to bind the Corporation

FRANCHISEE

By: ______________________________________
Name: _____________________
Title:
I have authority to bind the legal entity

GUARANTOR

By: ______________________________________
Name: ____________________________________
Date of Birth: ______________________________

GUARANTOR

By: ______________________________________
Name: ____________________________________
Date of Birth: ______________________________

GUARANTOR

By: ______________________________________
Name: ____________________________________
Date of Birth: ______________________________

SCHEDULE A
LICENSED LOCATION AND DESIGNATED MANAGER

The "**Store**" shall only be the following street address:

____
____
____
____

The Lease commencement date is ___________________________.

The Lease Expiration Date is _______________________________.

The Designated Manager is ________________________________.

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SCHEDULE B
TERRITORY

The "**Territory**" shall be the following territory:

____
____
____
____

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SCHEDULE C
ACKNOWLEDGMENT

FROM: ____ **("Franchisee")**

AND FROM: ____ **("Guarantor")**

TO: **MTY FRANCHISING USA, INC.**

RE: **Ginger Sushi Boutique Franchise Agreement dated the _____ day of _________________, 20___ ("Franchise Agreement")**

In consideration of the Franchisor executing the Franchise Agreement and granting the Franchisee a franchise pursuant to the Franchise Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Franchisee and the Guarantor acknowledge and agree as follows:

1. Each of the Franchisee and the Guarantor acknowledge that:

(a) They have received, have had ample time to read, and have read the Franchise Agreement, including all Schedules attached thereto;

(b) The Franchisee and the Guarantor have had an opportunity to be advised by advisors of their own choosing regarding all pertinent aspects of the franchise granted by the Franchisor and the business venture contemplated by the Franchise Agreement;

(c) The Franchisor may receive a rebate, fee or commission in connection with the goods, services or facilities purchased, leased, or obtained by the Franchisee from designated suppliers and that the benefit of such rebates or commissions may not necessarily be passed onto the Franchisee and that the Franchisor is entitled to keep such rebates or commissions for its own use and benefit;

(d) The success of the business venture contemplated to be undertaken by the Franchisee pursuant to the Franchise Agreement is speculative and depends, to a large extent, on the ability of the Franchisee as an independent corporation or business person, the acceptance of the business in the community and other factors;

(e) The Franchisor, its officers, directors, agents, employees or contractors do not make any representation or warranty as to the potential success of the business venture herein contemplated, nor did any one of them induce the Franchisee or the Guarantor to enter into the Franchise Agreement in reliance upon any such representation or warranty;

(f) They each have entered into the Franchise Agreement after making an independent investigation of the proposed business, and that they are not relying upon any representation or warranty, express or implied, by the Franchisor or its officers, directors, employees or agents as to revenue, profits or success which the Franchisee or the Guarantor might be expected to realize, nor has anyone made any other warranty or representation which is not expressly set out in the Franchise Agreement to induce the Franchisee or the Guarantor to execute the Franchise Agreement.

(g) while financing is normally arranged by Franchisee with the financial institution of its choice, Franchisor may, however, in Franchisor's sole and absolute discretion, choose to assist Franchisee in developing a business plan and presenting it on Franchisee's behalf. In particular, Franchisor may assist Franchisee by providing Franchisee with the names of certain independent consultants who Franchisee could contact for the purposes of preparing a business plan appropriate for Franchisee's Store (in any case, without any personal or corporate liability). In such event, the choice to contact any such consultant will be completely Franchisee's and Franchisee may choose to contact another consultant altogether for the aforesaid purpose. In any event, apart from being more confident that Franchisee will be in a position to present to Franchisee's financial institution a business plan prepared under the guidance of a professional, Franchisor does not directly or indirectly benefit financially or otherwise from making such introductions. Provided further that Franchisee acknowledges that should Franchisor provide Franchisee with the names of such independent consultants, Franchisor shall assume no personal or corporate liability in this regard.

2. When used in this Acknowledgment, all words and expressions which are capitalized shall have the same meaning as given thereto in the Franchise Agreement, unless otherwise defined herein.

[Signatures on following page]

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By signing below, you indicate that you fully understand and accept all of the risks described above and all other risks not described above that may affect your ability to profitably operate your franchise. Any questions or doubts which you may have about the Franchisor or the Franchise Agreement are stated as follows:

____
____
____
____

Dated at _______________________, the State of ______________, this ______ day of _________________, 20__.

FRANCHISEE

____________________________ Per: ____________________________________
Witness Name: _______________________, President
I have authority to bind the legal entity

____________________________ Per: ____________________________________
Witness

GUARANTOR

Per: ____________________________________
Name: ____________________________________
Date of Birth: ____________________________________

GUARANTOR

Per: ____________________________________
Name: ____________________________________
Date of Birth: ____________________________________

GUARANTOR

Per: ____________________________________
Name: ____________________________________
Date of Birth: ____________________________________

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SCHEDULE D
ADDENDUM TO LEASE

This Addendum to Lease, dated ____________, 20___, is entered into by and between ____________________________ ("**Lessor**"), and ____________________________ ("**Lessee**").

A. The parties hereto have entered into a certain Lease Agreement, dated ______________, 20___, and pertaining to the premises located at _________________________ __________________________ ("**Lease**").

B. Lessor acknowledges that Lessee intends to operate a Ginger Sushi Boutique franchise from the leased premises ("**Premises**") pursuant to a Franchise Agreement ("**Franchise Agreement**") with MTY Franchising USA, Inc. ("**Franchisor**") under the name Ginger Sushi Boutique or other name designated by Franchisor ("**Franchised Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any Successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment. Lessee shall have the right to assign all of its right, title and interest in the Lease to Franchisor or its parent, at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of such assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated affiliate a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease is assigned to, and accepted in writing by, Franchisor or its parent. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchise without the Landlord's consent in accordance with Section 4(a)

3. Default and Notice.

(a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Franchisor written notice of such default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of such notice. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated, to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

MTY Franchising USA, Inc.
8150, Transcanada Highway, Suite 200
St-Laurent (Quebec) H4S 1M5
Canada
Attention: Legal Department

and a copy to:

Kevin P. Hein, Esq.
Alexius, LLC
1509 York Street, Suite 300
Denver, Colorado 80206
e-mail address: khein@alexius.co

Franchisor may change its address for receiving notices by giving Lessor written notice of such new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of such Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to such effect shall be included in such lease.

4. <u>Termination or Expiration</u>.

(a) Upon Lessee's default and failure to cure a default under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign the Lease to a new franchisee without Landlord's consent and to be fully released from any and all liability to Landlord upon such reassignment.

(b) Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make such other modifications (such as repainting) as are reasonably necessary to protect the Ginger Sushi Boutique marks and system, and to distinguish the Premises from a Franchised Business.

In the event Franchisor exercises its option to purchase assets of Lessee, Lessor shall permit Franchisor to remove all such assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and the Lessee would not lease the Premises without this Addendum.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and the Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN TESTIMONY WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

______________________________	______________________________
By: ________________________	By: ________________________
Title: ________________________	Title: ________________________

SCHEDULE E
MTY FRANCHISING USA, INC.
REQUEST FOR PRE-AUTHORIZED PAYMENTS

INSTRUCTIONS:

PAYMENT AMOUNT: All amounts due and owing under the Franchise Agreement with Ginger Sushi Boutique dated ____________________, 20___.

DATES OF PAYMENT: As outlined in the Franchise Agreement with Ginger Sushi Boutique dated __________________, 20___.

BANK ACCOUNT NUMBER: ____

TRANSIT NUMBER: ____

BANK & BRANCH: ____

NAME OF ACCOUNT IN BANK RECORDS: ____

SIGNING OFFICER SIGNATURE: ____

PLEASE COMPLETE THIS FORM AND RETURN IT TO FRANCHISOR ALONG WITH ONE OF YOUR UNSIGNED CHECKS MARKED VOID (FOR VERIFICATION PURPOSES) FROM YOUR BANK OR TRUST COMPANY

I/We authorize MTY Franchising USA, Inc. (hereinafter referred to as "**Ginger Sushi Boutique**") and/or any of its subsidiaries or affiliates to debit the account of the undersigned maintained with the financial institution and according to the dates indicated above, in accordance with the PAYMENT AUTHORIZATION below, for purposes of paying weekly royalties, marketing contributions and any other outstanding payments due to Ginger Sushi Boutique from time to time pursuant to the Franchise Agreement between Ginger Sushi Boutique and the undersigned.

AUTHORIZATION TO HONOR PAYMENTS

NAME OF BANK: ____
ADDRESS: ____

You are hereby requested and authorized to pay and debit my/our account at your office, or at another branch of your institution if it is transferred there; all checks drawn on you on my behalf and made payable to Ginger Sushi Boutique and/or any of its subsidiaries or affiliates or drawn on you by Ginger Sushi Boutique and/or any of its subsidiaries or affiliates; and all amounts specified on any magnetic or computer produced paper tapes requesting that you pay Ginger Sushi Boutique and/or any of its subsidiaries or affiliates.

In consideration of your acting as aforesaid, it is agreed that your treatment of each check and/or tape and your rights with respect to it shall be the same as if it were signed by the undersigned personally, authorizing and requesting you to pay and credit such amount to the Ginger Sushi Boutique and/or any of its subsidiaries or affiliates, debiting our account and failure to pay shall give no liability on your part, regardless of the loss or damage.

Any delivery of this authorization to you will constitute delivery by the undersigned.

I/we have read and understood the terms of this Authorization and acknowledge receipt of a copy thereof.

(The signature appearing below must be the same as the signature appearing in the signature file of the financial institution identified above.)

DATED at ____________________________ this ______ day of ____________, 20___.

AUTHORIZED SIGNATURE(S):

By:_________________________________ By:_________________________________

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SCHEDULE F

MTY FRANCHISING USA, INC.
GUARANTY AND INDEMNITY

TO: MTY FRANCHISING USA, INC. (“Franchisor”)

In order to induce the Franchisor to enter into a franchise agreement (“**Franchise Agreement**”) dated the _____ day of ______________, 20___, between each of the Franchisor and *[insert corporate name of franchisee]* (“**Franchisee**”) and the undersigned (“**Guarantor**”) and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Guarantor enters into the Guarantee and Indemnity and covenants with the Franchisor as follows:

1. The Guarantor hereby guarantees the due and punctual payment of all amounts stated to be payable on the part of the Franchisee under the terms of the Franchise Agreement, and the prompt and complete performance of all of the terms, covenants, conditions and agreements contained on the part of the Franchisee pursuant to the Franchise Agreement.

2. The Guarantor further agrees to indemnify and save harmless the Franchisor from all losses, costs or damages arising out of any failure on the part of the Franchisee to pay the amounts referred to in Section 1 hereof or to perform any of the terms, covenants, conditions, or agreements referred to in Section 1 hereof.

3. This Guaranty is absolute and unconditional and applicable to all past and future indebtedness of the Franchisee without limit and however incurred and the Guarantor shall not be released, discharged, mitigated, impaired or affected by:

(a) any settlements, extensions of time, indulgences, or modifications which the Franchisor may extend to or make with the Franchisee or any co-surety in respect of any one or more of the provisions of the Franchise Agreement or any other agreement; or

(b) any waiver by the Franchisor of or any failure or delay on the part of the Franchisor, to enforce any of the terms, covenants, conditions or provisions of the Franchise Agreement; or

(c) any amendments or alteration to the Franchise Agreement or any of the covenants or terms thereof; or

(d) any assignment of the Franchise Agreement by the Franchisee or the Franchisor.

The Guarantor hereby expressly waives notice of the acceptance of this guaranty and indemnity and all notices of non-performance, non-payment, or non-observance on the part of the Franchisee of the terms, covenants, conditions and provisions of the Franchise Agreement.

4. In the event of any default of the part of the Franchisee under the Franchise Agreement, the Franchisor shall not be required prior to enforcing this Guaranty and Indemnity to:

(a) proceed against the Franchisee or pursue any rights or remedies with respect to the Franchise Agreement;

(b) proceed against or exhaust any security of the Franchisee or any other person held by the Franchisor; or

(c) pursue any other remedies whatsoever in the power of the Franchisor.

5. The Franchisor shall have the right to enforce this Guaranty and Indemnity regardless of the release and/or discharge of the Franchisee or of any other surety or of any other security held by the Franchisor or by others whether by agreement or by operation of law.

6. Without limiting the generality of the foregoing, the liability of the Guarantor under this Guaranty and Indemnity shall not be deemed to be waived, relapsed, discharged, impaired or affected by any reason of the release or discharge of the Franchisee or any surety in any receivership, bankruptcy, winding-up, or other creditor's proceeding.

7. No action or proceeding brought or instituted pursuant to this Guaranty and Indemnity and no recovery or judgment in pursuance thereof, shall be a bar or defense to any further action or proceeding which may be brought under this Guaranty and Indemnity by reason of any further default or defaults under this Guaranty and Indemnity or in the performance and observance of the terms, conditions and provisions of the Franchise Agreement.

8. No modification of this Guaranty and Indemnity shall be effective unless it is in writing and signed by both the Guarantor and the Franchisor.

9. This Guaranty and Indemnity shall, without limiting the generality of the foregoing, bind the Guarantor in the same manner as though the Guarantor was the Franchisee named in the Franchise Agreement.

10. If two or more individuals execute this Guaranty and Indemnity as Guarantor, the liability of each such individual hereunder shall be joint and several.

11. This Guaranty and Indemnity shall remain in full force and effect for such period of time as the Franchise Agreement and any notation or extension thereof remains in force and effect, and so long as any obligation thereunder remains outstanding and undischarged.

12. There are no representations, collateral agreements, or conditions with respect to this Guaranty and Indemnity or affecting the liability of the Guarantor other than as contained herein.

13. The Guarantor shall be bound by any account settled between the Franchisor and the Franchisee and, if such account has not been so settled, any account stated by the Franchisor shall be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account is due and owing by the Franchisee to the Franchisor.

14. Any notice which the Franchisor wishes to serve on the Guarantor shall be sufficiently given if served personally on the Guarantor or mailed by prepaid registered mail addressed to the Guarantor at the address indicated below and every such notice shall be deemed to have been

given on the day it was personally served, or if mailed, on the tenth (10th) business day following the day on which it was mailed. The Guarantor may designate, by notice in writing to the Franchisor, a substitute address for service. If two or more persons are named as Guarantor, any notice hereunder shall be deemed to have been given to all such persons are served personally or mailed in the foregoing manner to any one or more of such persons.

15. All of the terms, agreements and conditions of this Guaranty and Indemnity shall extend to and be binding upon the Guarantor and the Guarantor's heirs, executors, administrator, successors and assigns and shall inure to the benefit of and may be enforced by the Franchisor, its successors and assigns.

16. When used in this Guaranty and Indemnity, all words or expressions which are capitalized shall have the same meaning as given thereto in the Franchise Agreement.

17. The Guarantor represents, acknowledges and agrees that:

(a) he or she has obtained independent legal advice in connection with this Guaranty and Indemnity;

(b) he or she has read this Guaranty and Indemnity in its entirety and has full knowledge of its contents;

(c) he or she understands his or her rights, duties and obligations and all of the terms, conditions and representations contained in the Guaranty and Indemnity and the consequences thereof;

(d) he or she is subject to no compulsion or undue influence from the Franchisor; and

(e) he or she is signing this Guaranty and Indemnity freely, voluntarily and without constraint.

[Signatures on following page]

Dated at ______________________ this _____ day of ________________, 20___.

GUARANTOR

____
[insert full legal name on birth certificate]

Date of Birth: ___________________________
[insert date of birth on birth certificate]

Address: ________________________________
____

GUARANTOR

____
[insert full legal name on birth certificate]

Date of Birth: ___________________________
[insert date of birth on birth certificate]

Address: ________________________________
____

GUARANTOR

____
[insert full legal name on birth certificate]

Date of Birth: ___________________________
[insert date of birth on birth certificate]

Address: ________________________________
____

GUARANTOR

____
[insert full legal name on birth certificate]

Date of Birth: ___________________________
[insert date of birth on birth certificate]

Address: ________________________________
____

GUARANTOR

____
[insert full legal name on birth certificate]

Date of Birth: ___________________________
[insert date of birth on birth certificate]

Address: ________________________________
____

GUARANTOR

____
[insert full legal name on birth certificate]

Date of Birth: ___________________________
[insert date of birth on birth certificate]

Address: ________________________________
____

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SCHEDULE G

SHAREHOLDERS/MEMBERS/PARTNERS

The shareholders, members, or partners (collectively the "**Shareholders**") of the Franchisee and their respective shareholdings are as follows:

NAME OF SHAREHOLDER	NUMBER & DESIGNATION OF SHARES

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SCHEDULE H

ADDRESS FOR NOTICE

Until notice of an alternate address is given in accordance with the Franchise Agreement, the addresses for notice for the Franchisee and the Guarantor shall be as follows:

If to the Franchisee at:	____
	e-mail address: ________________________________
	until the Commencement Date and thereafter at the Store.
If to the Guarantor at:	____
	____
	____
	e-mail address: ________________________________
If to the Franchisor at:	____
	____
	____
	e-mail address: ________________________________
and a copy to:	Kevin P. Hein, Esq. Alexius, LLC 1509 York Street, Suite 300 Denver, Colorado 80206 e-mail address: khein@alexius.co

SCHEDULE I

COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS, ADDRESSES, AND LISTINGS

This Collateral Assignment of Telephone Numbers, Addresses, and Listing ("**Assignment**") is entered into this ____ day of ________________, 20___, in accordance with the terms of that certain MTY Franchising USA, Inc. Franchise Agreement ("**Franchise Agreement**") between ____ ("**Franchisee**"), and MTY Franchising USA, Inc., a Delaware corporation ("**Franchisor**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Ginger Sushi Boutique Store located at __________________________________ ("**Franchise Business**").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor those certain telephone numbers, addresses, domain names, locators, directories and listings (collectively, the "**Numbers, Addresses, and Listings**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Franchise Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone, Internet, email, electronic network, directory, and listing entities with which Franchisee has dealt (all such entities are collectively referred to herein as "**Provider Companies**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement Franchisor shall have the right and is hereby empowered to effectuate the Assignment of the Numbers, Addresses, and Listings and, in such event, Franchisee shall have no further right, title or interest in the Numbers, Addresses, and Listings, and shall remain liable to the Provider Companies for all past due fees owing to the Provider Companies on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to an interest in the Numbers, Addresses, and Listings, and Franchisee appoints Franchisor as Franchisee's true and lawful attorney-in-fact to direct the Provider Companies to assign the same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Provider Companies to assign the Numbers, Addresses, and Listings to Franchisor. If Franchisee fails to promptly direct the Provider Companies to assign the Numbers, Addresses and Listings to Franchisor, Franchisor shall direct the Provider Companies to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Provider Companies may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Numbers, Addresses, and Listings upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Provider Companies' receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Provider Companies require that the parties execute the

Provider Companies' assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

ASSIGNEE	**ASSIGNOR**
MTY Franchising USA, Inc.	**Franchisee**
By: ______________________________	By: ______________________________
______________________________ [Print name]	______________________________ [Print name]
Its: ______________________________	Its: ______________________________

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SCHEDULE J

STATEMENT OF FRANCHISEE

[Note: Dates and Answers Must be Completed in the Prospective Franchisee's Own Handwriting]

In order to make sure that no misunderstanding exists between you, the Franchisee, and us, MTY Franchising USA, Inc. (also called "Ginger Sushi Boutique," the "Franchisor" or "we") and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

A. The following dates are true and correct:

	Date	Initials	
1.	____________________, 20__	_____	The date on which I received a Franchise Disclosure Document regarding the Ginger Sushi Boutique Business.
2.	____________________, 20__	_____	The date of my first face-to-face meeting with an officer of MTY Franchising USA, Inc. to discuss a possible purchase of a Ginger Sushi Boutique Business.
3.	____________________, 20__	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.
4.	___________________, 20___	_____	The date on which I signed the Franchise Agreement.
5.	___________________, 20___	_____	The earliest date on which I delivered cash, check or other consideration to an officer of MTY Franchising USA, Inc.

B. Representations.

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side agreements," options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or an attached written Addendum signed by me and Ginger Sushi Boutique, except as follows:______________________________
____

____

____

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise which expanded upon or were inconsistent with the Franchise Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of Ginger Sushi Boutique, were made to me by any person or entity, nor have I relied in any way on same, except as follows:___________

____

____

(If none, you should write NONE in your own handwriting and initial.)

3. No oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise,) which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from Ginger Sushi Boutique Stores, was made to me by any person or entity, nor have I relied in any way on any such, except as follows:_____________

____

____

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as expressly set forth in the Franchise Agreement or any attached written Addendum signed by me and Ginger Sushi Boutique:_______

____

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and Ginger Sushi Boutique has strongly recommended that I obtain such independent advice. I have also been strongly advised by Ginger Sushi Boutique to discuss my proposed purchase of a Ginger Sushi Boutique Store with any existing Ginger Sushi Boutique franchisees prior to signing any binding documents or paying any sums and Ginger Sushi Boutique has supplied me with a list of all existing franchisees.

7. I understand that (a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; (b) while the purchase of a franchise may improve the chances for success, the purchase of a Ginger Sushi Boutique Store or any other franchise is a speculative investment; (c) investment beyond that outlined in the Franchise Disclosure

Document may be required to succeed; (d) there exists no guaranty against possible loss or failure in this or any other business; and e) the most important factors in the success of any Ginger Sushi Boutique Store, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform Ginger Sushi Boutique (Phone: (905) 820-7887) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish, any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

FRANCHISEE:	**FRANCHISOR:**
______________________________ Date	______________________________ Date
	By: ____________________________
	Its: ____________________________

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SCHEDULE K

PROJECT MANAGEMENT AGREEMENT

This **Project Management Agreement** is entered into this ____ day of __________________, 20___, between ____, a __________________________ ("**Contractor**"), ____ ("**Franchisee**"), and ____ ("**Guarantor**").

WHEREAS the Franchisee wishes to make certain improvements to the premises (the "**Premises**") which the Franchisee has leased, or agreed to lease, at ____, and equip same for the purpose of carrying on the business of a Ginger Sushi Boutique Store;

WHEREAS Contractor is prepared to provide the work, services, and materials and to supply and install certain equipment and furnishings to provide a typical turn-key Ginger Sushi Boutique franchise location, subject to the terms and conditions below;

WHEREAS the Guarantor has agreed to guarantee to Contractor that the Franchisee will pay all monies owing on the part of the Franchisee under this Agreement;

NOW, THEREFORE, in consideration of the covenants, agreements, warranties, and payments hereinafter set out and provided for, the parties hereto respectively covenant and agree as follows:

1. Subject to the terms and conditions hereof, Contractor agrees with Franchisee and Guarantor:

(a) to prepare plans and specifications for such improvements as are necessary as described in **Schedule K-1** hereto to open the Premises as a Ginger Sushi Boutique Store and to apply for any requisite permits in connection therewith;

(b) to provide or arrange for the work, services and materials deemed necessary by Contractor to improve the Premises to provide the Franchisee with a typical turn-key Ginger Sushi Boutique Store; and

(c) to supply and install upon the Premises the equipment and furnishings deemed necessary by Contractor to operate a Ginger Sushi Boutique Store referred hereto in **Schedule K-2** ("**Equipment and Furniture**").

Contractor shall be entitled to subcontract out all or any part of its obligations under this Agreement provided that Contractor shall remain responsible for the obligations on its part under this Agreement.

2. The price for the work, services and materials to be provided by Contractor pursuant to Paragraphs 1(a) and 1(b) hereof shall be $________________ ("**Contract Price**"), which shall include a Construction Management fee of $_______________, plus all applicable taxes, which amount shall be paid by the Franchisee to Contractor in the following installments:

(a) the first installment shall be fifty (50%) percent of the Contract Price, and shall be paid upon the commencement of work by Contractor at the Premises; and

(b) the second installment shall be fifty (50%) percent of the Contract Price and shall be paid on the 28th day after the commencement of work by Contractor at the Premises.

3. Subject to Paragraph 13 hereof and the provisions of this Paragraph 3, the price for the supply and installation of the Equipment and Furniture shall be $________________, plus all applicable taxes, which amount shall be paid by the Franchisee upon the commencement of work at the Premises.

Included in the Equipment are certain furnishings and equipment to be leased by the Franchisee ("**Leased Equipment**") as identified in **Schedule K-2**. Contractor shall co-ordinate the installation of the Leased Equipment. In each case, the availability of the Leased Equipment and the term of the lease to the Franchisee is subject to the creditworthiness of the Franchisee being acceptable to the lessor of the Leased Equipment and the Franchisee entering into the observing leases for the Leased Equipment.

4. Any additional work, services, or equipment that are not found in a typical turn-key Ginger Sushi Boutique (for example, security systems, video surveillance systems), which may be required by the Franchisee shall be charged separately in addition to the charges contemplated by this Agreement and shall be performed by Contractor or its subcontractor subject to prior written agreement between the parties hereto in respect of such extras and the payment therefor.

5. Subject to Paragraph 6, Contractor warrants that all work and services to be performed on its part hereunder will be done in a good and workmanlike manner, and that Contractor will remedy and repair all defects in workmanship of which it is given written notice within sixty (60) days following substantial completion of the improvements to the Premises. Any work or services performed by subcontractors of Contractor are guaranteed by Contractor only to the extent of the subcontractor's express warranty to Contractor. Contractor shall not in any event be liable for any claims for faulty workmanship, which are not submitted to it in writing within sixty (60) days of the substantial completion date. Contractor makes no other representations or warranties as to the quality or fitness for any purpose of the work, services and materials to be performed and provided hereunder and shall not be liable for any claims other that those covered by the sixty (60) day warranty set out in this paragraph.

6. Contractor makes no representations or warranties with respect to the Equipment. Contractor and its subsidiaries and/or affiliates shall not be liable for any losses, costs, liabilities, or damages resulting from any defect in the Equipment unless such defect arises specifically from the negligence of Contractor or its employees in the delivery and installation of the Equipment. If Contractor receives any warranty from the manufacturer or supplier of any Equipment, then Contractor will assign such warranty to the Franchisee if the same is assignable.

7. Contractor and its subsidiaries and/or affiliates shall not be liable for any claims, damages, injury or death to any person or property while it is engaged in construction on or

about the Premises other than any such claims, damages, injuries or death which shall be the direct consequence of the negligence of its employees or agents.

8. All amounts which are, from time to time, owing by the Franchisee to Contractor under this Agreement and which are not paid when due, shall bear interest at the rate of two percent (2%) per month, calculated on the outstanding daily balance and compounded monthly, for an effective annual rate of 26.8%. Interest shall be calculated on the outstanding daily balance and payable on demand. The Franchisee further agrees that if any payment due to Contractor under this Agreement shall become more than two (2) days in arrears, then Contractor (at its sole option) shall be entitled to stop work at the Premises and the Franchisee shall be liable to Contractor for any and all costs incurred and damages suffered by Contractor up to, or arising from, Contractor's withdrawal from the Premises.

9. Contractor will commence work at the Premises as soon as is reasonably possible after it is given access to the Premises and will proceed diligently with its work hereunder. The commencement and completion of work hereunder is subject to:

(a) the receipt of all necessary building permits and approvals;

(b) delays due to shortages, strikes, lock-outs, Acts of God or other circumstances beyond the reasonable control of Contractor; and

(c) the timely payment of amounts owing by the Franchisee to Contractor hereunder.

Contractor shall not be liable for any losses, costs, damages, or injury suffered by the Franchisee as a result of any delays in the commencement or completion of work or services hereunder.

10. Time shall be of the essence of this Agreement.

11. All the Equipment and Furniture shall remain the property of Contractor until all payments required pursuant to Paragraphs 2 and 3 hereof have been made by the Franchisee to Contractor. If the Franchisee defaults in the payment of any installment as required in Paragraphs 2 and 3 hereof, Contractor shall be entitled to take possession of such Equipment and Furniture, to remove same from the Premises, and to exercise all remedies which may be available to it at law or otherwise.

12. This Agreement represents the full and final agreement between the parties hereto and there are no agreements or representations except as set out herein. This Agreement may not be amended except in writing and signed by the parties hereto.

13. The Franchisee shall be obligated to pay for, separately and beyond this Agreement, the following items:

(a) utilities and insurance during the construction of the store;

(b) utility deposits and any security deposits required in connection with the Premises;

(c) amounts on account of the Franchisee's opening inventory of food and paper goods;

(d) insurance required in connection with the Premises;

(e) grand opening advertising and/or marketing;

(f) amounts on account of the Franchisee's opening inventory of uniforms and the Ginger Sushi Boutique Value Cards;

(g) artwork, plants, compact discs and any other decorative items; and

(h) real estate brokerage fees.

14. The Contract Price referred to in Paragraph 2 of this Agreement and the price for the supply and installation of the Equipment referred to Paragraph 3 of this Agreement is fixed for a period of three (3) months from the date of this Agreement. If Contractor has not commenced work at the Premises on or before the expiration of three (3) months from the date of this Agreement, then Contractor shall be entitled to increase the price for by an amount equal to the increase in the invoiced cost to Contractor for the supply and installation of such Equipment and of the Contract Price.

15. This Agreement does not include any work relating to the installation of a patio for the Premises, nor does it include any work on the lands surrounding the building forming the Premises. Any work in connection with such patio or lands shall be extras to this Agreement and will not be performed by Contractor unless prior agreement is reached between the parties concerning the cost of such extras and the payment therefore.

16. For valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Guarantor hereby guarantees to Contractor that the Franchisee will pay all monies from time to time due and payable on the part of the Franchisee hereunder. The Guarantor covenants, as principal debtor and not as surety, with Contractor to pay all monies hereunder as they fall due. If more than one person executes this Agreement as Guarantor, then the obligations of each such Guarantor hereunder shall be joint and several. The Guarantor hereby waives any right to require Contractor to proceed against the Franchisee, or to proceed against, or to exhaust any security, or to pursue any other remedy whatsoever, which may be available to Contractor, before proceeding against the Guarantor. None of the following or any combination thereof shall release, discharge, or in any way change, or reduce the obligations of the Guarantor hereunder:

(a) Any neglect, forbearance, or delay by Contractor in endeavoring to obtain payment of monies owing hereunder or enforcing performance or observance of the terms of this Agreement;

(b) Any extension of time given by Contractor to the Franchisee or any other act or failure to act of or by Contractor;

(c) The bankruptcy, insolvency, or dissolution of the Franchisee; and

(d) Any alteration of the terms of this Agreement.

17. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns except that this Agreement may not be assigned by the Franchisee in whole or in part without the prior written consent of Contractor.

18. This Agreement is fully assignable by Contractor in whole or in part and shall enure to the benefit of and be binding upon any assignee or other legal successor to its interest herein. In the event of any such assignment, Contractor shall be released from any further liability for the obligations assigned other than any obligations relating to matters or periods prior to the effective date of such assignment. The Franchisee shall attorn to such assignee and shall execute any attornment agreement requested by Contractor or its assignee.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

PROJECT MANAGER

____

I have authority to bind the Corporation

FRANCHISEE

By: ____
Name: _______________________, President
I have authority to bind the Corporation

GUARANTOR

By: ____
Name: ____
Date of Birth: __________________________________

GUARANTOR

By: ____
Name: ____
Date of Birth: __________________________________

GUARANTOR

By: ____
Name: ____
Date of Birth: __________________________________

SCHEDULE K-1

PROJECT MANAGEMENT AGREEMENT
LEASEHOLD IMPROVEMENTS

PROFESSIONAL REQUIREMENTS:

- Electrical and mechanical engineering drawings, where required by municipal requirements.
- Architect or design store layout drawings.
- Obtaining all necessary construction-related permits and conducting all construction related inspections.
- Obtaining all necessary construction related contracts and agreements between general contractors, vendors/suppliers, distributors, architects/designers and engineers.

LEASEHOLD IMPROVEMENTS:

- Millwork counter, chair rail and table-tops, as per architect or store design specifications.
- Installation of ceramic tiles on floor and behind counter service area, materials and labor included, as per architect or store design specifications.
- Installation and inspection of all underground plumbing, all plumbing related rough-in and all plumbing-related fixtures and accessories, as per engineering drawings and/or architect or store design drawings.
- Installation of electrical panel, electrical disconnects, transformer, and lighting in store, as per engineering drawings and/or architect or store design drawings.
- Diffusion of HVAC, make-up air and exhaust systems as per engineering drawings and/or architect or store design drawings.
- Construction of walls, concrete cutting and backfill, garbage disposal, installation of drop ceiling tiles, installation of doors and door frames, installation of washroom accessories and of telephone line, as per engineering drawings and/or architect or store design drawings.
- All roof cuts and roof curbs for exhaust system ventilation (if exhaust required by landlord), according to engineering drawings and/or architect or store design drawings.
- Painting of ceiling, restaurant area, washrooms and storage rooms according to colors specified in architect or store design drawings.
- Installation of fire suppression system, if required by landlord or municipal requirements.
- Material and labor included in all of the above items, material to be provided according to engineering drawings and/or architect or store design drawings.

SCHEDULE K-2

PROJECT MANAGEMENT AGREEMENT
EQUIPMENT and FURNITURE

EQUIPMENT
PRINTERS
INTERAC TERMINAL
POS CASH SYSTEM
SOAP DISPENSER
PAPER TOWEL DISPENSER
UTENSIL BOX
POP COOLER
REFRIGERATED GRAB N' GO UNIT
RICE COOKERS
RICE MACHINE
SOUP UNIT S
SNEEZE GUARD
WORKTABLE
REFRIGERATED WORK TABLES
HOT WATER TANK
MOP SINK
COUNTERTOP FRYER
FRIDGES
SINKS
CUPBOARD
CABINET
DOORS
GREASE TRAP
FREEZER
DISHWASHER
SHELVES
HOOKS
STEREO SYSTEM & SPEAKERS
FURNITURES -IF APPLICABLE
TABLES
CHAIRS
BENCHES/ BANQUETTE
COUNTERS
GARBAGES
SHELVES

WASHROOMS ACCESSORY & EQUIPMENT -IF APPLICABLE
TV
SINK
ANGLE GRAB BAR
SANITARY NAPKIN DISPOSAL & TOILET TISSUE DISPENSER
HOOKS
HAND DRYER
WASTE RECEPTABLE
BABY CHANGING STATION
SOAP DISPENSER
FAUCET
MIRROR
AIR FRESHENER

SCHEDULE L

SECURITY AGREEMENT

BETWEEN FRANCHISEE: ____ [Name(s) of Franchisee and, if applicable, a corporation incorporated under the laws of the State of ____________] having its/his/her/their principal office/residence at ______________________, in the City of ________________, State of __________________ [Zip code] (the "**Franchisee**")

- and -

MTY FRANCHISING USA, INC., a corporation incorporated under the laws of the State of Delaware, having its principal office at 2 East Beaver Creek Road, Building One, Richmond Hill, Ontario L4B 2N3, Canada ("**Franchisor**")

BACKGROUND:

A. Franchisor is franchisor of Ginger Sushi Boutique™ System in the United States ("**System**") and, in that capacity, has granted to Franchisee a franchise to operate a Ginger Sushi Boutique™ Store in accordance with the System.

B. The Franchisee has entered into a Franchise Agreement with Franchisor, dated as set forth in Part 1 of **Schedule A** attached to this Security Agreement ("**Franchise Agreement**"), which is part of the Franchise Documents (as defined in this Security Agreement). Under the Franchise Agreement, Franchisee will own, acquire or establish a Ginger Sushi Boutique Store ("**Store**") now located or to be located as set forth in Part 3 of **Schedule A**.

C. Under the Franchise Agreement, Franchisee is required to grant Franchisor a security interest in the Store, as collateral for Royalties, Marketing Fund contributions, and such amounts as Franchisee may owe to Franchisor from time to time under the Franchise Documents.

AGREEMENT:

For good and valuable consideration (the receipt and sufficiency of which each of the Parties acknowledges), the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions. Terms used in this Security Agreement, which are defined in the UCC have the meanings given in the UCC. In addition:

1.1.1 "**Collateral**" means the property of the Franchisee which forms the subject matter of the Security Interest created by Section 2 of this Security Agreement.

1.1.2 "**Franchise Agreement**" shall have the meaning set forth in the Background, Paragraph B.

1.1.3 "**Franchise Documents**" means, collectively, this Security Agreement, UCC Financing Statements, any assignment of lease, assignment of telephone numbers and listing, construction agreement and any other document or instrument executed in connection with the Franchise Agreement.

1.1.4 "**Franchisee's Franchised Business**" means the Store operated by the Franchisee at the Premises pursuant to the Franchise Documents.

1.1.5 "**Holiday**" means Saturday, Sunday and any other legal holiday in the United States of America.

1.1.6 "**Material Adverse Effect**" means a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of Franchisee, (b) the ability of Franchisee to perform its obligations under this Security Agreement, or any of the other Franchise Documents, or (c) the validity or enforceability of this Security Agreement or any of the other Franchise Documents hereunder or thereunder.

1.1.7. "**Obligations**" means all obligations, liability and indebtedness of the Franchisee to Franchisor (including but not limited to all obligations, liability and indebtedness of the Franchisee under this Security Agreement, the Franchise Documents and under any other agreements which now exist or to which the Franchisee and Franchisor may subsequently be parties), whether present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, and regardless of where or how incurred, or whether at any time reduced and subsequently increased, or whether totally extinguished and subsequently re-incurred, and whether the Franchisee is bound alone or with others and whether as principal or surety.

1.1.8 "**Party**" means each of the Franchisee and Franchisor, and "**Parties**," unless the context requires otherwise, means all of them.

1.1.9 "**Permitted Encumbrances**" means the encumbrances (if any) listed in Part 2 of **Schedule A**, as may be amended from time-to-time, which Franchisor has consented to be a lien on the Collateral that may have priority over the lien created by this Security Agreement.

1.1.10 "**Person**" means and includes any individual, partnership, corporation, business trust, firm, trust, limited liability company, unincorporated association or organization, joint venture or other enterprise or any governmental or political subdivision, agency, development or instrumentality thereof.

1.1.11 "**Store**" shall have the meaning set forth in the Background, Paragraph B.

1.1.12 "**Security Agreement**" means this Security Agreement and all Schedules attached to this Security Agreement.

1.1.13 "**Security Interest**" means the security interests created by Section 2 of this Security Agreement.

1.1.14 "**UCC**" means the Uniform Commercial Code as in effect on the date hereof in the State of Arizona; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interests in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Arizona, "UCC" shall mean the Uniform Commercial Code as in effect in the jurisdiction where the Collateral is located for purposes of the provisions hereof relating to such perfection, or effect of perfection or non-perfection.

ARTICLE 2
THE SECURITY INTEREST

2.1 Grant of Security Interest. To secure: (i) the payment of the Obligations (ii) the payment, performance and observance of all the covenants and conditions contained in any notes executed by the Franchisee to evidence the Obligations, this Security Agreement, the Franchise Agreement, and any other Franchise Document; and (iii) the payment of all of Franchisee's other present and future debts, obligations and liabilities to Franchisor of whatever nature and whenever arising; Franchisee grants, conveys, assigns, transfers, mortgages and pledges to Franchisor, a continuing security interest in the properties, rights, interests and privileges, and in all proceeds and products thereof, and accessions thereto (collectively called the "**Collateral**") described in this Section 2.1.

2.2 Collateral. The Collateral shall include the following described property used, to be used or acquired for the Store: All equipment, fixtures, inventory, machinery, personal property, accounts receivable (including rights to payment under insurance claims), contract rights, (including all executory contracts pertaining to or arising from the operation of the Store), franchises lease and rights, customer lists, customer profiles, promotional brochures, mailing lists, goodwill, general intangibles and choses in action, of every sort now owned or hereafter acquired by Franchisee, wherever located, in any way related to the operation by Franchisee of the Store, together with all cash and non-cash proceeds and products of any or all of the foregoing, including without limitation, all parts, fittings, accessories, accessions, additions, substitutions, replacements and proceeds (including insurance proceeds thereof).

2.3 Franchise to Deal. Until the Franchisee defaults under this Security Agreement, the Franchisee may use the Collateral in any manner not inconsistent with the terms of the Obligations, may sell inventory and collect and deal with accounts receivable in the ordinary course of the Franchisee's business, and may sell or otherwise dispose of any part of the Collateral which has become worn out, damaged or is in any other way unsuitable for further use in the operation of the Franchisee's Franchised Business.

ARTICLE 3
CONDITIONS

3.1 Conditions to Franchisor's Performance. Unless otherwise waived by Franchisor, Franchisor shall not be obligated to perform any of its obligations under the Franchise Documents until the following conditions have been satisfied to the satisfaction of Franchisor:

3.1.1 Franchise Documents. This Security Agreement, the other Franchise Documents and all transactions contemplated by this Security Agreement shall have been duly authorized by Franchisee. Franchisee shall have duly executed and delivered to Franchisor this Security Agreement and all other Franchise Documents.

3.1.2 Default or Event of Default. On the date hereof, no Default or Event of Default shall have occurred and be continuing.

3.1.3 Correctness of Representations. On the date hereof, all representations and warranties made by Franchisee in Article 4 below or otherwise in writing in connection herewith shall be true and correct with the same effect as though such representations and warranties had been made on and as of today's date, except that representations and warranties expressly limited to a certain date shall be true and correct as of that date.

3.1.4 Approvals. On the date hereof, all necessary consents, approvals, licenses, permissions, registrations or validations of any governmental authority or any other Person required for the execution, delivery, performance or carrying out of the provisions of this Security Agreement, and any other Franchise Document, shall have been obtained and shall be in full force and effect and copies thereof certified by a duly authorized officer of Franchisee to such effect shall have been delivered to Franchisor.

3.1.5 Filing of Financing Statements, etc. On or before the date hereof, UCC-1 financing statements or other appropriate documentation relating to the Security Interest and rights granted pursuant to this Security Agreement, shall have been duly recorded or filed in such manner and in such places as is required by law to establish, preserve, protect, and perfect such security interests and rights; and all taxes, fees and other charges in connection with the execution, delivery and filing of this Security Agreement, and such financing statements and other appropriate documentation shall have been duly paid.

3.1.6 Litigation. On the date hereof, no litigation, arbitration, proceeding or investigation shall be pending or, to the knowledge of Franchisee, threatened against Franchisee that, in the reasonable judgment of Franchisor, might have a Material Adverse Effect.

3.1.7 Adverse Change. There shall have been no adverse change in the financial condition or business of Franchisee between the date of the then most recent financial statements furnished to Franchisor and the date hereof which, in the reasonable judgment of Franchisor, might have a Material Adverse Effect.

3.1.8 Legal Matters. All documents and legal matters incident to the transactions contemplated by this Security Agreement shall be reasonably satisfactory to counsel for Franchisor.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF FRANCHISEE

The Franchisee represents and warrants to Franchisor:

4.1 Corporate Status. Franchisee is a duly organized and validly existing corporation/limited liability company in good standing under the laws of the State organization and is duly qualified or licensed as a foreign corporation/limited liability company in good standing in each jurisdiction in which the failure to do so would have a Material Adverse Effect.

4.2 No Violation. Neither the execution or delivery by the Franchisee of this Security Agreement, the Franchise Agreement or any other Franchise Documents, nor the performance by the Franchisee of their obligations under any of said documents (i) violates any provision of law, or of any agreement which is binding upon the Franchisee, (ii) conflicts or is inconsistent with or will result in any breach of, or constitute a default under, any contractual obligation of Franchisee, or (iii) violate any provision of the articles of incorporation or articles of organization, as the case may be, of Franchisee;

4.3 Financial Information. That all of the written financial information furnished to Franchisor by the Franchisee concerning the Franchisee is complete, true and correct as of the date furnished, and that there have been no material adverse changes in the financial condition, operations or business of the Franchisee since the date of such financial information. The Franchisee intends that Franchisor rely upon such written financial information in entering into the Franchise Documents.

4.4 Enforceability. This Security Agreement, the Franchise Agreement and all other Franchise Documents constitute valid, legal and binding obligations of the parties thereto, enforceable against the parties thereto in accordance with their terms.

4.5 Title to Collateral. Franchisee has good and marketable title to all of its properties and assets, including without limitation, the Collateral. Except for the Security Interest granted by this Security Agreement, Franchisee is or shall be the owner of the Collateral free from any adverse lien, claim, security interest or encumbrance; and Franchisee will defend the Collateral against all claims and demands of all persons at any time claiming same or any interest therein.

4.6 No Financing Statements. There is no financing statement now on file in any public office covering any of the Collateral and Franchisee will not execute any other financing statement or security agreement covering any of the Collateral while the Franchise Agreement is in effect, except financing statements or security agreements filed or to be filed in respect of and for the Security Interest provided in this Security Agreement or a Permitted Encumbrances.

4.7 Power and Authority. If the Franchisee is a corporation or other entity, the person or persons executing this Security Agreement and any other Franchise Documents on behalf of

Franchisee have been duly authorized to execute such documents and have full power to bind the Franchisee, by proper and lawful action of the Board of Directors or other appropriate governing body of Franchisee, copies of which shall be provided to Franchisor, if requested.

4.8 Consents or Approvals. No order, permission, consent, approval, license, authorization, registration or validation of, or filing with, or exemption by, any governmental authority or any other Person is required to authorize, or is required in connection with, the execution, delivery and performance of this Security Agreement or any other Franchise Document by Franchisee, or the taking of any action contemplated hereby or thereby, except where the failure to obtain such authorization could reasonably be anticipated to have a Material Adverse Effect.

4.9 Litigation. There are no actions, suits or proceedings pending or threatened against or affecting Franchisee that in any one case or in the aggregate, if determined adversely to the interests of such party, could reasonably be anticipated to have a Material Adverse Effect.

4.10 Compliance with Other Instruments; Compliance with Law. Franchisee is not in default under any agreement, instrument or other undertaking to which Franchisee is a party or by which it or any of its property is bound (including any agreement, instrument or undertaking relating to any indebtedness of Franchisee) where such default could reasonably be anticipated to have a Material Adverse Effect. Franchisee is not in default or in violation of any applicable statute, rule, writ, injunction, decree, order or regulation of any governmental authority having jurisdiction over Franchisee which default or violation could reasonably be anticipated to have a Material Adverse Effect.

4.11 Taxes. All tax returns of Franchisee required to be filed have been timely filed (after giving effect to any permitted extensions), and all material taxes, fees and other governmental charges (other than those being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate accruals have been established and, in the case of *ad valorem* taxes or betterment assessments, no proceedings to foreclose any lien with respect thereto have been commenced and, in all other cases, no notice of lien has been filed or other action taken to perfect or enforce such lien) shown thereon which are payable have been paid. The charges and reserves on the books of Franchisee for all income and other taxes are adequate, and Franchisee knows of no additional assessment or any basis therefor. The Federal income tax returns of Franchisee has not been audited within the last three years, all prior audits have been closed, and there are no unpaid assessments, penalties or other charges arising from such prior audits.

4.12 Disclosure. None of the representations or warranties made by Franchisee in this Security Agreement, or in any other document furnished to Franchisor by or on behalf of Franchisee in connection herewith contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. There is no fact known to Franchisee on the date of this Security Agreement that has any reasonable likelihood of having a Material Adverse Effect that has not been set forth in or referred to in this Security Agreement.

ARTICLE 5
AFFIRMATIVE COVENANTS OF FRANCHISEE

In addition to the warranties, representations and covenants in Article 4 and 0 of this Security Agreement, as long as any of the Obligations are outstanding, the Franchisee agrees as follows:

5.1 Operation of Store. The Franchisee will promptly acquire and maintain all equipment, fixtures, machinery and inventory as may be necessary to operate the Store in accordance with the terms of the Franchise Agreement and shall purchase such property with his own funds.

5.2 Conduct of Business; Maintenance of Existence. Franchisee will continue to engage in the business in which it is engaged and maintain its existence and comply with all applicable statutes, rules and regulations and remain duly qualified as a corporation/limited liability company, licensed and in good standing in each jurisdiction where such qualification or licensing is required by the nature of its business, the character and location of its property, business, or ownership or leasing of its property, except where such noncompliance or failure to so qualify would not have a Material Adverse Effect, maintain its properties in good operating condition and continue to conduct its business as presently conducted.

5.3 Compliance with Laws. Franchisee will comply in all material respects with all applicable laws, ordinances, rules, regulations and requirements of governmental authorities and will obtain all governmental approvals, except where the failure to do so would not have a Material Adverse Effect.

5.4 Financial Statements. The Franchisee will furnish Franchisor with financial statements and balance sheets and Franchisee's most recent federal income tax returns within fifteen (15) days after the Franchisee's receipt of Franchisor's written request for such information. Such financial statements shall set forth all personal assets and liabilities of the Franchisee. If requested by Franchisor, such financial statements shall be prepared by an independent certified public accountant in accordance with generally accepted accounting principles consistently applied.

5.5 Inspection. The Franchisee will permit Franchisor or its authorized representatives to inspect its books and records upon any reasonable request.

5.6 Taxes and Other Liens. The Franchisee shall pay or cause to be paid when due all taxes, assessments and governmental charges or levies, of every kind and description in any way relating to the Collateral or claims for labor, supplies, rent and other obligations made against it which, if unpaid, might become a lien against Franchisee or on its property.

5.7 Insurance. The Franchisee shall insure or cause to be insured all of the property, both real and personal, which constitutes a part of the Collateral, in an amount not less than the amount required by the Franchise Documents. Franchisor shall be made a co-payee of such insurance and such insurance policies shall prohibit cancellation or reduction of coverage except after 10 days' prior written notice to Franchisor.

5.8 Maintenance of Collateral. The Franchisee will maintain, or cause to be maintained, the Collateral in good condition and repair, so as not to impair the security provided under this Security Agreement.

5.9 Further Assurances. From time to time, on request of Franchisor, the Franchisee shall execute such financing statements, continuation statements and other documents and do such other acts and things, as Franchisor may reasonably deem necessary to establish and maintain a valid and perfected first priority security interest in the Collateral.

5.10 Notice of Default. As soon as practicable, and in any event, within three (3) business days of becoming aware of the existence of any condition or event which constitutes a Default, Franchisee will provide Franchisor with written notice specifying the nature and period of existence thereof and what action Franchisee is taking or proposes to take with respect thereto.

5.11 Financial Records. Franchisee will maintain books of accounts and records in which full and correct entries will be made of all of its business transactions in accordance with generally accepted accounting principles.

ARTICLE 6
NEGATIVE COVENANTS OF FRANCHISEE

In addition to the warranties, representations and covenants in Article 4 and 0 of this Security Agreement, as long as any of the Obligations are outstanding, the Franchisee agrees as follows:

6.1. Disposition of Assets. The Franchisee will not sell, transfer or in any way convey any of the Collateral, except in the normal course of business, without the prior written consent of Franchisor.

6.2. Maintenance of Existence. Franchisee shall not change the name, address, identity or form of business organization of Franchisee from that shown on this Security Agreement without the prior written approval of Franchisor. Franchisee appoints Franchisor as Franchisee's attorney-in-fact to prepare, execute, acknowledge, verify, file, record and cause to be published all notices, agreements, documents or instruments as may be necessary or advisable to permit Franchisor to retain its first priority security interest in the Collateral. This power of attorney is coupled with an interest and is, therefore, irrevocable and shall survive the death, mental or physical disability or other incapacity of Franchisee or any assignment of an interest in the Collateral.

6.3. Indebtedness. Franchisee shall not create, incur, assume or suffer to exist any indebtedness against Franchisee, except the Obligations and, with the prior approval of Franchisor, which shall not be unreasonably withheld or denied, purchase money debt for the purchase of inventory, furniture, fixtures or equipment for the Store; and ("**Permitted Indebtedness**"). In connection with any Permitted Indebtedness, Franchisor agrees to execute a UCC-3 form subordinating the security interest grated in this Agreement to any Permitted Indebtedness.

6.4. Liens. Franchisee shall not create, incur, assume or suffer to exist any Lien on any of its properties or assets, except the following (collectively, "**Permitted Liens**"): (a) liens for taxes, fees, assessments and other governmental charges not delinquent or being contested in good faith and by proper proceedings, as to which adequate accruals are maintained on the books of Franchisee in accordance with GAAP; (b) carriers', warehousemen's, mechanics', materialmen's, landlord's or similar liens imposed by law incurred in the ordinary course of business in respect of obligations not overdue, or being contested in good faith and by proper proceedings and as to which adequate accruals with respect thereto are maintained on the books of Franchisee in accordance with GAAP; (c) pledges or deposits in connection with workers' compensation, unemployment insurance and other types of social security legislation; (d) security deposits made to secure the performance of leases, licenses and statutory obligations incurred in the ordinary course of business; (e) liens in favor of Franchisor; and (f) liens securing Permitted Indebtedness.

ARTICLE 7
DEFAULT

The Security Interest will become immediately enforceable on the happening of any one or more of the following events:

7.1 Failure to Perform Obligations. Any covenant, representation or warranty made by the Franchisee in this Security Agreement, the Franchise Agreement or in any certificate, agreement, instrument or statement contemplated hereby or made or delivered pursuant hereto or in connection herewith, is incorrect, if the Franchisee fails to pay, observe or perform any of the Obligations, and if any default by the Franchisee under the Franchise Agreement shall occur and be continuing.

7.2 Failure to Pay. If the Franchisee fails to pay when due any amount owing to Franchisor.

7.3 Failure to Perform Other Obligations. If the Franchisee fails to observe or perform any of the other Obligations and does not cure the default within 10 days after receiving notice of default from Franchisor. The notice of default may (but need not) allow a longer time period to cure the default.

7.4 Bankruptcy. The Franchisee is adjudicated a bankrupt or debtor under the Bankruptcy Code, or makes an assignment for the benefit of creditors; or the Franchisee shall apply for or consent to the appointment of any receiver, trustee, or similar officer for Franchisee or for all or any substantial part of Franchisee's property; or such receiver, trustee or similar officer shall be appointed without the application or consent of the Franchisee or the Franchisee shall institute (by petition, application, answer, consent or otherwise) any bankruptcy or insolvency proceeding; or any final judgment in excess of $5,000.00, writ, warrant of attachment or execution or similar process shall be issued or levied against a substantial part of the property of the Franchisee and such final judgment, writ, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 30 days after its issue or levy.

ARTICLE 8
REMEDIES ON DEFAULT

8.1 Upon the occurrence of any Event of Default Franchisor shall have all the rights and remedies stated in the Franchise Agreement, in addition to any other rights and/or remedies expressly provided for herein or otherwise available to Franchisor at law or equity.

8.2 Upon the occurrence of any Event of Default Franchisor may by written notice to the Franchisee, declare the commitments of Franchisor under this Security Agreement to be terminated, whereupon such commitments shall forthwith terminate and, regardless of when such event occurs, Franchisor by written notice to the Franchisee may terminate the Franchise Agreement, whereupon all amounts due under the Franchise Documents shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Franchisee.

8.3 Without limiting the foregoing, upon the occurrence of an Event of Default Franchisor shall have all the rights of a secured party under the Uniform Commercial Code, including the right to take possession of and to sell all, or any part, of the Collateral at public or private sale. Upon the request of Franchisor, the Franchisee shall assemble and deliver the Collateral to such location as Franchisor shall request. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed to have occurred if mailed, in accordance with Section 9.11 of this Security Agreement, at least seven (7) days before such disposition. Any proceeds of a disposition of the Collateral or any part thereof may be applied by Franchisor to the payment of expenses in connection with the collateral (including, without limitation, the storage and/or disposition thereof), including reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by Franchisor toward the payment of the any obligation of Franchisee arising under this Security Agreement or any Franchise Documents, in such order of application as Franchisor may from time to time deem appropriate.

8.4 No failure on the part of Franchisor to exercise, and no delay in exercising, any rights under this Security Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by Franchisor of any right preclude any further exercise thereof, or the exercise of any other right. Each and every right granted under this Security Agreement, or under any document delivered under this Security Agreement or in connection herewith, or allowed to Franchisor in law or equity, shall be deemed cumulative and may be exercised from time to time.

ARTICLE 9
GENERAL CONTRACT PROVISIONS

9.1 Headings and Table of Contents. The table of contents, the use of headings and the division of this Security Agreement into Articles and Sections is for the convenience of the reader only, and is not to affect the legal interpretation of this Security Agreement. References herein to Sections and Schedules means Sections and Schedules of or attached to this Security Agreement.

9.2 Governing Law. This Security Agreement is to be governed by and construed in accordance with the laws of the State of Arizona.

9.3 Disputes. The arbitration provision in the Franchise Agreement is hereby incorporated into this Security Agreement by this reference as if the same were fully set forth herein. In the event the arbitration provision set forth in the Franchise Agreement is determined by a court not to apply to this Security Agreement, then any lawsuit or other proceedings under the Franchise Documents shall be commenced and prosecuted in the United States District Court for the District of Arizona or the Superior Court of the State of Arizona, in and for the County of Maricopa and the parties hereto agree and acknowledge that such courts shall have jurisdiction over the Parties hereto and the subject matter of any such lawsuit or other proceedings.

9.4 Time. Time is of the essence of this Security Agreement. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Security Agreement, the date which is the reference date in calculating the period is to be excluded. If the last day of a period falls on a Holiday then the period shall end at the close of business on the next non-Holiday.

9.5 Gender and Number. In this Security Agreement, the use of the singular number includes the plural and vice versa, and the use of a particular gender includes all other genders.

9.6 Covenants Joint and Several. If any Party is comprised of more than one person, the covenants and obligations of such Party under this Security Agreement are intended to be both joint and several.

9.7 Successors. This Security Agreement inures to the benefit of and is binding upon the Franchisee and it heirs, executors, administrators, successors and assigns.

9.8 Cumulative Remedies and Security. All remedies of Franchisor at law or equity and under this Security Agreement are cumulative. The Security Interest is in addition to and not in substitution of any other security now held or which may subsequently be held by Franchisor.

9.9 Waiver. Franchisor may waive any default by the Franchisee in observing or performing any of the Obligations. No act or omission of Franchisor regarding any such default shall affect Franchisor's rights regarding any subsequent default of the Franchisee.

9.10 Indulgences. Franchisor may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, relinquish any of the Collateral to third parties and otherwise deal with any Person in any manner, without affecting either the liability of the Franchisee or Franchisor's right to hold and to realize on the Collateral.

9.11 Notices. All notices required or permitted to be given by one Party to the other under this Security Agreement or under the UCC shall be in writing and shall be given either by personal delivery or by prepaid registered mail, addressed to the other Party or delivered to the other Party at its address set out on page 1 of this Security Agreement. A Party may change its address for service by giving notice of change of address to the other Party. All notices given in accordance with this Section shall be deemed to have been received when delivered or, if mailed, two days after date of mailing.

9.12 Severability. If any provision of this Security Agreement is incapable of being enforced by reason of any rule of law or public policy, such provision shall be severed. However, it is the intention of the Parties that such severance not invalidate any other provision of this Security Agreement, and accordingly no provision of the Security Agreement shall be interpreted as being dependent on any other provision unless the contrary is stated.

9.13 Further Assurances. At the request of Franchisor and at the expense of the Franchisee, the Franchisee will from time to time do or cause to be done such acts and things, and will execute or cause to be executed such documents and assurances, as Franchisor may require to perfect and preserve the Security Interest.

9.14 No Waiver; Remedies. No failure on the part of Franchisor to exercise, and no delay in exercising, any right hereunder, under any of the other Franchise Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder, or under any of the other Franchise Documents preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

9.15 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, Franchisor is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all moneys received by Franchisor on Franchisee's behalf or any amounts owing by Franchisor to Franchisee (including, without limitation, vendor or promotional rebates, receivables collected for the benefit of Franchisee, cash or its equivalent in the Store or in any account of Franchisee of which Franchisor obtains custody or possession), at any time held and other indebtedness at any time owing by Franchisor to or for the credit or the account of Franchisee against any and all of the obligations of Franchisee now or hereafter existing under this Security Agreement, irrespective of whether or not Franchisor shall have made any demand hereunder.

9.16 Reproduction of Documents. This Security Agreement and all documents relating hereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, (b) documents received by Franchisor at the closing or otherwise, and (c) financial statements, certificates and other information previously or hereafter furnished to Franchisor, may be reproduced by Franchisor by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and Franchisor may destroy any original document so reproduced. Franchisee agrees and stipulates that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by Franchisor in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

9.17 Survival. All warranties, representations, and covenants made by Franchisee herein or on any certificate or other instrument delivered by it or on its behalf under this Security Agreement shall be considered to have been relied upon by Franchisor and shall survive the termination of this Agreement, regardless of any investigation made by Franchisor on its behalf. All statements in any such certificate or other instrument shall constitute warranties and representations by Franchisee.

9.18 Counterparts. This Security Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

9.19 No Third Party Benefit. This Security Agreement is intended for the exclusive benefit of the parties and their respective heirs, successors and assigns. Nothing contained in this Security Agreement shall be construed as creating any rights or benefits in or to any third party.

9.20 Complete Agreement. This Security Agreement, along with the Franchise Documents, contains the entire agreement among the parties and supersedes any prior discussions, negotiations, representations, or agreements among them respecting the subject matter.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered by their respective officers or representatives thereunto duly authorized as of the date first above written.

DATED this _____ day of _________________, 20___.

By: ____

Name: ______________________________________

Title: _______________________________________

MTY FRANCHISING USA, INC.

By: ____

Name: ______________________________________

Title: _______________________________________

STATE OF ____________________)
) ss
COUNTY OF __________________)

Before me, a Notary Public, in and for the said State and County, personally appeared ____________________________________, to me known to be the person named in and the person executing the above and foregoing Agreement and he/she acknowledged that he/she executed the same as his/her free act and deed for the purposes therein expressed.

IN WITNESS WHEREOF, I have set my hand and affixed my official seal this ____ day of _______________, 20__.

____
Notary Public

My Commission Expires: _______________

STATE OF ____________________)
) ss
COUNTY OF __________________)

On this ____ day of _______________, 20___, before me _________________________, a Notary Public in and for said state, personally appeared _________________________________, of __________________________, a Corporation of the State of ___________, known to me to be the person who executed the within instrument in behalf of said corporation and acknowledged to me that he executed the same for the purposes therein stated.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

____
Notary Public

My Commission Expires: _______________

SCHEDULE A

PART 1 - FRANCHISE DOCUMENTS

Franchise Agreement dated ___________________, 20__.

Lease dated ___________________, 20__.

Other Documents [list here]

PART 2 - PERMITTED ENCUMBRANCES

NIL [or as the case may be]

PART 3 - PLACE OF FRANCHISEE'S FRANCHISED BUSINESS

Store No. _______, _________________________________ Shopping Center [or, if free-standing, as the case may be], Town/City of __________________________, State of ____________________.

SCHEDULE M

GINGER SUSHI BOUTIQUE

SAMPLE
ACKNOWLEDGMENT OF TERMINATION AND RELEASE AGREEMENT

This Acknowledgment of Termination and Release Agreement ("**Agreement**") is entered into this _____ day of ________________, 20___, between MTY Franchising USA, Inc.("**Franchisor**") and ______________________________ ("**Franchisee**"). The Franchisee and the Franchisor will collectively be referred to herein as the "**Parties**."

RECITALS

WHEREAS, Franchisor and Franchisee entered into that certain Franchise Agreement ("**Franchise Agreement**") dated ________________, 20___, in which Franchisor granted Franchisee the right to operate a Ginger Sushi Boutique Store; and

WHEREAS, on ______________ 20___, Franchisee's rights under the terms of the Franchise Agreement were terminated ("**Termination**") as a result of

WHEREAS, the Parties desire to enter into this Agreement for the purpose of acknowledging the Termination; acknowledging Franchisor's retention of all rights and remedies under the Franchise Agreement including, but not limited to, Franchisor's right to retain all Initial Franchise Fees, Lease Negotiation Fees, Royalties, Marketing Fund Contributions, Administrative Fees, Training Fees and any other fees or charges under the Franchise Agreement, and the right to audit Franchisee's books and records; and fully and finally resolving all legal and equitable claims, known or unknown, of Franchisee existing against Franchisor that were or could have been asserted by Franchisee in any action.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto hereby covenant, promise and agree as follows:

AGREEMENT

1. Acknowledgment of Termination. Franchisee acknowledges and agrees that all of its rights under the Franchise Agreement were fully and finally terminated on ___________________, 20___. Franchisee agrees to abide by all provisions which expressly survive the Termination of the Franchise Agreement, as more fully set forth in the Franchise Agreement.

2. Release by Franchisee. As of the date of this Agreement, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and Affiliates (as hereinafter defined) (collectively, the "**Franchisee Releasing Parties**"), the Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, the

"**Franchisor Released Parties**"), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with the Franchisee's Ginger Sushi Boutique Store or the Franchise Agreement or any other contractual relation between Franchisee and Franchisor and/or any Affiliate of the Franchisor, which the Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of the Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of the Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys' fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. The Franchisor Released Parties are not releasing any claim which they may have against the Franchisee Releasing Parties or any rights or remedies the Franchisor Released Parties may have under the Franchise Agreement or the Confidentiality Agreement, (including but not limited to the right to retain all Initial Franchise Fees, Lease Negotiation Fees, Royalties, Marketing Fund Contributions, Administrative Fees, Training Fees any other sums paid to the Franchisor or its Affiliates by the Franchisee or its Affiliates and any audit rights), under law or equity, or under any other contractual relationship between the Franchisee and the Franchisor and/or any Affiliate of the Franchisor.

3. <u>Affiliates</u>. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

4. <u>Full Release</u>. Except as is set forth in this Agreement, the Parties intend that this Agreement shall be effective as a full and final accord and satisfaction and release as to the Franchisor Released Parties and shall extend to all matters, claims, demands, actions or causes of action of any kind or nature whatsoever which the Franchisee Releasing Parties may have against the Franchisor Released Parties. The Parties acknowledge that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true with respect to the subject matter of this Agreement but that, notwithstanding the foregoing, it is their intention hereby to fully, finally, completely and forever settle and release the Franchisor Released Parties and that the release given herein shall be and remain irrevocably in effect as a full and complete general release notwithstanding the existence of any such additional or different facts.

5. <u>No Coercion</u>. The Parties acknowledge that they are freely and voluntarily entering into this Agreement, uncoerced by any person, and that they have been advised and afforded the opportunity to seek the advice of legal counsel of their choice with regard to this Agreement.

6. <u>Notices</u>. Any notices given under this Agreement shall be in writing and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

7. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

8. Amendments. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto.

9. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona.

10. Jurisdiction. The Parties agree that any disputes relating to the enforcement of this Agreement will be governed by the dispute resolution provisions set out in the Franchise Agreement.

11. Fees and Costs. In any action to enforce, interpret or seek damages for violation of this Agreement, the prevailing Party shall recover all attorney's fees and litigation expenses.

12. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

13. Authorization. Each Party warrants that each individual executing this Agreement on behalf of the respective Parties is fully authorized to do so by each of the respective Parties and each individual executing this Agreement warrants that he or she is acting within the scope of his or her employment and authority in executing this Agreement.

14. Counterparts and Telecopies. This Agreement may be executed in counterparts or by copies transmitted by telecopier, all of which shall be given the same force and effect as the original. This Agreement shall be effective when the signatures of all Parties have been affixed to counterparts or copies.

15. Entirety. This Agreement contains the entire agreement between the Parties related to the subject matter hereof, and in entering into this Agreement, each Party represents that he, she, or it is doing so voluntarily and of his, her or its own free will, and have executed this Agreement below acknowledging that each Party has completely read and fully understands the terms of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
MTY Franchising, USA Inc., a Delaware corporation	
By: ______________________________	By: ______________________________
Its: ______________________________	Its: ______________________________

SCHEDULE N

ADDENDUM TO
MTY FRANCHISING USA, INC.
FRANCHISE AGREEMENT

This ADDENDUM TO THE GINGER SUSHI BOUTIQUE FRANCHISE AGREEMENT (the "**Addendum**") is made and entered into on _______________, 20____, by and between MTY Franchising USA, Inc., a Delaware corporation ("**Franchisor**"), and ______________________________________, a ___________________________ ("**Franchisee**").

RECITALS: Franchisor and Franchisee entered into a Franchise Agreement on _____________, 20___ (the "**Franchise Agreement**"). Franchisee agreed among other things to operate and maintain a franchise located at ______________________________________ designated by Franchisor as Unit #_____. Franchisee has obtained from a lender a loan (the "**Loan**") in which funding is provided with the assistance of the United States Small Business Administration (the "**SBA**"). The SBA requires the execution of this Addendum as a condition for obtaining SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured as of the date hereof.

2. Section 12.5 of the Franchise Agreement provides that Franchisor (or any third party assignee of the Franchisor) may elect pursuant to its right of first refusal to exercise said option when Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that Franchisor (or any third party assignee of Franchisor) will not exercise the option for any partial sale of Franchisee's business. Franchisor (or any third party assignee of Franchisor) may not become a partial owner of any SBA-financed franchises.

3. Under Section 8.12 of the Franchise Agreement, any SBA-financed franchise will be granted a lien on the business assets of Franchisee as may be required by Franchisee's loan authorization.

4. Notwithstanding anything to the contrary in Section 5.14 of the Franchise Agreement, Franchisor cannot establish maximum, minimum or other pricing requirements with respect to this franchisee unless such pricing requirements have been established in a franchise agreement that has been reviewed and approved by the SBA and listed on the SBA's Franchise Registry.

5. This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) the SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum to MTY Franchising USA, Inc. Franchise Agreement as of the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
MTY FRANCHISING USA, INC.	________________________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________

GINGER
SUSHI BOUTIQUE

EXHIBIT C

MULTIPLE UNIT PURCHASE AGREEMENT WITH ATTACHMENTS

GINGER

SUSHI BOUTIQUE

MTY FRANCHISING USA, INC.

EXHIBIT C

MULTIPLE UNIT PURCHASE AGREEMENT

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ATTACHMENTS:

MTY FRANCHISING USA, INC.

MULTIPLE UNIT PURCHASE AGREEMENT

THIS MULTIPLE UNIT PURCHASE AGREEMENT ("**Agreement**") is made and entered into this ____ day of _______________, 20___, ("**Effective Date**") by and between **MTY Franchising USA, Inc.**, a corporation incorporated under the laws of the State of Delaware, with a business address at 8150, Transcanada Highway, Suite 200, St-Laurent (Quebec) H4S 1M5, Canada ("**Franchisor**"), and _____________________________________, with its business address at ____ ("**Multiple Unit Operator**").

WITNESSETH:

WHEREAS, Franchisor holds the exclusive franchise rights to a proprietary system owned by Franchisor or, in some cases, Franchisor's parent, MTY Tiki Ming Enterprises Inc. ("**Parent**"), which has been developed through significant expenditures of time, skill, effort and money ("**System**") relating to the establishment, development and operation of a Ginger Sushi Boutique™ restaurant ("**Franchised Restaurant**") which specializes in the retail sale of Sushi food items, and other assorted foods and drinks, and other menu items related to the Ginger Sushi Boutique™ concept, as Franchisor may authorize from time to time, using the trademark Ginger Sushi Boutique™; and

WHEREAS, the System features use of the Marks (defined below), a distinctive exterior and interior design, decor, color scheme, fixtures and furnishings for the Franchised Restaurant, as well as uniform standards, specifications, methods, policies and procedures for store operations, proprietary inventory and management control, training and assistance, and advertising and promotional programs, all of which may be changed, improved upon, and further developed from time to time by Franchisor;

WHEREAS, Franchisor, through its dedicated operations, marketing methods, and merchandising policies, has developed the reputation, public image and good will of its System and established a firm foundation for its franchised retail operations consisting of the highest standards of training, management, supervision, appearance, services and quality of products;

WHEREAS, the System is identified by means of certain trademarks, including the marks Ginger Sushi Boutique and Ginger Sushi Boutique logo, and such other trade names, service marks, and trademarks as are now, and may hereafter be, designated for use in connection with the System ("**Marks**"), which Marks are owned by Parent and licensed to Franchisor to use and to sublicense Franchisor's franchisees to use the Marks in the operation of Franchised Restaurants;

WHEREAS, Franchisor continues to develop, expand, use, control and add to the Marks and the System for the benefit of and exclusive use by Franchisor and its franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System's high standards of quality and service;

WHEREAS, Multiple Unit Operator desires to obtain the exclusive right to develop, construct, manage and operate a series of Ginger Sushi Boutique Franchised Restaurants under the development schedule described in **Attachment B** attached hereto ("**Development Schedule**") and within the territory described in **Attachment A** attached hereto ("**Development Territory**"), under the System and Marks, as well as to receive the training and other assistance provided by Franchisor in connection therewith;

WHEREAS, the Multiple Unit Operator hereby acknowledges that it has read this Agreement and Franchisor's Franchise Disclosure Document ("**Disclosure Document**"), and that it has no knowledge of any representations about the Ginger Sushi Boutique Franchise or about Franchisor or its franchising program or policies made by Franchisor or by its officers, directors, shareholders, employees or agents which are contrary to the statements in Franchisor's Disclosure Document or to the terms of this Agreement, and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the System and the Marks; and

WHEREAS, Multiple Unit Operator understands and acknowledges the importance of Franchisor's uniformly high standards of quality and service and the necessity of operating the Ginger Sushi Boutique Franchises in strict conformity with Franchisor's quality control standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

I. GRANT.

A. Franchisor hereby grants to Multiple Unit Operator the right and license to develop, construct, operate and manage __________________ (_____) Franchised Restaurants in strict accordance with the System and under the Marks within the Development Territory described in **Attachment A**. Each Franchised Restaurant shall be operated according to the terms of the individual franchise agreement ("**Franchise Agreement**") with respect thereto.

B. Multiple Unit Operator acknowledges and agrees that the Development Territory is non-exclusive and that even if Multiple Unit Operator is developing Franchised Restaurants, and complies with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each Franchised Restaurant, Franchisor still retains the right to franchise or license others, or may itself directly or indirectly develop, own, lease, construct or operate in any manner, any Franchised Restaurants in the Development Territory during the term hereof ("**Term**"). In addition, Franchisor reserves the right to sell products and services, including frozen products and other branded proprietary products, under the Marks or any other marks, through any other retail location, including grocery stores, convenience stores, hotel shops, kiosks, theatres, malls, airports, college campuses and gas stations, military bases, at special events or through any other channels of distribution, including through mail order, catalogue sales or over the Internet. In addition, Franchisor reserves the right to establish or grant express units ("**Express Units**") at any time within the Development Territory. Franchisor also reserves the right to (a) establish, operate or license to any other person or entity the right to establish or operate a restaurant owned or licensed by Franchisor at any location inside or outside the Development Territory; (b) develop, lease, and license the use of, at any location inside or outside of the Development Territory, trademarks other than the Marks in connection with the operation of a system which offers products and services which are the same as or similar to those offered under the System on any terms or conditions which Franchisor deems advisable; (c) merge with or be acquired by any other business, including a business that competes with Franchised Restaurants operated by Multiple Unit Operator, or to acquire and convert to the System operated by Franchisor any restaurants, including restaurants operated by competitors, located inside or outside of the Development Territory or otherwise operated independently as Part of, or in association with, any other system or chain, whether franchised or corporately owned; and (d) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers anywhere, and to issue mandatory policies to coordinate such multi-area marketing programs. Upon the expiration or termination of this Agreement, the Multiple Unit Operator will no longer have an exclusive Development Territory and each Franchised Restaurant will be limited to operation in its own protected territory described in the individual Franchise Agreement.

C. This Agreement is not a franchise agreement and Multiple Unit Operator shall have no right to use in any manner the Marks or System by virtue hereof. Each Franchised Restaurant will be governed by the individual Franchise Agreement executed by Franchisor and Multiple Unit Operator for each Franchised Restaurant.

D. The Multiple Unit Operator must contribute some amount of its personal capital to the development of each Franchised Restaurant and must own at least a fifty-one percent (51%) equity interest in each Franchised Restaurant developed hereunder. In addition, Franchisee shall ensure that a person having at least a twenty-five percent (25%) beneficial equity interest in the Franchisee ("**Equity Manager**") shall at all times devote his or her full time and attention to managing, supervising, and developing each Franchised Restaurant and that such person is at all times identified to the Franchisor. Multiple Unit Operator shall identify all equity owners of Multiple Unit Operator by completing the Statement of Shareholders/Members/Partners attached to this Agreement as **Attachment D**. Multiple Unit Operator shall provide Franchisor with an updated form of Attachment D within ten (10) business days of any change in the equity ownership of Multiple Unit Operator. The failure of Multiple Unit Operator to provide Franchisor with an updated Attachment D within the time-frame specified in this Section I.D. shall constitute a material default of this Agreement.

II. TERM.

Unless sooner terminated pursuant to the provisions of Section VII, the Term of this Agreement shall expire upon the earlier of (a) _______ years from the Effective Date, or (b) completion of the term of the Development Schedule.

III. FRANCHISE AGREEMENT, DEVELOPMENT FRANCHISE FEE, AND INITIAL TRAINING.

A. With respect to each Franchised Restaurant to be developed under this Agreement:

1. As soon as Multiple Unit Operator locates a site within the Development Territory that it believes is suitable for construction of a Franchised Restaurant, Multiple Unit Operator shall submit to Franchisor such information about the proposed location including, without limitation, lease terms, land acquisition terms, demographic criteria and preliminary site plans showing building orientation, proposed unit location, parking layout, and certain other information, as Franchisor may require from time to time in Franchisor's operations manual ("**Manual**"). If Multiple Unit Operator proposes that another entity will operate the Franchised Restaurant, Multiple Unit Operator must also submit information to Franchisor regarding the proposed franchisee entity. Franchisor reserves the right to request as much additional information regarding the site and the proposed franchisee entity as it deems necessary, in its sole discretion, and Multiple Unit Operator agrees to provide such information immediately upon request.

2. Should Franchisor approve of the site location per Section III.A.1 above, it will give its written approval to the Multiple Unit Operator to proceed with architectural drawings and final site plans, containing such information as Franchisor requires. The approval of the site location shall not constitute final approval of the site for the Franchised Restaurant, or of the entity proposed as franchisee. Upon receipt of the site location approval, Multiple Unit Operator should make an offer to secure the site via purchase or lease, which offer must be contingent upon final approval by Franchisor of the site and of the proposed franchisee entity.

3. Should Franchisor provide final site approval and approve of the proposed franchisee entity for a Franchised Restaurant, Franchisor and Multiple Unit Operator (or its affiliate) shall promptly enter into an individual Franchise Agreement for such Franchised Restaurant before the date Multiple Unit Operator begins construction on the franchise location, which agreement shall be in the form of Franchisor's then current form of Franchise Agreement. The terms of the individual Franchise Agreement will then govern the further development and build-out of the Franchised Restaurant.

B. The Multiple Unit Operator shall pay upon execution of this Agreement the full Initial Franchise Fee due, in accordance with the pricing schedule set forth in Item 5 in the most current version of the Franchise Disclosure Document, for each Franchised Restaurant Multiple Unit Operator commits to open and operate under the Multiple Unit Purchase Agreement (collectively, the "**Development Franchise Fee**"). The Development Franchise Fee is set forth on **Attachment B** to this Agreement. Multiple Unit Operator acknowledges and agrees that the Development Franchise Fee is due upon execution of the Multiple Unit Purchase Agreement, is deemed fully earned by Franchisor upon execution of the Multiple Unit Purchase Agreement, and is non-refundable even if Multiple Unit Operator does not open any of the Franchised Restaurants required by the Multiple Unit Purchase Agreement.

C. The terms of the Franchise Agreement notwithstanding, Franchisor shall provide the Multiple Unit Operator with Franchisor's then current Training Program (as defined in the Franchise Agreement) and on-site opening assistance for the first two (2) Franchised Restaurants to be developed hereunder. Thereafter, Franchisor shall provide only the Training Program, and then only for one (1) designated Manager of each additional Franchised Restaurant, and will not provide on-site assistance. Instead, the Multiple Unit Operator shall, after the opening of its first Franchised Restaurant, begin assembly of its own store opening assistance team, and said team must be fully trained and in place prior to the opening of the fourth Franchised Restaurant hereunder. After the opening of the third Franchised Restaurant, the Multiple Unit Operator's store opening team must provide the on-site opening assistance as stipulated by Franchisor and continue to provide said assistance for each and every Franchised Restaurant to be opened by the Multiple Unit Operator under the Development Schedule.

IV. DEVELOPMENT SCHEDULE.

Multiple Unit Operator shall open and continuously operate the Franchised Restaurants in accordance with the System and the Development Schedule set forth in Attachment B. In the event that Multiple Unit Operator opens and operates a greater number of Franchised Restaurants than is required to comply with the current period of the Development Schedule, the requirements of the succeeding period(s) shall be deemed to have been satisfied to the extent of such excess number of Franchised Restaurants. Multiple Unit Operator will be permitted to open Franchised Restaurants in excess of the number of Franchised Restaurants set forth in the Development Schedule subject to the prior written approval of Franchisor if, in Franchisor's sole discretion, Franchisor determines that the Development Territory could support additional Franchised Restaurants. Multiple Unit Operator shall pay Franchisor the then-current Initial Franchise Fee applicable at the time Multiple Unit Operator signs a Franchise Agreement for any additional Franchised Restaurants.

V. LOCATION OF FRANCHISED RESTAURANTS.

The location of each Franchised Restaurant shall be selected by the Multiple Unit Operator, within the Development Territory, subject to Franchisor's prior approval as set forth in Section III hereof, which approval shall take into account all relevant demographic information then available to Franchisor. The establishment of any proposed site by Multiple Unit Operator prior to approval of Franchisor shall be the sole risk and responsibility of Multiple Unit Operator and shall not obligate Franchisor in any way to approve the same. The approval of a proposed site by Franchisor does not in any way constitute a warranty or representation by Franchisor as to the suitability of such site for location of a Franchised Restaurant.

VI. FRANCHISE AGREEMENT.

Multiple Unit Operator shall not commence construction on, or open any Franchised Restaurant until, among other things, the entire Initial Franchise Fee for said Franchised Restaurant has been paid in full and the individual Franchise Agreement for such Franchised Restaurant has been executed by both the Multiple Unit Operator and Franchisor.

VII. DEFAULT AND TERMINATION.

Multiple Unit Operator shall be in default under this Agreement should Multiple Unit Operator (or its affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of its obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a franchisee of Franchisor in good standing; (d) fail to comply with the provisions on transfer contained herein; or (e) fail to comply in any way with the Multiple Unit Operator's representations set forth in Section XXIII.

Upon such default, Franchisor shall have the right, at its option, and in its sole discretion, to do any or all of the following:

A. terminate this Agreement;

B. terminate the territorial exclusivity granted to Multiple Unit Operator;

C. reduce the size of the Multiple Unit Operator's Development Territory or the number of Franchised Restaurants Multiple Unit Operator may develop in the Development Territory; or

D. accelerate the Development Schedule on immediate written notice.

In addition, if any individual Franchise Agreement issued to Multiple Unit Operator, whether or not issued pursuant to this Agreement, is terminated for any reason, Franchisor shall have the right to terminate this Agreement on immediate written notice to Multiple Unit Operator. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and Franchisor shall have the right to itself open, or license others to open, Franchised Restaurants within the Development Territory. For purposes of this Section VII, any Franchise Agreement issued by Franchisor to Multiple Unit Operator or its affiliates, or any corporation, partnership or joint venture, or their affiliates, in which Multiple Unit Operator or any stockholder, partner or joint venturer of Multiple Unit Operator, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Multiple Unit Operator.

VIII. ASSIGNMENT.

A. By Franchisor. Franchisor shall have the absolute right to transfer or assign all or any Part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Franchisor shall thereby be released from any and all further liability to Multiple Unit Operator.

B. By Multiple Unit Operator.

1. Multiple Unit Operator understands and acknowledges that the rights and duties set forth in this Agreement are personal to Multiple Unit Operator and are granted in reliance upon the personal qualifications of Multiple Unit Operator or Multiple Unit Operator's principals. Multiple Unit Operator has represented to Franchisor that Multiple Unit Operator is

entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

2. Neither Multiple Unit Operator nor any partner, member, or shareholder thereof shall, without Franchisor's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Multiple Unit Operator. Any such proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Agreement.

3. Any assignment, transfer or other disposition by the Multiple Unit Operator of a single-unit Franchised Restaurant within the Development Territory will be governed by the Franchise Agreement to which such single-unit Franchised Restaurant is bound.

4. Subject to the other provisions of Section VIII herein, including Paragraph 3 above and Paragraph 5 below, if Multiple Unit Operator wishes to sell, transfer or otherwise assign any portion, or all, of the Development Territory, the Multiple Unit Operator shall notify Franchisor which may approve or disapprove the same in its sole discretion, and in addition Franchisor may require any or all of the following as conditions of its approval:

(a) All of the Multiple Unit Operator's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and suppliers must be fully paid and satisfied;

(b) The Multiple Unit Operator must not be in default of any provision of its Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between the Multiple Unit Operator and Franchisor, its subsidiaries or affiliates;

(c) The Multiple Unit Operator and each of its affiliates, shareholders, members, partners, officers and directors must execute a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(d) The transferee must enter into a written assignment, under seal and in a form satisfactory to Franchisor, assuming and agreeing to discharge all of the Multiple Unit Operator's obligations under the relevant Franchise Agreements and, if deemed necessary by Franchisor, the transferee's principals, individually, shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

(e) The transferee must demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Restaurants (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Multiple Unit Operators and shall have sufficient equity capital, as determined by Franchisor in Franchisor's sole discretion, to operate the Franchised Restaurants;

(f) At Franchisor's option, the transferee must execute (and, upon Franchisor's request, shall cause all interested parties to execute), for a term ending on the expiration date of the Franchise Agreement(s), the standard form of Franchise Agreement and Multiple Unit Purchase Agreement then being offered to new Multiple Unit Operators and such other ancillary agreements as Franchisor may require for the Franchised Restaurants, which agreements shall supersede the Franchise Agreements and the Multiple Unit Purchase Agreement between the Multiple Unit Operator and Franchisor in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and Multiple Unit Purchase Agreement, including, without limitation, the implementation of other fees and different royalty rates;

(g) The Multiple Unit Operator and its principals must remain liable for all direct and indirect obligations to Franchisor in connection with the Franchised Restaurants prior to the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and Guaranty, attached to this Agreement as **Attachment C**, and shall execute any and all instruments reasonably requested by Franchisor to further evidence such liability; and

(h) Multiple Unit Operator or its approved transferee shall pay to Franchisor, at the time of said transfer, a transfer fee equal the greater of five percent (5%) of the total purchase price being paid for the Store and twelve thousand dollars ($12,000), plus all applicable taxes, legal fees and other expenses in connection with the transfer of the Franchised Restaurants by the Multiple Unit Operator.

5. If Multiple Unit Operator or its principals shall at any time determine to sell, transfer or otherwise dispose of all or Part of the rights under this Agreement or an ownership interest in Multiple Unit Operator, and Multiple Unit Operator or its principals shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser, Multiple Unit Operator shall notify Franchisor in writing of each such offer, and Franchisor shall have the right and option, exercisable within a period of thirty (30) days from the date of delivery of such offer, by written notice to Multiple Unit Operator or its owners, to purchase the rights under this Agreement or such ownership interest for the price and on the terms and conditions contained in said purchaser's offer. If Franchisor does not exercise its right of first refusal, Multiple Unit Operator or its principals may complete the sale of Multiple Unit Operator or such ownership interest, subject to Franchisor's approval of the purchaser and all other conditions set forth in this Section VIII.B, provided that if such sale is not completed within one hundred twenty (120) days after delivery of such offer to Franchisor, Franchisor shall again have the right of first refusal herein provided. In the event that the Multiple Unit Operator wishes to publicly offer its shares in any partnership or corporation which has an ownership interest in the Multiple Unit Operator, said public offering shall be subject to the approval of Franchisor, such approval to not be unreasonably withheld.

6. Franchisor reserves the right to require Multiple Unit Operator to engage the services of a third-party escrow agent designated or approved by Franchisor to facilitate the transfer of Multiple Unit Operator's assets and development rights to an approved third-party and to handle disbursement of all proceeds resulting from such transfer, and Multiple Unit Operator agrees to comply with such designation, utilize the services of such escrow agent, and pay all fees required by such escrow agent.

C. Entity Ownership. Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Multiple Unit Operator hereunder shall be a party to a shareholders' agreement, operating agreement, or partnership agreement which shall provide, *inter alia*, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest shall be transferred to the shareholder, member, or partner for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the President, following any such dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be approved by Franchisor prior to execution. Multiple Unit Operator's failure to comply with this Section VIII.C shall constitute a material default of this Agreement.

IX. FORCE MAJEURE.

In the event that Multiple Unit Operator is unable to comply with the Development Schedule due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond its control, and upon notice to Franchisor, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days; provided, however, that this Section IX shall not extend the time for payment of any monetary obligations owed to Franchisor.

X. CONFIDENTIALITY.

A. Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Multiple Unit Operator any trade secrets, techniques, methods or processes except the material contained in Franchisor's manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. Multiple Unit Operator acknowledges that its knowledge of Franchisor's know how, processes, techniques, information and other proprietary data is derived entirely from information disclosed to it by Franchisor and that such information is proprietary, confidential and a trade secret of Franchisor. Multiple Unit Operator agrees to adhere fully and strictly to the confidentiality of such information and to exercise the highest degree of diligence in safeguarding Franchisor's trade secrets during and after the Term of this Agreement. Multiple Unit Operator shall divulge such material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Franchised Restaurants. It is expressly agreed that the ownership of all such items and property is and shall remain vested solely in Franchisor.

B. The Multiple Unit Operator agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Franchisor unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Multiple Unit Operator may disclose the terms of this Agreement to its professional advisors and lenders. Franchisor shall be free to make such disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Franchisor or the System.

XI. NONCOMPETITION.

A. Multiple Unit Operator has heretofore specifically acknowledged that, pursuant to this Agreement, Multiple Unit Operator will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and its System. Multiple Unit Operator covenants that during the Term of this Agreement and subject to the post term provisions contained herein, except as otherwise approved in writing by Franchisor, Multiple Unit Operator shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

1. Divert or attempt to divert any business or customer of the Franchised Restaurants to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Marks or the System;

2. Employ or seek to employ any person who is at that time employed by Franchisor or by Multiple Unit Operator or any other Multiple Unit Operator or franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or

3. Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, have any interest in, or be involved in the operation of any business which consists substantially of the sale of sushi food items as its main product line.

B. Multiple Unit Operator covenants that, except as otherwise approved in writing by Franchisor, Multiple Unit Operator shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, have any interest in, or be involved in the operation of any business which consists substantially of the sale of sushi food items as its main product line and which is located within a radius of fifty (50) miles of the Development Territory hereunder or the location of any Multiple Unit Operator, company-owned restaurant, or Franchised Restaurant under the System which is in existence on the date of expiration or termination of this Agreement.

C. Sections XI.A and XI.B shall not apply to ownership by Multiple Unit Operator of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

D. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section XI are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Multiple Unit Operator expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a Part of this Section XI.

E. Multiple Unit Operator understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections XI.A and XI.B in this Agreement, or any portion thereof, without Multiple Unit Operator's consent, effective immediately upon receipt by Multiple Unit Operator of written notice thereof, and Multiple Unit Operator agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

F. Multiple Unit Operator expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section XI. Multiple Unit Operator agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section XI provided Franchisor prevails in any or all of its claims against Multiple Unit Operator.

G. Multiple Unit Operator acknowledges that Multiple Unit Operator's violation of the terms of this Section XI would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Multiple Unit Operator accordingly consents to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by Multiple Unit Operator in violation of the terms of this Section XI.

H. At Franchisor's request, Multiple Unit Operator shall require and obtain execution of covenants similar to those set forth in this Section XI (including covenants applicable upon the termination of a person's relationship with Multiple Unit Operator) from any or all of the following persons: (a) all directors and managers of each Franchised Restaurant; (b) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Multiple Unit Operator and of any corporation directly or indirectly controlling Multiple Unit Operator if Multiple Unit Operator is a corporation; and (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if Multiple Unit Operator is a limited liability company or partnership. All covenants required by this Section XI shall be in forms satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Multiple Unit Operator to obtain execution of a covenant required by this Section XI shall constitute a material default under Section VII hereunder.

XII. ENTIRE AGREEMENT.

This Agreement constitutes the entire understanding of the parties with respect to the development of the Development Territory, and shall not be modified except by a written agreement signed by the parties hereto. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Where this Agreement and any Franchise Agreement between the parties conflict with respect to initial training, the amount or payment terms of Initial Franchise Fees or equity interests held by the franchisee or operating partners and unit managers, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in such a way as to grant Multiple Unit Operator any rights to grant sub-franchises in the Development Territory.

XIII. MONTHLY REPORTS.

Multiple Unit Operator agrees that it shall provide to Franchisor a monthly report of its activities and progress in developing and establishing Franchised Restaurants as provided herein. The monthly reports shall be submitted no later than the fifth (5th) day following the end of the preceding month during the Term of this Agreement.

XIV. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

A. It is acknowledged and agreed that Multiple Unit Operator and Franchisor are independent contractors and nothing contained herein shall be construed as constituting Multiple Unit Operator as the agent, partner or legal representative of Franchisor for any purpose whatsoever. Multiple Unit Operator shall enter into contracts for the development of the Development Territory contemplated by this Agreement at its sole risk and expense and shall be solely responsible for the direction, control and management of its agents and employees. Multiple Unit Operator acknowledges that it does not have authority to incur any obligations, responsibilities or liabilities on behalf of Franchisor, or to bind Franchisor by any representations or warranties, and agrees not to hold itself out as having such authority.

B. Multiple Unit Operator agrees to protect, defend, indemnify and hold Franchisor harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Multiple Unit Operator's carrying out its obligations hereunder.

XV. COMPLIANCE WITH APPLICABLE LAWS.

Multiple Unit Operator shall develop all Franchised Restaurants in the Development Territory in accordance and compliance with all applicable federal, state and local statutes, laws, ordinances and regulations and agrees to promptly pay all financial obligations incurred in connection therewith.

XVI. CHANGE IN DEVELOPMENT TERRITORY.

The parties acknowledge that the development of the Development Territory as anticipated hereunder has been determined according to the needs of the Multiple Unit

Operator's targeted market in the Development Territory, as determined by Franchisor, as of the date of execution of this Agreement. The Multiple Unit Operator understands that, if there is an increased public demand for the products and services offered by Franchisor due to an increase in the number of individuals or corporations in the Development Territory, Franchisor will expect the Multiple Unit Operator to establish additional Franchised Restaurants within the Development Territory. While Franchisor will not require the Multiple Unit Operator to establish such additional Franchised Restaurants, Franchisor will strongly encourage Multiple Unit Operator to do so. Any additional Franchised Restaurant shall be governed by Franchisor's then current form of individual Franchise Agreement.

XVII. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns and personal representatives.

XVIII. APPLICABLE LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et. seq*.). The parties expressly consent to personal jurisdiction in the State of Delaware and agree that, except as set forth in Section XXI, the state and federal court(s) located in Wilmington, Delaware will have exclusive jurisdiction for the purposes of carrying out this provision.

XIX. RECEIPT OF DOCUMENTS.

Multiple Unit Operator acknowledges receipt of the Disclosure Document, Franchise Agreement, financial statements and other contracts for the Franchised Restaurant at least fourteen (14) days prior to execution hereof or payment of any monies.

XX. NOTICE.

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Multiple Unit Operator shall be conclusively deemed to have been received by Multiple Unit Operator upon the delivery or attempted delivery of such notice to Multiple Unit Operator's address listed herein, or such changed address.

Notices to Franchisor:	MTY Franchising USA, Inc. 8150, Transcanada Highway, Suite 200, St-Laurent (Quebec) H4S 1M5, Canada Attention: Janylaine Lacasse
With a Copy to: (which shall not constitute notice)	Kevin P. Hein, Esq. Alexius, LLC

1509 York Street, Suite 300
Denver, Colorado 80206

Notices to Multiple Unit Operator: ______________________________________
____
____
____

XXI. ARBITRATION.

A. The parties agree that all controversies, claims and disputes between them arising out of or relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the purchase of the franchise by Multiple Unit Operator shall be finally resolved by submitting such matter to binding arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law in effect as of the date the demand for arbitration is filed. Each party shall agree on one arbitrator selected from a panel of neutral arbitrators provided by the National Franchise Mediation Program of the CPR Institute for Dispute Resolution (located in New York, NY), and the arbitrator shall be chosen by the striking method. In accordance with the terms of the Federal Arbitration Act, the Arbitrator shall hear the dispute in Toronto, Ontario, Canada, and conducted entirely in the English language. Each party shall bear its own costs and attorney fees and one-half of the arbitrator's expenses. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. The Multiple Unit Operator knows, understands, and agrees that it is the intent of the parties that any arbitration between Franchisor and the Multiple Unit Operator shall be of the Multiple Unit Operator's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other Multiple Unit Operators or franchisees or on a class-wide basis, and Multiple Unit Operator hereby waives any right it may assert to have its claims arbitrated in conjunction with the claims of other Multiple Unit Operators or franchisees or on a class-wide basis.

B. Notwithstanding any provision contained in this Section XXI, Franchisor may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against the Multiple Unit Operator that may be necessary to protect its trademarks or other rights or property. However, in Franchisor's sole discretion, the final right of determination of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall the Multiple Unit Operator be entitled to make, the Multiple Unit Operator shall not make, and the Multiple Unit Operator hereby waives, any claim for money damages by way of set off, counterclaim, defense or otherwise based upon any claim or assertion by the Multiple Unit Operator that Franchisor has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by the Multiple Unit Operator under any of the terms of this Agreement. The Multiple Unit Operator's sole remedy for any such claim shall be an action or proceeding to enforce any such provisions, for specific performance or declaratory judgment.

XXII. MODIFICATION BY FRANCHISOR.

Franchisor may modify and update its Manual, the Marks and the System unilaterally under any conditions and to any extent which Franchisor, in the exercise of its sole discretion, deems necessary to meet competition, protect trademarks or trade name, improve the quality of the products or services provided through the Franchised Restaurants, and Multiple Unit Operator shall exclusively incur the costs of any such change in the Franchised Restaurant or the System which has been caused by such modification. In the event that any improvement or addition to the Manual, the System or the Marks is developed by Multiple Unit Operator, then Multiple Unit Operator agrees to grant to Franchisor an irrevocable, worldwide, exclusive, royalty free license, with the right to sub license such improvement or addition.

XXIII. REPRESENTATION REGARDING TERRORIST ACTIVITY.

A. Representation Regarding Terrorist Activity. Multiple Unit Operator and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Multiple Unit Operator and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Multiple Unit Operator and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

B. Multiple Unit Operator and its owners certify that none of them, their respective employees, or anyone associated with Multiple Unit Operator is listed in the Annex to Executive Order 13224 (which can be accessed at *http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html*). Multiple Unit Operator agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

C. Multiple Unit Operator certifies that it has no knowledge or information that, if generally known, would result in Multiple Unit Operator, its owners, their employees, or anyone associated with Multiple Unit Operator to be listed in the Annex to Executive Order 13224.

D. Multiple Unit Operator is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Multiple Unit Operator and its Owners specifically acknowledges and agrees that its and their indemnification responsibilities set forth in this Agreement pertain to its and their obligations under this Section XXIII.

E. Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Multiple Unit Operator, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Multiple Unit Operator has entered with Franchisor or any of Franchisor's affiliates.

F. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

XXIV. ACKNOWLEDGEMENTS.

A. Multiple Unit Operator acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different Multiple Unit Purchase Agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that Franchisor does not represent that all Multiple Unit Purchase Agreements or franchise agreements are or will be identical.

B. Multiple Unit Operator acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which Franchisor is a party.

C. Multiple Unit Operator represents to Franchisor that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multiple Unit Operator.

D. Multiple Unit Operator acknowledges that it received from Franchisor this Agreement with all blanks filled in at least five (5) business days prior to the execution of this Agreement.

E. Multiple Unit Operator acknowledges and accepts the following:

THE SUCCESS OF THE MULTIPLE UNIT OPERATOR IN MANAGING AND OPERATING MULTIPLE FRANCHISED RESTAURANTS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, MULTIPLE UNIT OPERATOR'S INDEPENDENT BUSINESS ABILITY. MULTIPLE UNIT OPERATOR HAS BEEN GIVEN THE OPPORTUNITY AND BEEN ENCOURAGED TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS PRIOR TO ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE FRANCHISED RESTAURANTS RESTS SOLELY WITH MULTIPLE UNIT OPERATOR. MULTIPLE UNIT OPERATOR HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY FRANCHISOR TO INDUCE MULTIPLE UNIT OPERATOR TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. FRANCHISOR HAS NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO MULTIPLE UNIT OPERATOR AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER MULTIPLE UNIT OPERATOR'S BUSINESS. MULTIPLE UNIT OPERATOR ACKNOWLEDGES AND

AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY FRANCHISOR OR ITS REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first written above.

FRANCHISOR:

MTY FRANCHISING USA, INC.

By: ______________________________

____
[Print Name]
Title: ______________________________

MULTIPLE UNIT OPERATOR:

WITNESS

____

By: ______________________________

____
[Print Name]
Title: ______________________________

MULTIPLE UNIT PURCHASE AGREEMENT

ATTACHMENT A

DESCRIPTION OF DEVELOPMENT TERRITORY

ATTACHMENT A

DESCRIPTION OF THE DEVELOPMENT TERRITORY

MULTIPLE UNIT PURCHASE AGREEMENT

ATTACHMENT B

DEVELOPMENT SCHEDULE AND DEVELOPMENT FRANCHISE FEE

ATTACHMENT B

DEVELOPMENT SCHEDULE AND DEVELOPMENT FRANCHISE FEE

NUMBER OF MONTHS FROM DATE OF THIS AGREEMENT	TOTAL NUMBER OF FRANCHISED RESTAURANTS OPEN FOR BUSINESS

The Development Franchise Fee is calculated as follows:

Franchise Restaurant 1	$_________________
Franchise Restaurant 2	$_________________
Franchise Restaurant 3	$_________________
Franchise Restaurant 4	$_________________
Franchise Restaurant 5	$_________________
Total Development Franchise Fee	$_________________

MULTIPLE UNIT PURCHASE AGREEMENT

ATTACHMENT C

GUARANTY

ATTACHMENT C

GUARANTY

In consideration of, and as an inducement to, the execution of that certain Multiple Unit Purchase Agreement, and any revisions, modifications, addenda and amendments thereto, (hereinafter collectively the "**Agreement**") dated _________________, 20___, by and between **MTY FRANCHISING USA, INC.**, a Delaware corporation, ("**Franchisor**") and ____ ("**Multiple Unit Operator**"), each of the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Multiple Unit Operator under the terms, covenants and conditions of the Agreement, including without limitation, compliance with all confidentiality requirements, protection and preservation of confidential information, compliance with all non-compete provisions, compliance with the terms of any and all other agreements executed by Multiple Unit Operator in order to open and operate the Franchised Restaurants (as defined in the Agreement), and the complete and prompt payment of all indebtedness to Franchisor under the Agreement. The word "**indebtedness**" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Multiple Unit Operator, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Multiple Unit Operator and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Multiple Unit Operator or whether the Multiple Unit Operator is joined in any such action.

3. Franchisor shall not be obligated to inquire into the power or authority of the Multiple Unit Operator or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Multiple Unit Operator's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations, limited liability companies, or partnerships it shall be conclusively presumed that the Guarantors and the shareholders, members, partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations, limited liability companies, or partnerships and that such corporations, limited liability companies, or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations, limited liability companies, or partnerships.

4. Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on

any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Multiple Unit Operator and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term "**the undersigned**," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

[Signatures on following page]

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the _____day of _______________, 20___.

[Signature]	[Signature]
[Printed Name]	[Printed Name]
Home Address	Home Address
Home Telephone	Home Telephone
Business Telephone	Business Telephone
Date	Date

[Signature]	[Signature]
[Printed Name]	[Printed Name]
Home Address	Home Address
Home Telephone	Home Telephone
Business Telephone	Business Telephone
Date	Date

MULTIPLE UNIT PURCHASE AGREEMENT

ATTACHMENT D

STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS

ATTACHMENT D

STATEMENT OF SHAREHOLDERS/MEMBERS/PARTNERS

The shareholders, members, or partners (collectively the "**Shareholders**") of the Multiple Unit Operator and their respective shareholdings are as follows:

NAME OF SHAREHOLDER	NUMBER & DESIGNATION OF SHARES

GINGER
SUSHI BOUTIQUE

EXHIBIT D

DEPOSIT AND APPLICATION AGREEMENT

EXHIBIT D

MTY FRANCHISING USA, INC.
DEPOSIT AND APPLICATION AGREEMENT
(“APPLICATION”)

This Application is entered into this _____ day of _____________, 20___, by and between MTY FRANCHISING USA, INC. (hereinafter “**We**” or “**Us**”), and ________________ _______________________________ (hereinafter “**You**” or “**Your**”). You hereby acknowledge and agree as follows:

1. You have made application or expressed a desire to purchase a Ginger Sushi Boutique Franchise (“**Franchise**”) and you have had an opportunity to review our disclosure documentation that we provided to you more than ten (10) business days prior to the date of this Application (“**Disclosure Documentation**”).

2. We hereby acknowledge receipt of the sum of five thousand dollars $5,000 (“**Deposit**”) that you have deposited with us as an indication of your *bona fide* intent to enter into a franchise agreement (“**Franchise Agreement**”) with us on such terms and conditions as are generally contained in our standard form of Franchise Agreement.

3. You understand that, in reliance upon this Application, we may exert a substantial amount of time and expense in assisting you with locating, surveying and securing a location suitable for a Ginger Sushi Boutique Franchise and in undertaking various other steps before granting you a Franchise.

4. If you enter into a Franchise Agreement with us, the entire amount of the Deposit without any interest or deduction whatsoever will be applied towards the Initial Franchise Fee and will be governed thereafter in accordance with the terms and conditions of the Franchise Agreement.

5. If you wish to cancel this Application or if we, in our absolute discretion, elect not to grant a Franchise to you, and provided that you return all materials provided by us, and execute a release in a form reasonably prescribed by us, the Deposit shall be returned less three thousand five hundred dollars ($3,500) required to help us cover expenses incurred and the time expended in reliance upon this Application. We reserve the right to terminate the Application at any time before we enter into a Franchise Agreement with you, upon 30 days’ notice to you.

6. You understand that, prior to executing the Franchise Agreement, we or our subsidiaries or affiliates or our franchisees (“**Franchisees**”) have furnished, disclosed or otherwise imparted to you information and material pertaining to us, our methods of operation, techniques, know how, promotion, and publicity, including, without limitation, the Disclosure Documentation (collectively the “**System Information**”). You acknowledge that the System Information is of a proprietary and confidential nature constituting our trade secrets and having immeasurable value. Accordingly, in recognition of the foregoing and in consideration thereof, you agree to hold in confidence and keep secret the System Information that is disclosed or made known to you in the course of your discussions with us, the Franchisees, and our subsidiaries and

affiliates, and you will not impart or make known any of the same or anything relating to the same to any person, firm, or corporation unless we authorize you to do so in writing or unless otherwise required by law.

7. You agree that you will retain and receive all the System Information for use only in connection with the business to be operated pursuant to the Ginger Sushi Boutique Franchise applied for herein and will not use, directly or indirectly, the System Information for any other purpose without our prior written consent.

8. Upon termination of this Application for any reason whatsoever, you shall promptly return the System Information to us, together with any copies thereof. Upon our request, you shall execute a document in the form reasonably prescribed by us stating that all of the System Information has been returned and that any further System Information in your possession shall be returned if discovered.

9. You acknowledge that consumer credit reports containing personal information are being or may be referred to in connection with this Application for a Ginger Sushi Boutique Franchise and you hereby consent to the disclosure of credit or personal information to any credit reporting agency or to any person with whom you have or propose to have financial relations. You agree to provide us with a copy of your social security number, or if you are a business entity, your employer identification number, or proof of citizenship, in order to enable us to verify your registered name for the purposes of properly conducting any such inquiries.

10. If you are a business entity, you agree to provide us with a copy of the articles of incorporation and bylaws, or your articles of organization and operating agreement, or your partnership agreement, as well as any other business documents we may reasonably request.

Dated at ______________________, this _____ day of __________________, 20__.

WITNESS: Name of Applicant

By: ______________________________________
Its: ______________________________________

MTY Franchising, USA, Inc. hereby acknowledges the foregoing together with the receipt of the amount of the Deposit and agrees to consider you as a candidate for a Ginger Sushi Boutique Franchise.

Dated at ______________________, this _____ day of __________________, 20___.

MTY FRANCHISING USA, INC.

By: ______________________________________
Its: ______________________________________

GINGER
SUSHI BOUTIQUE

EXHIBIT E

LIST OF STATE FRANCHISE ADMINISTRATORS

EXHIBIT E

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Office of the New York Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax	New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9^{th} Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

GINGER

SUSHI BOUTIQUE

EXHIBIT F

LIST OF FRANCHISEES AND MULTIPLE UNIT OPERATORS

EXHIBIT F

LIST OF FRANCHISEES AND MULTIPLE UNIT OPERATORS

The following is a list of our Franchisees in the United States as of the date of this Franchise Disclosure Document:

NONE.

The following is a list of our Multiple Unit Operators in the United States as of the date of this Franchise Disclosure Document:

NONE.

The following is a list of our Institutional Licensees in the United States as of the date of this Franchise Disclosure Document:

NONE.

The following is a list of our franchisees who have signed agreements but stores not yet open in the United States as of the date of this Franchise Disclosure Document:

NONE.

GINGER

SUSHI BOUTIQUE

EXHIBIT G

STATE ADDENDUM

EXHIBIT G

MTY FRANCHISING USA, INC.
SPECIFIC DISCLOSURES REQUIRED BY VARIOUS STATES

MTY Franchising USA, Inc. Franchise Disclosure Document ("**FDD**") and Franchise Agreement ("**FA**") are modified and/or clarified as follows for franchisees and prospective franchisees in the following states:

CALIFORNIA

Franchise Disclosure Document

ITEM 17 of the Franchise Disclosure Document is revised to including the following:

"THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT."

Neither the Franchisor, any person or franchise broker in ITEM 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

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.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

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.

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

The franchise agreement requires binding arbitration. The arbitration will occur in Phoenix, Arizona with the costs being borne by the non-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 20040.4 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.

The franchise agreement requires application of the laws of the State of Arizona. This may not be enforceable in the State of California.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 3100 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

ITEM 5 of the Franchise Disclosure Document and Section 8.1 of the Franchise Agreement are amended by the addition of the following language to the original language:

"Payment of all initial fees (including fees other than the initial franchise fees due to Franchisor) is postponed until after all of Franchisor's initial obligations are complete and Franchisee is open for business."

Section III.B of the Multiple Unit Purchase Agreement is amended by the addition of the following language to the original language:

"Payment of all initial fees (including fees other than the initial franchise fees due to Franchisor) is postponed until after all of Franchisor's initial obligations are complete and Multiple Unit Operator is open for business."

ILLINOIS

Franchise Disclosure Document

ITEM 17 of the Franchise Disclosure Document and the Franchise Agreement is amended by adding the following:

In accordance with Illinois law 815 ILCS 705/19 and Rule Section 200.608, any provision in the Franchise Agreement or Multiple Unit Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement and Multiple Unit Purchase Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement and Multiple Unit Purchase Agreement.

The following should be added to Provision f. of ITEM 17 of the Franchise Disclosure Document:

Illinois law may affect the conditions under which we may terminate the Franchise Agreement or Multiple Unit Purchase Agreement, 815 ILCS 705/19 and Rule 200.608.

The following should be added to Provision i. of ITEM 17 of the Franchise Disclosure Document:

Illinois law may affect your rights upon non-renewal, 815 ILCS 705/19 and 705/20.

Section 200.702 requires any person to whom the right to sell subfranchises or to service franchises is granted must first register as a subfranchisor prior to soliciting or servicing Illinois franchisees. The Franchise Disclosure Document is amended accordingly, to the extent required by Illinois law.

Franchise Agreement

Article 2.2(a)(i) of the Franchise Agreement is deleted in its entirety.

Article 2 of the Franchise Agreement is amended by adding the following:

2.4. Illinois Law. Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Article 12.4(i) of the Franchise Agreement is deleted in its entirety.

Article 9 of the Franchise Agreement is amended by adding the following:

Illinois Law. The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 7051/19 and Rule 200.608.

Article 16.2 of the Franchise Agreement is deleted in its entirety, and in its place is added:

This Agreement shall be interpreted under the laws of the State of Illinois except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.).

The first sentence of Article 16.5 of the Franchise Agreement is revised to read as follows:

This Agreement and the representations contained in the Franchise Disclosure Document set forth the entire understanding between the parties relating to the subject matter hereof, and there are no agreements, promises, representations or understandings between the parties.

Article 16.14(e) is revised to provide that litigation under this provision will take place in Illinois.

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is amended to the extent required by Illinois law.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Article 16.15 is amended by the addition of the following as the last sentence of the section:

"However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/4."

Multiple Unit Purchase Agreement

Article XVIII is revised to provide that the Multiple Unit Purchase Agreement will be interpreted by the laws of State of Illinois and is revised to provide that litigation will take place in Illinois.

Any provision in the Multiple Unit Purchase Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is amended to the extent required by Illinois law.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Multiple Unit Purchase Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

MARYLAND

The Deposit Agreement, Franchise Agreement, Multiple Unit Purchase Agreement and the Acknowledgement, Institutional License Agreement, and the Statement of Prospective Franchisee are amended to specifically state that representations and acknowledgments, required to be made by a prospective franchisee as a condition of purchasing a franchise, which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Franchise Disclosure Document, and the appropriate sections of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement, Institutional License Agreement and/or Receipt are amended to provide that the general release required, as a condition of renewal, sale and/or assignment transfer, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Franchise Disclosure Document and sections of the Deposit Agreement, Multiple Unit Purchase Agreement and Franchise Agreement and Institutional License Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

ITEM 17 of the Franchise Disclosure Document and sections of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement and Institutional License Agreement are amended to state that any limitation of claims provision will not act to reduce the amount of time afforded a franchise for bringing claims under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise Disclosure Document, Deposit Agreement, Multiple Unit Purchase Agreement, Institutional License Agreement and Franchise Agreement are amended to state that you may commence any cause of action against us in any court of competent jurisdiction, including the state or federal courts of Maryland. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

The following is added as the last paragraph to the Statement of Franchisee attached as Attachment J to the Franchise Agreement:

"The representations made in this Statement of Franchisee are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

The Multiple Unit Purchase Agreement, Deposit Agreement, Institutional License Agreement and Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

<u>MICHIGAN</u>

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

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

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

3. 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.

4. 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: (a) the term of the franchise is less than five years, and (b) 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 six months' advance notice of franchisor's intent not to renew the franchise.

5. 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.

6. 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.

7. 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:

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

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

(d) 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.

8. 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).

9. 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.

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.

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Pursuant to Minnesota Statute 80C.12 subdivisions 1(g), to the extent required by law, the Franchise Disclosure Document is amended to state that we will protect your right to use the trademark, service mark, trade name, logo or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our trade name.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Franchise Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

Franchise Agreement

Section 8.1. of the Franchise Agreement is deleted in its entirety and replaced with the following:

8.1 Initial Franchise Fee. In consideration of the Franchisor entering into this Agreement and the opportunity to establish the Business as herein provided, the Franchisee agrees to pay the Franchisor a fee ("**Initial Franchise Fee**") of Twenty Thousand Dollars ($20,000.00) upon execution of this Agreement. The Initial Franchise Fee shall be deemed fully earned upon receipt by Franchisor. The Initial Franchise Fee shall be refunded (without interest or deduction, except for any legal costs and other expenses reasonably incurred by the Franchisor in respect of dealing with the Franchisee of an amount not to exceed Three Thousand Five Hundred Dollars ($3,500.00), which amount may be deducted from the Initial Franchise Fee) if this Agreement is terminated for failure to identify and agree upon a Store or Territory pursuant to Section 4.1 but shall otherwise be fully paid and earned by the Franchisor and non-refundable to the Franchisee.

NEW YORK

Offering Prospectus

The following is added to the Cover Page of this Franchise Disclosure Document:

INFORMATION ABOUT COMPARISONS OF FRANCHISORS MAY BE AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

The following should be added to ITEM 3 of this Franchise Disclosure Document:

Neither Ginger Sushi Boutique, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Ginger Sushi Boutique's principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the zie, nature or financial condition of the franchise system or its business operations.

Neither Ginger Sushi Boutique, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Ginger Sushi Boutique's principal trademark 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 a violation of a franchise, antifraud or securities law; fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Ginger Sushi Boutique, its predecessor, a person identified in ITEM 2, or an affiliate offering franchises under Ginger Sushi Boutique's principal trademark 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 form membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any to the business activity as a result of an action brought by a public agency or department, including without limitation, action affecting a license as a real estate broker or sales agent.

The following should be added to ITEM 4 of this Franchise Disclosure Document:

Neither Ginger Sushi Boutique, its affiliate, its predecessor, officers or general partner during the 10-year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor or had filed against it) a petition to start an action under the U.S. Bankruptcy Code (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer or 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 during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

The following should be added to ITEM 5 of this Franchise Disclosure Document:

The initial franchise fee constitutes part of our general operating fund and will be used as such in our discretion. Such as to cover our expenses associated with such things as:

(1) Providing you with initial training;

(2) Protection and enforcement of all trademarks, trade names and commercial symbols associated with our System;

(3) Legal and accounting fees and compliance with state and federal laws;

(4) Administrative expenses; and

(5) Provision of an operations manual.

The following is added to the end of the "Summary" sections of Item 17©, titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchise approval of transfer":**

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising I your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provisio that non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

The following should be added to Provision d. of ITEM 17 of this Franchise Disclosure Document:

You may terminate upon any ground permitted by law.

The following should be added to Provision j. of ITEM 17 of this Franchise Disclosure Document:

However, no assignment will be made except to an assignee who, in our good faith and judgment, is willing and able to assume our obligations under the Franchise Agreement.

The following should be added to Provision w. of ITEM 17 of this Franchise Disclosure Document:

The choice of law should not be considered a waiver of any right conferred upon the Franchise by the General Business Law of the State of New York, Article 33.

Franchise Agreement

Section 5.19 of the Franchise Agreement is amended by adding the following to the last sentence of the first paragraph:

however, no changes to the Manual will be made which would impose an unreasonable economic burden to you or unreasonably increase your obligation;

Section 16.2 of the Franchise Agreement shall be amended by adding the following:

The foregoing choice of law should not be considered a waiver of any right conferred upon either us or upon you by the General Business Law of the State of New York, Article 33.

NORTH DAKOTA

Sections of the Franchise Disclosure Document and Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement, Area Development Agreement and Non-Disclosure and Non-Competition Agreement, contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement relating to choice of law, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement requiring you to consent to liquidated damages and/or termination penalties, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document, Franchise Agreement and Area Development Agreement requiring you to consent to a waiver of trial by jury, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages, may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Franchise Disclosure Document, and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

VIRGINIA

The following statement is added to the State Cover Page Risk Factors:

THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $370,900 to $823,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF NOVEMBER 30, 2014, WHICH IS $268,208.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for MTY Franchising USA, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to ITEM 17.e.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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.

Pursuant to 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 him under the franchise, that provision may not be enforceable.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for MTY Franchising USA, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to ITEM 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement 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.

WASHINGTON

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1994). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Washington Franchise Investment Protection Act, may supersede the Franchise Agreement including areas of termination and renewal of the franchise. There may also be court decisions which may supersede the terms of the Franchise Agreement including areas of termination and renewal of the franchise. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirements may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

d. If the Franchisee wants to transfer its Agreement and upon Franchisor's approval, the Washington Franchise Investment Protection Act requires that parties deal with one another in "good faith" during this transfer process including collecting transfer fees as provided by the Agreement to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

e. 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 limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

f. If the Agreement requires that it be governed by the law of a state, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Deposit Agreement, Multiple Unit Purchase Agreement, Franchise Agreement dated the _____ day of ___________________, 20__, and of the Franchise Disclosure Document.

MTY FRANCHISING USA, INC.:

By: ____
Name: ____
Title: ____
Date: ____

FRANCHISEE:

By: ____
Date: ____

GUARANTOR:

By: ____
Date: ____

GINGER
SUSHI BOUTIQUE

EXHIBIT H

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT H

EXHIBIT I

SUMMARY OF
INDUSTRY SPECIFIC LAWS

EXHIBIT I

SUMMARY OF INDUSTRY-SPECIFIC LAWS

The business of operating a **Ginger Sushi Boutique Restaurant** is subject to all of the laws, codes and regulations (referred to below generally as "**laws**") normally applicable to retail businesses. These include: (1) federal, (2) state, and (3) in most instances, city, county, parish, borough, municipality or other local laws.

To operate a Ginger Sushi Boutique Restaurant, in some cases you may need to obtain a liquor license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license to sell liquor, the restrictions placed on the manner in which liquor may be sold, and the potential liability imposed by dram shop laws involving injuries, directly and indirectly, related to the sale of liquor and its consumption. You will need to understand and comply with those laws in operating a Ginger Sushi Boutique Restaurant.

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products.

Many local or state jurisdictions require food service permits for those preparing, handling and serving food to the public. You and your employees may be required to pass a test or other certification process to obtain such a permit. There may also be local ordinances and regulations governing food storage, preparation and serving.

Your Ginger Sushi Boutique Restaurant is subject to local food and health permits and inspection laws. Health laws are intended in part to reduce food borne illnesses and may cover such issues as: requiring employees to take a test and obtain a license as a food service worker, having accessible sinks, bathrooms for certain size establishments, inspections for cleanliness and compliance, equipment cleaning, storage and packaging, size of facilities, allowed foods, refrigeration, etc.

Federal. Examples of other federal laws affecting many small businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, and the Americans With Disabilities Act.

State. State laws may cover the same topics as federal laws. Examples of other state laws affecting many small businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws.

Local. Local laws may cover the same topics as federal and state laws. Examples of other local laws affecting many small businesses include health and sanitation, building codes, fire codes, permits, and waste disposal.

The foregoing are examples of some, but not all of the laws that may be applicable to the franchised business described in the Franchise Disclosure Document. The Franchise Agreement places the responsibility for complying with all applicable laws and regulations upon you, the franchisee. You should research these requirements before you invest.

GINGER
SUSHI BOUTIQUE

EXHIBIT J

LIST OF FRANCHISEES,
MULTI UNIT OPERATORS
AND INSTITUTIONAL LICENSEES
WHO HAVE LEFT THE SYSTEM

EXHIBIT J

LIST OF FRANCHISEES, MULTIPLE UNIT OPERATORS AND INSTITUTIONAL LICENSEES WHO HAVE LEFT THE SYSTEM

The following is a list of our Franchisees in the United States who have left the system during our last fiscal year ended November 30, 2015:

NONE.

As of November30, 2015, we have not had any Multiple Unit Operators in the United States leave the system.

GINGER

SUSHI BOUTIQUE

EXHIBIT K

INSTITUTIONAL LICENSE AGREEMENT

INSTITUTIONAL LICENSE AGREEMENT

This Institutional License Agreement (the "**Agreement**") is made as of ______________________, 20___ (the "**Effective Date**"), and is entered into by and between **MTY FRANCHISING USA, INC.**, a Delaware corporation with offices at 8150, Transacanada Highway, suite 200, St-Laurent (Quebec), H4S 1M5, Canada ("**Licensor**") and ____, a ____________________ corporation with offices at ____ ("**Licensee**").

Recitals:

A. Licensee desires to obtain a license to use certain trademarks, trade names and service marks owned by Licensor (collectively the "**Marks**"), and certain recipes, methods, processes, and other proprietary information provided by Licensor to Licensee in writing and identified as proprietary to Licensor (collectively, "**Licensor's Information**"). Licensor is willing to authorize such use, subject to the terms and conditions hereinafter set forth.

B. Licensee further desires to add Licensor's Approved Products (as set forth on Exhibit C hereto) to the other products and services currently being sold (or to be sold) by Licensee at the food facility now operated (or to be operated) by it at the Location (as defined herein). The parties anticipate that aggregate sales of Approved Products shall constitute no more than 20% of the dollar volume of Licensee's gross sales within the reasonably foreseeable future at the Location.

C. Licensee represents that it has substantial net worth and a minimum of two years' prior experience in the food service business, and neither needs, nor desires to receive, any marketing plan or marketing, management, operational, sales, or promotional assistance from Licensor in connection with the operation of Licensee's business at the Location.

D. Licensor is granting this license in reliance on the representations of Licensee that wishes to obtain a license to operate a retail food service business of the standard and quality set by Licensor and to utilize Licensor's system ("**System**"), the Approved Products, the suppliers, the distinctive fixtures, accessories and color scheme specified by Licensor and the know-how, experience, goodwill, and marks of Licensor at various licensed locations throughout United States.

E. Licensee provides food service to colleges, universities, airports, and/or high schools (each, a "Client") under food service agreements (each, a "**Client Contract**").

Agreement:

1. License.

1.1 Licensor grants to Licensee for a term of five (5) years from the Effective Date ("**Term**") a license to use the Marks and Licensor's Information (hereinafter defined) (the "License") at the food facility (i.e., kiosk, serving station or other point of retail service designated by the Marks) ("**Store**") currently operated or to be operated by Licensee at the location set forth on Exhibit A to this Agreement: ("**Location**"); provided, however, that in no event shall the Term, or any renewal term, extend beyond Licensee's right to operate such Store.

The parties may, from time to time, amend, modify, add or delete Locations to the list included on **Exhibit A** as mutually agreeable, but all the other terms and conditions contained in this Agreement shall remain in full force and effect as long as the term of this Agreement continues.

1.2 Licensee shall comply with Licensor's requirements regarding the use and protection of the Marks, including those Marks which Licensor hereafter creates and authorizes for use by Licensee at the Location; provided such requirements are communicated to Licensee in writing. The Marks and the goodwill associated therewith, and Licensor's Information, are and shall remain the exclusive property of Licensor.

1.3 The Licensor grants Licensee the right to sell products using the Marks at the Location only. Licensor and its affiliates may:

(a) use or license others to use the Marks at any location other than the Location, as and in the manner Licensor shall elect; and

(b) develop, lease or license the use of, at any location trade-marks other than the Marks in connection with the operation of a system which offers products or services which are the same as or similar to those offered under the System on any terms or conditions which Licensor deems advisable.

1.4 Licensor and Licensee agree that this Agreement is limited to the use of the Marks in connection with the sale of Approved Products at the Location, and does not include any marketing plan, or any marketing, management, operational, sales, or promotional assistance to Licensee in connection with Licensee's business at the Location, or any right by Licensor to control the operation of Licensee's business.

1.5 Licensee or its affiliate shall submit a completed Site Analysis Request in the form attached hereto as Exhibit B. The Licensor shall review the Site Analysis Request form and will, within 21 days of receiving the form, and all information requested thereon and any additional information which the Licensor reasonably believes it requires in order to make a decision thereon, notify the Licensee or its designated affiliate of it approval of the request or, if the request is not approved, its reasons for not approving the request. If the Licensee does not approve or disapprove within such 21 day period (or any extension agreed by the parties), the request shall be deemed to have been denied. Licensor reserves the right to approve or deny any submitted request on any basis which it, in its sole discretion, deems reasonable including, without limitation, any conditions which would require modification to or prevent Licensee or its affiliates from complying with Licensor's standards and specification for equipment, products or methods of operation and the proximity of the proposed location to Licensor's franchised or corporate owned restaurants.

2. Products.

2.1 Licensee may not sell any products using the Marks other than Approved Products.

2.2 The current Approved Products for sale at the Location are listed on Exhibit C, which may be amended by Licensor from time to time. Licensee may, in its discretion, sell at the

Location any current Approved Products and any additional Approved Products which Licensor approves in writing for sale at the Location.

2.3 The menu for sale at the Location ("**Core Menu**") shall be as set forth on Exhibit C, as it may be amended upon the mutual agreement of the parties.

3. Standards.

3.1 To protect the goodwill associated with the Marks, Licensee shall prepare, offer, and sell approved products in conformance with Licensor's uniform standards then in effect for such approved products, which standards may include, without limitation, methods of product preparation, display, and sale. Licensor shall have the right during reasonable business hours to inspect the Location and verify Licensee's compliance with Licensor's standards. Licensor, at its cost, shall loan Licensee manuals and/or other materials sufficient to advise Licensee of Licensor's standards, which the Licensee shall return to the Licensor at the end of the Term. Licensee shall, at its own cost, attend and successfully complete, training programs required by Licensor regarding the System. Without limiting the generality of the foregoing, three (3) weeks before the Store is permitted to open by the Licensor, the Store manager, or any other designated person at the Location responsible for the day-to-day operations of the Store must complete and provide evidence of successfully completing the local food and safety program and must have successfully completed and passed the Licensor's on-line test regarding daily operations, product preparation and portion sizes. Once the training and tests have been successfully completed to Licensor's full satisfaction, Licensee will be permitted to open the Store. During the first four to five days after the Store's opening, Licensor will provide on-site training to the Licensee's employees at the Location. Licensor may designate the location of all such training programs. Licensee shall at its cost construct and equip the Store in conformity with Licensor's standard plans, specifications and drawings provided by Licensor or its affiliates. The plans and specifications for the construction of the Store shall be subject to final approval by Licensor or its affiliates and no revisions may be made to such plans and specifications without Licensor's written approval or the written approval of any of its affiliates. Licensee agrees to use in the operation of the Store only those brands or types of fixtures, equipment (including without limitation, computer, cash registers and point of sales systems), billboards and signs that Licensor has approved, acting reasonably, as meeting its specifications and standards for design, appearance, function, performance and serviceability. Licensee shall stock the Store with an inventory of products and supplies approved by Licensor and shall only sell such approved products.

4. Advertising.

4.1 Licensee shall not use any advertising or promotional material which bears the Marks without Licensor's prior written approval.

5. Fees and Records.

5.1 Licensee agrees to pay Licensor a fee ("**License Fee**") equal to $______________ (__________________ dollars), upon execution of this Agreement for each Location opened in accordance with this Agreement. The License Fee is fully earned by Licensor once paid and is not refundable, in whole or in part, under any circumstances. Licensee shall pay to Licensor a royalty ("**Royalty**") of _____% (_________ percent) of Gross Revenues for each partial or full month of the Term. Licensee shall pay each month's Royalty within 25 days after the end of each monthly accounting period for which such Royalty is due. Each payment shall be accompanied by a statement of the respective month's Gross Revenues in such form as Licensor and Licensee may mutually determine, both exercising good faith.

5.2 Licensor shall not charge Licensee for services which Licensor elects to provide and Licensee purchases, including the introductory basic operations training of Licensee's employees and any subsequent training.

5.3 Gross Revenues shall mean all monies and receipts (consisting of cash, checks, debit cards, meal cards, and credit cards) derived from the sale of any Approved Products from the Location. Gross Revenues shall not include (a) any sales or other taxes which are required by law to be collected from customers, provided such taxes are added to the selling price, or (b) discount coupons to the extent Licensee realizes no revenue therefrom. Cash refunded and credit given to customers shall be deducted from Gross Revenues, but only to the extent that such cash or credit represent amounts previously included in Gross Revenues; or (c) any beverages sold from a remote location, that is, beverages not sold in the Store.

5.4 Licensee shall maintain accurate records of Gross Revenues for each year of the Term, in such form as Licensee may determine, exercising its good faith, business judgment as a food service provider. Licensee shall maintain these records for such period as Licensee maintains records for other operations at the Location. During the Term, Licensor shall have the right to inspect such records upon reasonable notice and during regular business hours.

6. Renewal.

6.1 At the expiration of the Term, Licensee may renew the License for two (2) additional five (5) year periods, provided that at the time of expiration of the Term and each renewal period, Licensee has complied with its obligations hereunder during the Term, or the renewal period, as the case may be.

7. Competitive Activities.

7.1 Licensee shall sell only Approved Products from the Store. Licensee may not have any other national competing brand or franchisees that sell any products containing sushis food items at the server and/or food court at the Location.

8. Transfers.

8.1 The rights and duties created by this Agreement are personal to Licensee, and Licensor is granting this License in reliance on the business and financial capacity of Licensee.

8.2 Neither this Agreement nor any interest herein may be transferred or assigned, in whole or in part, without Licensor's prior written consent; provided, however, that this Agreement may be assigned by Licensee to an affiliate of Licensee or its ultimate parent corporation without Licensor's written consent.

9. Insurance and Indemnity.

9.1 Licensee shall procure, maintain and provide evidence of insurance for the Store and its operations of the types, in the amounts and with such terms and conditions as Licensee, exercising its good faith business judgment as a leading provider of branded quick-serve restaurants, determines (provided, however, that the types and amounts of coverage shall not be less than the types and amounts shown below. All of the required policies of insurance shall name Licensor, RDHR Investments & Holdings Inc., their employees, directors and officers, as additional insureds and provide for 30 days' prior written notice to Licensor of their cancellation or non-renewal. Prior to opening each Store, Licensee shall furnish Licensor with certified copies of the applicable insurance policies. Licensee shall promptly refer all claims or potential claims against it or Licensor to Licensee's insurer and to Licensor.

During the term of this Agreement, Licensee shall maintain the following types and amounts of insurance with companies reasonably acceptable to Licensor and licensed to do business in the state where the work is to be performed. Upon request, Licensee shall provide a certificate of insurance to Licensor.

1. a. Workers Compensation covering Licensee's employees with statutory coverage.

b. Employers' Liability Insurance covering Licensee's employees with a limit of $1,000,000 per incident for bodily injury by accident, $1,000,000 policy limit by disease, and $1,000,000 per employee for bodily injury by disease.

2. Commercial General Liability with a limit of $5,000,000 per occurrence combined single limit for bodily injury and property damage including premises and operations, products and completed operations, liquor liability and contractual liability.

3. Automobile Liability with a limit of $1,000,000 combined single limit for bodily injury and property damage.

4. Excess or Umbrella Liability providing coverage in excess of 1.b., 2 and 3 above.

5. Property insurance covering Licensee's property.

The above coverage can be satisfied through a combination of primary and excess coverage, with no deductible or self-insured retention.

9.2 Licensee shall defend and hold harmless Licensor from and against any claim, liability or other obligation, including reasonable attorneys' fees, arising out of the negligent operation of the Location, including all claims of bodily injury, or death, or damage to property resulting therefrom. Licensor shall defend and hold harmless Licensee and its officers and directors from and against any claim, liability or other obligation, including reasonable attorneys' fees, arising out of the failure of Licensor to perform in accordance with this Agreement, including any breach of representation, warranty or covenant hereunder. Any party requesting indemnity hereunder (the "Indemnified Party") shall give the other party (the "Indemnifying Party") prompt written notice of any claim for indemnity. The Indemnifying Party shall have full power and authority to direct any litigation of such claim, and the Indemnified Party shall cooperate with the Indemnifying Party in the defense of such claim.

10. Termination.

10.1 Either Licensor or Licensee may terminate this Agreement, at any time, for any reason or no reason, upon thirty (30) days' prior written notice to the other party.

10.2 Licensor may terminate this Agreement in the event of any breach of any term hereof by Licensee, provided Licensee has not fully cured such breach within thirty (30) days after receipt of written notice from Licensor (unless a longer period for cure is otherwise provided by applicable law).

10.3 Licensee may terminate this Agreement in the event of any breach of any term hereof by Licensor, provided Licensor has not fully cured such breach within thirty (30) days after receipt of written notice from Licensor.

10.4 This Agreement shall automatically terminate without any further action on behalf of either party hereto in the event that the Client Contract expires or terminates for any reason whatsoever.

10.5 Neither party shall be entitled to sue for, or recover, and each party waives any right to sue for, or recover, consequential, incidental or punitive damages as a result of any breach of any provision of this Agreement.

11. Disputes. This Agreement shall be governed by and interpreted in accordance with the substantive laws of the State of Arizona, without regard to its conflicts or choice of laws rules.

12. Miscellaneous.

12.1 Licensee and Licensor are independent contractors. Neither Licensee nor Licensor is, or shall be considered as, the principal, agent, employer, employee, or partner of the other, and neither shall have the power to bind or obligate the other, except as may be otherwise expressly permitted under this Agreement. No fiduciary relationship exists between Licensor and Licensee.

12.2 Licensee acknowledges that Licensor's Information may be highly confidential. Licensee shall not disclose the Licensor's Information to any third party (unless required by law or unless Licensor's Information comes into the public domain or is disclosed by any person or entity without such disclosure being a breach of any confidentiality or non-disclosure covenant), and shall use Licensor's Information solely for the purpose of fulfilling the terms of this Agreement. All copies of all such written information shall be destroyed or returned to Licensor upon the expiration or termination of this Agreement.

12.3 Upon the expiration or termination of this Agreement, Licensee shall promptly discontinue use of all of the Marks and take such action as specified by Licensor to remove all Marks from the Location. If Licensee fails to promptly take such action, Licensor shall be entitled to do so at Licensee's expense. At Licensor's option, it may purchase at Licensee's direct cost all supplies and other materials bearing any of the Marks.

12.4 The following provisions shall survive the expiration or termination of this Agreement: Sections 2.1, 9.2, 11, 12.2 and 12.3.

12.5 The failure by either party to enforce at any time one or more of the terms of this Agreement shall not be a waiver of any such terms or either party's right to thereafter enforce each term in strict accordance therewith.

12.6 This Agreement (including the Recitals, incorporated herein by this reference) constitutes the entire understanding and agreement of the parties concerning the Location, and all prior understandings and agreements, written and oral, between the parties which in any way pertain to the Location are superseded hereby. Nothing in this or in any related Agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. This Agreement may not be modified, except by a writing executed by an authorized representative of Licensee and Licensor. The terms "include" and "including" when used in this Agreement, are used in the non-exclusive sense, and shall always be read herein as if followed by the phrase "but [is] not limited to" or the phrase "without limitation."

12.7 Any notice required or permitted to be given under this Agreement shall be in writing and shall be either personally delivered or mailed by certified, receipted overnight express or other receipted mail to the other party at the address first specified above. Any notice to be given to Licensor shall be directed to 8150, Transacanada Highway, suite 200, St-Laurent (Quebec), H4S 1M5, Canada Attention: Legal Department with an additional copy directed to Attention: President. Any notice to be given to Licensee shall be directed to ________________________, Attn: Chief Financial Officer. Notices shall be deemed to be given when delivered personally or, if mailed, on the next business day following the date of mailing. Either party may change its address for receiving notice by giving the other party notice thereof in the manner required under this Agreement.

12.8 Any reference to "affiliates" of Licensor shall mean all entities that control, are controlled by or are under common control with Licensor.

12.9 The headings in this Agreement are provided for convenience of reference only and shall not be considered in construing any of the provisions herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Licensee:	**Licensor:**
______________________________________	**MTY FRANCHISING USA, INC.**
By: __________________________________	By: __________________________________
Title: ________________________________	Title: ________________________________

EXHIBIT A
LOCATION

Institution Name:

Location Description:

Physical/mailing address:

EXHIBIT B
SITE ANALYSIS FORM
NON-TRADITIONAL LOCATION

This form has been designed to allow you to easily analyze a potential Ginger Sushi Boutique site. Within 21 days after the site is registered, you will receive a status update - Approve, Deny or Pending. If a site is listed as Pending, additional time will be required to analyze the trade area. Please direct further questions to Ray Zandi (rayz@mtygroup.com).

Completed form must be e-mailed to Ray Zandi (rayz@mtygroup.com).
Date: ________________
College/University/Airport/Hospital Name: ____________________________________
Street Address: ____
City/State/Zip: ____
Cross Streets: ______________________________ County: ______________________

Student Enrollment: Commuter ☐ Resident ☐ (Check One)
Number of existing or projected brands at proposed location: ____________________

Will this unit be part of the college meal plan? Yes ☐ No ☐

Will the Ginger Sushi Boutique be located in the main retail area ☐ or a secondary location? ☐

Is this a student union/hub type of location? Yes ☐ No ☐

Name of Location: ____

Distance to closest Traditional Brand Unit (in miles): ____________________________

Projected annual sales volume: ____

Total Daily Food Sales: ________________ Current Daily Food Customer Count: _________

Additional growth % expected by adding Ginger Sushi Boutique: ______________________

Expected % of customers buying Ginger Sushi Boutique: ___________________________

Operating Days/Week: __________ Operating Weeks/Year: ________________________

OPERATING HOURS:

- Facility: From ______ A.M. to ______ P.M. ☐/A.M. ☐ or 24 Hours ☐
- TBX: From ______ A.M. to ______ P.M. ☐/A.M. ☐ or 24 Hours ☐

PROJECTED OPENING DATE: ________________________________

Please indicate why you think this would be a good location for a Ginger Sushi Boutique:

LOCAL CONTACT INFORMATION

Name: ____

Title: ____

Address: ____

City/State/Zip: ____

Phone ________________________ Fax: ________________________

The undersigned hereby requests approval of the above site and states:

1. I/we personally inspected the above site and the surrounding market area for use as a Ginger Sushi Boutique restaurant. I/we have provided, reviewed and verified all information in this form and recommend acceptance of this site.

2. I/we understand that an approval of the site by Ginger Sushi Boutique does not mean the Ginger Sushi Boutique agrees with, approves or warrants the information contained above or the success of the proposes restaurant at the referenced location.

3. I/we understand that the Institutional License Agreement and exhibits cannot be finalized until: (a) this form has been submitted to and approved by Ginger Sushi Boutique, (b) the sign package and layout of the Ginger Sushi Boutique space within the facility have been submitted to and approved by Ginger Sushi Boutique, and (c) restaurant cannot open until the License Agreement has been executed and all initial franchise fees, construction and/or graphics invoices have been paid.

By: ______________________________________

____

Its Representative (Please Print Name)

______________________________________ ______________________________

Signature of Representative Date

The undersigned representative of MTY Franchising USA, Inc. based on the foregoing information provided above by the Licensee hereby:

Approve	Deny	Pending
[ ]	[ ]	[ ]

By: MTY Franchising USA, Inc.

____

Its Representative (Please Print Name)

______________________________________ ______________________________

Signature of Representative Date

EXHIBIT C
CORE MENU

The following is the Core Menu for the Location:

GINGER SUSHI BOUTIQUE MENU ITEMS

NIGIRI AND SASHIMI	MAKI (8 pieces)	CRISPY ROLLS (5 pieces)
Syake nigiri	Vancouver	Philly
Syake sashimi	911	Spyder
Seared Syake	Ebi maki	Trilogy
Izumidai nigiri	Twin salmon	Dragon eye
Izumidai sashimi	Chef's maki	
Seared Izumidai	Dragon	**BLOSSOM**
Philly Syake kunsei	California classic	Salmon Truffle
Ebi nigiri	Sweetheart	Sesame Tuna
Ebi sashimi	Red Tiger	Volcano
Maguro nigiri	Chicken teriyaki	Diablo
Maguro Sashimi	Black mamba	Magik
Inari		Cherry blossom
Kunsei syake-nigiri	**SUMOMAKI (5 pieces)**	Flame
Kunsei syake sashimi	Vegetarian	Salmon Teriyaki
Red Masago	California	
Orange Masago	Dynamite	**SPRING MAKI**
Karai syake	Spicy salmon	Shrimp
Karai maguro	Spicy Tuna	Salmon
Karai ebi	Boston	Lobster
	Kamikaze Tuna	Tuna
HOSOMAKI (6 pieces)	Kamikaze Salmon	Chicken
kappa philly	Snow Crab	Vegetarian
Avocado Akanasu	Rainbow	
Kappa	Red-Eye	**APPETIZERS & SALADS**
Avocado	Miami	Shrimp tempura
Oshinko	Emperor	Three salads
Akanasu	Spicy Shrimp	Wakame
Syake (reg)	Exotik	Miso
Syake (spicy)	Ginger	Grilled Salmon Salad
Tekka (reg)	Smoky	Green Salad
Tekka (spicy)	Rock Lobster	Spicy Squid Salad
Syake tempura	Grilled Chicken	Tuna Tataki Salad
Tekka tempura	Calypso	Edamame beans
Kani Kama	Fusion	
Tamago	Inferno	**HAKO SUSHI**
	Lion	Sirocco
TARTARE		Mistral
Salmon	**TARTARE MAKI**	Eklipso
Tuna	Salmon Tartare	Sunburst
Salmon & smoked salmon	Shrimp Tartare	Tyfoon
	Tuna Tartare	
	Tilapia Tartare	

SUSHI PIZZA	SUSHI DESSERTS	PLATTERS
Casablanca	Geisha 3 pcs	40 pcs
Authentik	Kiwimono 3 pcs	50 pcs
Lobster & co.	Paradiso 3 pcs	60 pcs
Rainbow 360	Ruby mint 3 pcs	75 pcs
O'gratin	Geisha 6 pcs	100 pcs
Sunrise	Kiwimono 6 pcs	Vegetarian 26 pcs
	Paradiso 6 pcs	Sushi dessert 24 pcs
COMBO	Ruby mint 6 pcs	
Combo A	Choco Bomb 2 pcs	
Combo B	Choco Bomb 4 pcs	
Combo C		
Combo D	**RAMEN SOUP**	
Combo E	Chicken Shoyu	
Combo F	Shrimp Tempura Shoyu	
Combo G	Seafood Shoyu	
Combo H	Chicken Tonkotsu	
Combo I	Shrimp Tempura Tonkotsu	
Combo J smoky	Seafood Tonkotsu	
Combo J fusion	Chicken Miso	
Combo J crab	Shrimp Tempura Miso	
Combo J ginger	Seafood Miso	
Combo K		
Combo L	**TEMARI**	
Combo M (brown rice)	Tuna Tataki	
Combo N (gluten free)	Tropical Salmon	
Combo o	Smoky Philly	
Combo P	Black sesame	
Combo Q	Teriyaki Bomb	
Combo volcano	Veggie Bomb	
Combo Diablo	Crispy Lobster	
	Fireball	

GINGER

SUSHI BOUTIQUE

EXHIBIT L

RECEIPT

EXHIBIT L

RECEIPT
(Retain This Copy)

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 Ginger Sushi Boutique 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, Ginger Sushi Boutique or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Ginger Sushi Boutique must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York State Law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Ginger Sushi Boutique 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, DC 20580, and the appropriate state agency identified on **Exhibit E**.

The name, principal business address and telephone number of the franchise seller offering the franchise is Ray Zandi at 9311 East Via de Venturs, Scottsdale, Arizona 85258, (480) 515-6250.

Issuance Date: **February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016**

See **Exhibit E** for Ginger Sushi Boutique's registered agents authorized to receive service of process.

I have received a disclosure document dated **February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016** that included the following Exhibits:

Exhibit A: Financial Statements
Exhibit B: Franchise Agreement with Schedules
Exhibit C: Multiple Unit Purchase Agreement with Attachments
Exhibit D: Deposit and Application Agreement
Exhibit E: List of State Franchise Administrators and Agents for Service
Exhibit F: List of Franchisees and Multiple Unit Operators
Exhibit G: State Addendum
Exhibit H: Operations Manual Table of Contents
Exhibit I: Summary of Industry-Specific Laws
Exhibit J: List of Franchisees, Multiple Unit Operators and Area Developers Who Have Left the System
Exhibit K: Institutional License Agreement
Exhibit L: Receipt

____________________	____________________________________	__________________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Ray Zandi, 9311 East Via de Venturs, Scottsdale, Arizona 85258. This disclosure document is also available in pdf format on our website, INSERT WEBSITE ADDRESS

EXHIBIT L

RECEIPT
(Our Copy)

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 Ginger Sushi Boutique 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, Ginger Sushi Boutique or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, Ginger Sushi Boutique must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York State law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Ginger Sushi Boutique 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, DC 20580, and the appropriate state agency identified on **Exhibit E**.

The name, principal business address and telephone number of the franchise seller offering the franchise is: Ray Zandi at 9311 East Via de Venturs, Scottsdale, Arizona 85258, (480) 515-6250.

Issuance Date: **February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016**

See **Exhibit E** for Ginger Sushi Boutique's registered agents authorized to receive service of process.

I have received a disclosure document dated **February 25, 2016 as amended June 21, 2016 and July 28, 2016 and October 6, 2016** that included the following Exhibits:

Exhibit A:	Financial Statements
Exhibit B:	Franchise Agreement with Schedules
Exhibit C:	Multiple Unit Purchase Agreement with Attachments
Exhibit D:	Deposit and Application Agreement
Exhibit E:	List of State Franchise Administrators and Agents for Service
Exhibit F:	List of Franchisees and Multiple Unit Operators
Exhibit G:	State Addendum
Exhibit H:	Operations Manual Table of Contents
Exhibit I:	Summary of Industry-Specific Laws
Exhibit J:	List of Franchisees, Multiple Unit Operators and Area Developers Who Have Left the System
Exhibit K:	Institutional License Agreement
Exhibit L:	Receipt

________________	________________________________	________________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Ray Zandi, 9311 East Via de Venturs, Scottsdale, Arizona 85258. This disclosure document is also available in pdf format on our website, INSERT WEBSITE ADDRESS