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Department of
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FRANCHISE DISCLOSURE DOCUMENT
HONOR YOGA MANAGEMENT, LLC
A New Jersey limited liability company

59 Lawrencia Drive
Lawrenceville, NJ 08648
(609) 332-5689
www.honoryoga.com
Maria@honoryoga.com

As a franchisee, you will operate an Honor Yoga studio which will offer yoga classes to students of all ages and at all stages of their practice in an eco-friendly environment. Class, workshops and series offerings include beginner yoga, intermediate yoga, advanced yoga, family yoga, teen/tween yoga, senior yoga, restorative yoga, heated yoga, pre/post-natal yoga, aerial yoga, yoga barre and various styles of meditation. The total estimated investment necessary to begin the operation of an Honor Yoga studio ranges from $146,608- $270,608. This includes between $49,608 -$74,108 that must be paid to the Franchisor.

We may also offer to certain qualified people the right to develop multiple Honor Yoga studios under a Multi-Unit Development Agreement. The total investment for the first location under a Multi-Unit Development Agreement for the development of three Honor Yoga studios is between $214,824 - $303,824. This includes $137,824 - $147,324 that must be paid to the franchisor. The total investment for the first location under a Multi-Unit Development Agreement for the development of five Honor Yoga Studios is between $283,040-$372,040. This includes $206,040- $215,540 that must be paid to the franchisor.

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

You may wish to receive this Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchisor, Attn: Franchise Department, 59 Lawrencia Drive, Lawrenceville, NJ 08648, (609) 332-5689.

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

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

franchising.

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

ISSUANCE DATE: April 20, 2018

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION IN THE STATE OF NEW JERSEY OR, IN SOME INSTANCES, BY LITIGATION IN THE COURTS OF NEW JERSEY, OR THE UNITED STATES DISTRICT COURT, DISTRICT OF NEW JERSEY. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN NEW JERSEY THAN IT MAY COST IN YOUR OWN STATE OR AREA.

2. THE FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT STATES THAT NEW JERSEY LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

STATE EFFECTIVE DATES

The following states require that this Disclosure Document be registered or filed with the state, or that an exemption from registration be filed: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin, Connecticut, Nebraska, Kentucky, Utah, Florida and Texas.

Except as set forth below this Disclosure Document is not registered, on file, or have an exemption from registration on file in any states having franchise registration and disclosure laws:

California:	Pending
Illinois:	Pending
New York:	Pending
Texas:	Exempt
Florida:	Exempt
Kentucky:	Pending

In all the other states, this Franchise Disclosure Document has an issuance date of April 20, 2018

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Exhibits to Franchise Disclosure Document

Exhibit A - List of State Administrators/Agents for Service of Process
Exhibit B - Franchise Agreement
Exhibit C - Multi-Unit Development Agreement
Exhibit D - State Addenda
Exhibit E - Financial Statements
Exhibit F - Table of Contents-Operations Manual
Exhibit G - List of Franchisees

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we", "us" or "our" means Honor Yoga Management, LLC, the Franchisor. "You" means the person (or persons), corporation, partnership, limited liability company or other legal entity that is granted the franchise. If you are a legal entity, each of the following individuals must sign our Guaranty: (i) each of your shareholders and their spouses if you are a corporation; (ii) each of your partners and their spouses if you are a general partnership; or (iii) each of your members and managers and each of their spouses if you are a limited liability company. All of the provisions of our Franchise Agreement (a copy of which is attached as Exhibit B to this Disclosure Document) will apply to you and to each individual who signs the Guaranty. Each individual who signs the Guaranty must also agree to be bound by the confidentiality and non-competition covenants of the Franchise Agreement.

The Franchisor

We are a New Jersey limited liability company formed in April, 2015. We do business only under our corporate name and maintain our principal business address at 59 Lawrencia Drive, Lawrenceville, NJ 08648. Our agents for service of process, which vary by state, are identified in Exhibit A to this Disclosure Document.

We offer and sell franchises for the operation of yoga studios (the "Studio" or "the "Franchised Business"). Although we do not own a business similar to the franchise being offered to you we currently manage all of our affiliate-owned yoga studios. As noted below, our affiliates currently operate several Honor Yoga studios. Beginning in January, 2016, we began to offer franchises for Honor Yoga studios. We have never offered franchises in any other line of business.

We own our proprietary marks.

Parents, Predecessors and Affiliates

We have no parent company or predecessors.

Our affiliate, Honor Yoga Pennington, LLC, a New Jersey limited liability company maintains its principal place of business at 800 Denow Rd., Unit H, Pennington, NJ 08534. It has operated a yoga studio since September, 2014 under the trade name "Honor Yoga Pennington."

Our affiliate, Honor Yoga Jackson, LLC, a New Jersey limited liability company maintains its principal place of business at 21 S. Hope Chapel Rd., Jackson, NJ 08527. It has operated a yoga studio since March, 2015 under the trade name "Honor Yoga Jackson."

The Honor Yoga Foundation, a New Jersey nonprofit corporation, maintains its principal place of business at 59 Lawrencia Drive, Lawrenceville, NJ 08648. The Foundation's mission is to provide yoga-related wellness programs to under-served and at-risk populations, funding research and educational programs of yoga's benefits, and supporting other like-minded organizations. The Foundation was established in January, 2017.

Except as otherwise described above, our affiliates have not engaged in any other lines of business and have not offered franchises in any line of business.

The Franchise Offered

We grant franchises for the right to operate Honor Yoga studios which offer yoga classes to all age groups and experience levels in an eco-friendly environment. Studios are generally around 2,400-3,200 square feet, contain 2 classrooms, an optional treatment room and are located primarily in strip malls. Class offerings include beginner yoga, intermediate yoga, advanced yoga, family yoga, teen/tween yoga, senior yoga, restorative yoga, heated yoga, pre/post-natal yoga, aerial yoga, yoga barre and various styles of meditation. Studios also have the option to participate in our Teacher Training Program.

Studios operate under our unique system relating to the establishment, development and operation of the Franchised Business (the "System"). The System includes the Proprietary Marks, recognized designs, decor and color schemes, distinctive specifications for furniture, fixtures, equipment, and wall, ceiling and display designs; know-how, training techniques, class offerings, class structures, and trade secrets; uniform specifications of products and services; sales techniques, and merchandising, marketing, advertising, and inventory management systems; quality control procedures; and procedures for operation and management of System studios. We may periodically make changes to the System, including System standards, class offerings, facility location requirements and design, signage, equipment, and fixture requirements. You will operate your Studio the days and hours we specify, subject to your lease requirements.

The Proprietary Marks include various trade names, trademarks, service marks, logos, and other indicia of origin including the trademark "Honor Yoga®" which we have designated or may in the future designate for use in connection with the System.

Multi-Unit Development Agreement

We offer a Multi-Unit Development Agreement for either the development of up to three Honor Yoga studios or the development of up to five Honor Yoga studios within a defined development area. Our form of Multi-Unit Development Agreement is attached as Exhibit C to this Disclosure Document. You will be required to open each Franchised Business in accordance with a development schedule. The Franchise Agreement for each

Franchised Business developed under the Multi-Unit Development Agreement will be the form of Franchise Agreement being offered by us generally at the time each Franchise Agreement is executed, but the continuing fees you pay will be the same as the first Franchise Agreement.

Market and Competition

You can expect to compete in your market with locally-owned businesses, as well as national and regional chains that offer yoga and other services offered by System studios. The market for the products and services offered by System studios is well-established and highly competitive. Your Studio may also be affected by other factors, such as changes in consumer taste, economic conditions, population, and travel patterns.

Your Studio will compete on the basis of various factors such as price, service, location, convenience, class schedules and the variety of classes offered. Additionally, you will compete with businesses that may have stronger name recognition in your area.

We recommend that you consult with your own independent business advisors to evaluate these and other factors before deciding to invest in an Honor Yoga studio.

Industry-Specific Laws and Regulations

Your Franchised Business will be subject to various federal, state and local laws and regulations that apply to health and fitness clubs and laws that apply to business generally. Your Honor Yoga studio must comply with all state and local health and sanitation laws and regulations.

Some states may impose restrictions on studio fees, including escrow and/or bond requirements for pre-sales or for sales that are valid for more than a specified time period.

We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect the Franchised Business.

ITEM 2
BUSINESS EXPERIENCE

Maria Parrella-Turco – Chief Executive Officer and President

Maria has been our Chief Executive Officer and President since our formation in April, 2015 through the present. Maria has also served as the President of six of our affiliates: (i) Honor Yoga Pennington, LLC from September 2014-present; (ii) Honor Yoga Mansfield, LLC from September 2014-December, 2017; (iii) Honor Yoga Manalapan, LLC from January 2015-December 2017; (1v) Honor Yoga Jackson, LLC from March 2015-present; (v) Honor Yoga, LLC from March 2013-December, 2015; and (vi) Honor Yoga

Millstone from January 2015-March, 2017. She has also served as the Managing Partner of our affiliate, Honor Yoga Hillsborough, LLC from April 2015-March 2018. Additionally, Maria has been a Senior Partner and Co-Founder of Paradigm Partners, LLC, a consulting company located in Princeton Junction, NJ from 2001 through December, 2017; CEO and Founder of Fit Rewards, LLC located in Princeton Junction, NJ from 2006-December, 2017; Co-Founder and Managing Partner of Eclipse Fitness Sports and Wellness, LLC which operates a fitness and wellness center in Green Brook, NJ from 2003-December, 2016; and the Managing Partner of Crunch Fitness gyms located in Wayne, NJ, Garwood, NJ and Staten Island, NY.

Erica Milcarek – Operations Manager

Erica has been our Operations Manager from May, 2013 through the present. From July, 2014 through April, 2015, she served as the Marketing Director for our affiliates, Fit Rewards and New Paradigm Partners. From October, 2008 through April, 2013, she served as the Operations Manager for ELS Educational Services in Princeton, New Jersey.

Lori Ball – Marketing Manager

Lori has been our Marketing Manager from September, 2015 through the present. From January, 2015 through March, 2016, she also served as the Marketing Manager for Waldorf School of Princeton, in Princeton, New Jersey. Prior to that, from January, 2012 through January, 2014, she was a writer and editor for Backpacker Magazine in Boulder, Colorado.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

The initial franchise fee for an Honor Yoga franchise is $49,108. Except as noted below, the initial franchise fee is uniform to all franchisees and must be paid in full when you sign the Franchise Agreement. The initial franchise fee is not refundable under any

circumstances. The initial fee is used in part for working capital and in part for profit.

We offer, as a development incentive, a reduced initial franchise fee of $39,108 for existing franchisees who are in good standing and who are financially and operationally qualified to purchase an additional franchise. We also offer, as a development incentive, a reduced initial franchise fee of $34,108 for existing franchisees who are operating two or more Honor Yoga studios, are in good standing and financially and operationally qualified to purchase an additional franchise.

In addition to the initial franchise fee you must also purchase from us two opening packages – the "Opening Retail Package" which consists of retail items such as water bottles, mats, blocks, clothing, totes and other merchandise will be sold in your retail area, and an "Opening Prop Package" which includes your in-studio props such as mats, bolsters, cushions, silks, sandbags and other props for classes. The fee for the Opening Retail Package ranges from $7,000 - $12,500. The fee for the Opening Prop Package ranges from $8,500 - $12,500. The fees will vary based on the size of your studio and the amount of space available for a retail area.

Multi-Unit Development Agreement

If you qualify to develop and operate three Honor Yoga studios, you must pay to us a development fee equal to $122,324 when you sign the Multi-Unit Development Agreement. If you qualify to develop and operate five Honor Yoga studios, you must pay to us a development fee equal to $190,540, when you sign the Multi-Unit Development Agreement. The development fee is imposed uniformly on all multi-unit developers, is fully earned by us when received and is not refundable. You will not pay any additional initial franchise fees.

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ITEM 6
OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	7.5% of monthly Gross Revenues (excluding Teacher Training Gross Revenues), subject to a monthly minimum of $850.00.	Payable monthly via ACH for the preceding month, but no later than the 5th day of each month. See Note 1	Royalties are paid to us. Gross Revenues is defined in Note 2.
Teacher Training Royalty Fee	13.5% of monthly Teacher Training Gross Revenues	Payable monthly via ACH for the preceding month, but no later than the 5th day of each month. See Note 1	See Note 3.
Brand Development Fund	1.5% of monthly Gross Revenues.	Payable to the Fund at the same time and in the same manner as you pay the Royalty Fee.	See Note 4.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee	Franchise Agreement: $15,000 Development Agreement: $10,000	Prior to transfer.	Transfer Fee is paid to us. The transfer fee does not apply to transfers where the transferee is an entity controlled and owned by Franchisee or Developer.
Renewal Fee	$10,000	Prior to renewal.	See Item 17 for a further explanation of renewal conditions.
Insurance	Cost of insurance.	As incurred.	We may obtain the insurance if you fail to. You will pay the cost of the insurance premiums and a fee to us to cover our reasonable expenses.
Audit	All of our costs and expenses.	As incurred.	See Note 5
Collection Costs, Attorneys' Fees and Interest	See Note 6	As incurred.	See Note 6
Bank Charges and Administrative Costs	Our then-current fees.	Upon invoice.	We may charge fees to cover bank charges and administration costs if an electronic funds transfer attempt is unsuccessful or you close your operating account, or any check or other payment is returned not paid.
Indemnification	Amount of loss or damages plus costs.	As incurred.	See Note 7
Initial and Additional Training	See Note 8	As incurred.	See Note 8
De-Identify Premises	Costs plus reasonable administrative fee.	As incurred.	If you do not de-identify your Honor Yoga studio following expiration or termination of the Franchise Agreement, we may re-enter the premises and do so at your expense and charge you a fee.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Management Fee	See Note 9.	Payable at the same time and in the same manner as your pay as Royalty Fee is paid.	The Management Fee is paid to us.
Technology Fee	$600 per month	Payable at the same time and in the same manner the Royalty Fee is paid.	The Technology Fee is paid to us. The Technology Fee will include (i) all website care, including but not limited to website hosting, updates, and changes and (ii) software development and maintenance fees of any software that we require you to obtain from us.

Notes:

General: Unless otherwise stated, all fees are paid to us and are non-refundable. All fees are imposed uniformly. We reserve the right to collect all fees due to us through electronic funds.

1. The Royalty Fee is currently payable monthly, but we reserve the right to require payment on a weekly basis.

2. The Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business, at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including, but not limited to, cash, services, in kind from barter and/or exchange, gift cards (when purchased not when redeemed) on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. However, the

definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities. Gross Revenues are calculated on a cash basis when a sale is made, not on an accrual basis.

3. If you elect to participate in our Teacher Training program, you must pay us an increased royalty of 13.5% of your Teacher Training Gross Revenues. Teacher Training Gross Revenues are defined in the Franchise Agreement to include all Gross Revenues you receive from providing Teacher Training programs. The increased royalty amount reflects the additional training and assistance we must provide you in connection with the Teacher Training program. Your participation in the Teacher Training program is optional.

4. We have the right to establish a brand development fund to be administered for the common benefit of System franchisees. You must participate in and contribute the amount that we require (1.5% of monthly Gross Revenues) to the Fund. Our affiliate owned locations are not required to contribute to the Fund.

5. You must maintain accurate business records, reports, accounts, books, and we have the right to inspect and/or audit your business records during normal business hours. If any audit reveals that you have understated Gross Revenues by 2% or more, or if you have failed to submit complete reports and/or remittances for any 2 reporting periods or you do not make them available when requested, you must pay the reasonable cost of the audit, including the cost of auditors and attorneys, together with amounts due for royalty and other fees as a result of the understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported.

6. You will be required to pay us interest on any overdue amounts from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate. If we engage an attorney to collect any unpaid amounts (whether or not a formal arbitration claim or judicial or proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by us. If you are in breach or default of any non-monetary material obligation and we engage an attorney to enforce our rights (whether or not an arbitration claim or judicial proceedings are initiated), you must pay all reasonable attorneys' fees, arbitration costs, court costs and litigation expenses.

7. You must defend, indemnify and hold us and our related parties harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising from your ownership, operation or occupation of your Franchised Business, performance or breach of your obligations, breach of any representation or acts or omissions of you or your employees.

8. The franchise fee includes our initial training program for you or your operating principal (if you are an entity), your manager and your assistant manager in our Pennington, New Jersey studio (or other studio in Central New Jersey) and (1) day of on-site training for your instructors. Attendance by your instructors is mandatory for the instructor training day. You will be required to pay personal expenses, including transportation, lodging, meals, wages and any applicable insurances for your employees during training. We may require that you complete additional training as well. If we provide you with additional training, or if additional members of your staff need training, we reserve the right to charge you for such training at our then-current rate for additional training, which as of the date of this disclosure document is $900 per day. You are also responsible, at your own expense, to pay for all travel, room and board, wages and insurance for you and your employees during this training.

9. In the event we must operate the Franchised Business due to death, disability, etc., you must pay us a management fee equal to 10% of the Franchised Business' monthly Gross Revenues. In addition, you are also required to pay our expenses and other fees, such as royalties.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount Low – High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$34,108-$49,108	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to us
Construction, Leasehold Improvements[2]	$48,400-$87,000	As incurred	Before opening	Contractor/Third-party providers
Furniture, Fixtures and Equipment[3]	$10,350-$16,850	Lump sum	Before opening	Third-party providers
Signage[4]	$1,500-$7,750	As incurred	Before opening	Third-party providers
Computer, Software and Point of Sales System	$800-$1,000	Lump Sum	Before opening	Third-party providers
Opening	$15,500 - $25,000	As	Before opening	Paid to Us

Inventory/Opening Retail Package		incurred		
Rent Deposits[5]	$4,000 - $18,000	As incurred	Before opening	Landlord
Utility Deposits[6]	$300 - $800	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums[7]	$1,200 - $2,000	As incurred	Before opening	Insurance company
Pre-opening Travel Expense[8]	$150- $5,000	As incurred	Before opening	Airline, hotel, restaurants
Grand Opening Advertising[9]	$10,000 - $12,000	As incurred	Before opening	Third parties
Professional Fees[10]	$2,500-$17,500	As arranged	Before opening	Attorneys, accountants, construction manager
Business Permits and Licenses[11]	$300-$1,100	As incurred	Before opening	Licensing Authorities
Loan Broker[12]	$0 - $5,000	As incurred	Before opening	Third Party Provider
Additional funds – 3 Months[13]	$17,500-$22,500	As incurred	After opening	Various
TOTAL ESTIMATED INITIAL INVESTMENT[14]	$146,608- $270,608			

Notes:

1) The initial franchise fees are not refundable.

2) This estimate is for the costs for the development of a Honor Yoga studio with approximately 2,400-3,200 square feet of space. The low end assumes that your landlord may perform certain improvements or provide you with a tenant improvement allowance which may offset, in whole, or in part, the construction and build-out costs for your Studio. The high end assumes that you will not receive any financial contribution from your landlord for improvements. These numbers are not inclusive of any architect fees or other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this concept. As in the development of any studio location, there are many variables that may impact your overall

costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which willcause the cost to exceed what is indicated in this chart.

3) These figures represent the purchase of the necessary furniture, fixtures and equipment from suppliers to operate your Studio. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of the equipment costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

4) This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage such as logo graphics for the windows. Additionally, these figures include various other elements of brand identification within the location such as wall graphics.

5) This estimate represents a three (3) month deposit of rent for a 2,400-3,200 square foot facility. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract. The amount of rent will depend on local marketconditions.

6) A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.

7) This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

8) This estimate is for the cost of three (3) people, including you or your Operating Principal (if you are an entity), your manager and your assistant manager, to attend our initial business training program held in Pennington, New Jersey (or another studio in Central New Jersey) and the cost for us to provide initial on-site training in your Studio, which will include one day of mandatory training for your instructors. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). This estimate does not include the cost of any salaries for your employees.

9) You are required to spend at least $10,000 - $12,000 in advertising and promotions 60 days before your Studio opens.

10) These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business and the cost to engage a construction manager for your build out. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as a part of starting your Franchised Business.

11) You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate the Franchised Business. The figures represented here reflect the range of expenditures for licenses and permits to open a studio in Central New Jersey.

12) We recommend that you obtain a loan broker to assist you with obtaining financing. Loan brokers generally charge an initial non-refundable fee up to $5,000 and also generally receive a success fee from the lender. Our preferred vendor charges an initial non-refundable fee of $2,500 and may also receive a success fee from your lender.

13) This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. These items are by no means all-inclusive of the extent of the expense categories. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.

14) This total amount is based upon the historical experience of our affiliates and franchisees. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales of the establishment and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. We do not finance any portion of your initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

We, and our affiliates, have spent considerable time, effort and money to develop the Honor Yoga System. Your Studio must conform to our high and uniform standards of quality, safety, cleanliness, appearance and service. We anticipate that our standards will change over time. You are expected to adhere to these changes.

You must purchase all furniture, fixtures, decorations, equipment, items and products containing the Proprietary Marks and other specified items exclusively in accordance with our standards and specifications that will be disclosed to you in the Operations Manual or otherwise.

You must purchase these items from us or from suppliers that we designate. We reserve the right to designate our self or our affiliates as the only approved supplier for mats, equipment, software, retail, private label items and the other items noted above. One or more of our officers own an interest in us. There are no other approved suppliers in which any of our officers or directors own an interest.

Those items for which we have neither designated nor approved suppliers must be purchased in accordance with our standards and specifications as described in the Operations Manual or otherwise. We have the right to modify specifications, standards, suppliers and approval criteria by providing you written notice. There is no limit on our right to do so.

We estimate that the current required purchases in accordance with our standards and specifications and designated suppliers are approximately 90% of the purchases required to establish your Studio and approximately 75% of the ongoing purchases of your Studio.

Approval of New Suppliers or Items

If we designate one or more exclusive suppliers for a particular good or service, you may not request to utilize an alternative supplier. However, if an exclusive supplier has not been designated and you desire to purchase any item for which approval is required from a supplier that is not on our approved supplier list, you must request approval of the item or supplier in writing and we will evaluate the supplier and/or item for approval. Although we are not contractually bound to evaluate any supplier or item within a definite time period, we will make a good faith effort to evaluate the supplier or item and to notify you of approval or disapproval within 30 days from the date we receive your written request.

Before approving any supplier, we may take into consideration: a) consistency of products and/or name brands, b) economies of scale achieved by larger volumes, c) delivery

frequency and reliability, and d) certain other benefits that a particular supplier may offer, such as new product development capability. When approving a supplier, we take into consideration the System as a whole, which means that certain franchisees may pay higher prices than they could receive from another supplier that is not approved. We reserve the right to withhold approval of a supplier for any reason. We do not release our standards and specifications or criteria for supplier approval to System franchisees.

You may not purchase any item from any supplier for which approval is required until you have first received written notification of our approval. We do not charge a fee in connection with our evaluation of a requested supplier.

We may withdraw our approval of a supplier at any time, in our sole discretion.

Revenues of Franchisor and Affiliates

We, and our affiliates, may derive income or revenue from franchisee purchases. We and/or our affiliates have the right to receive payments from any supplier, manufacturer, vendor or distributor to you or to other franchisees within our franchise system and to use these monies without restriction, and as we deem appropriate.

Currently, we are the only approved supplier for the Opening Retail Package which includes retail items such as water bottles, mats, blocks, clothing, totes and other merchandise. We are also the only approved supplier for all retail sold in your Studio. No persons affiliated with us are currently approved suppliers. We reserve the right to earn a profit from the sale of the Opening Retail Package and additional retail to our franchisees.

During our 2017 fiscal year, we received payments suppliers, manufacturers, vendors or distributors based on their sales or leases to franchisees, in the amount of approximately $2,800 (which was 1.49% of our total revenues for our 2017 fiscal year).

Approved Location

We must approve the location of your Studio and any applicable lease for the premises. Our approval of the lease will be conditioned upon your execution, and your landlord's execution, of the Collateral Assignment of Lease and Consent of Lessor attached as Exhibit 5 to the Franchise Agreement under which you, as the lessee, conditionally assign to us your rights under the lease.

We will provide you with a sample layout and specifications for an Honor Yoga studio. You must hire an architect to prepare your plans and make any necessary changes to our standard layout and specifications. Our acceptance of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance or your architect's compliance with professional design standards or

adherence to local codes. Before we approve your final architectural renderings, plans, and specifications for your Studio, your architect or you must certify to us that the architectural renderings, plans, and specifications comply with the Americans with Disabilities Act (the "ADA"), the architectural guidelines under the ADA, and all applicable state and local codes for accessible facilities.

You must hire a general contractor to complete the build-out of your Studio. You must obtain certain items of machinery and equipment from sources we approve. Our approval of your equipment source will not in any way be our endorsement of your equipment source or render us liable for your equipment source's performance. You must obtain certain equipment for the opening of your Studio through vendors that we have approved. You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment and that you incur fees from the credit card processing vendors that we designate.

Computer Purchase

You must purchase our specified computer system or an alternative system we approve and must purchase software and/or subscribe to any internet based programs we require. We reserve the right to designate our self or our affiliate as the sole supplier of required software or subscription services.

Advertising

All advertising and promotion of your Franchised Business must conform to our specifications and standards and must be approved by us in advance. You must submit to us, for our approval, copies of all advertising and promotional materials, including but not limited to, business cards, signs, displays and mail-outs.

Insurance Requirements

You must obtain and keep in force at a minimum the insurance we require in the Confidential Operations Manual or otherwise. The mandatory insurance currently includes: (i) comprehensive general liability insurance with limits of coverage of not less than $1,000,000 per occurrence, $2,000,000 in the aggregate, (ii) abuse & molestation liability coverage with limits of not less than $1,000,000; (iii) Business Income protection with limits of coverage of not less than $80,000; (iv) Business Personal Property coverage with limits of not less than $100,000; (v) workers' compensation insurance as required by the laws of the state in which the Studio is operated and employers' liability insurance with a limit per claim of not less than $1,000,000; (vi) a fidelity bond, with a minimum liability of $50,000, with a $2,500 deductible, insuring against employee theft and related matters; and (vii) general umbrella coverage in an amount not less than $2,000,000. If the lease for your Studio premises requires you to purchase insurance with higher limits than those we require, the lease insurance requirements will take precedence. All insurance policies must contain a separate endorsement naming us as

an additional insured and must be written by an insurance carrier accepted by us in writing. No insurance policy may be subject to cancellation, termination, non-renewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to us. Upon request, you must provide us with a currently issued certificate of insurance evidencing coverage in conformity with our requirements. We may increase or otherwise modify the minimum insurance requirements upon 30 days' prior written notice to you, and you must comply with any modification.

Purchasing or Distribution Cooperatives

We may negotiate purchase arrangements with some of our suppliers (including price terms and product allocations) for the benefit of System franchisees, but we are under no obligation to do so. There are currently no purchasing or distribution cooperatives related to the Honor Yoga System.

Material Benefits

We do not provide material benefits to franchisees, such as renewal rights or ability to purchase additional franchises, based on your use of approved or designated sources.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation		Section in Franchise Agreement	Item in Disclosure Document
a.	Site selection and acquisition/lease	3; 5.1	Items 6 and 11
b.	Pre-opening purchases/leases	3; 4.6	Items 7 and 8
c.	Site development and other pre-opening requirements	5.1; 5.2; 6.1	Items 6, 7 and 11
d.	Initial and ongoing training	5.3	Items 6, 7 and 11
e.	Opening	6.1	Item 11
f.	Fees	2.2.9; 4; 5.3; 6; 8.2; 8.3.2.8; 10.1.2	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	5.5; 6.2; 6.9	Items 8 and 11
h.	Trademarks and proprietary information	Background Section B; 6.5; 6.6	Items 13 and 14
i.	Restrictions on products/services offered	6.9	Items 8 and 16
j.	Warranty and customer service requirements	6.2; 6.3	Item 11
k.	Territorial development and sales quotas	Not Applicable	Item 12
l.	Ongoing product/service purchases	6.2; 6.9	Item 8
m.	Maintenance, appearance and remodeling requirements	2.2.3; 3.2; 5.2; 6.3.6	Items 6 and 11
n.	Insurance	7.6	Items 6, 7 and 8
o.	Advertising	4.3; 6.6.3	Items 6, 7 and 11
p.	Indemnification	7.2	Item 6
q.	Owner's participation/management/staffing	6.3.5; 15	Items 11 and 15
r.	Records and reports	4.9	Item 6
s.	Inspections/audits	4.8; 6.7	Items 6 and 11

Obligation		Section in Franchise Agreement	Item in Disclosure Document
t.	Transfer	8	Item 17
u.	Renewal	2.2	Item 17
v.	Post-termination obligations	7.4; 10	Item 17
w.	Non-competition covenants	7.4	Item 17
x.	Dispute resolution	12	Item 17
y.	Guaranty	14	Item 1

ITEM 10
FINANCING

We do not offer either direct or indirect financing. We do not guarantee your note, lease or other obligation.

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

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

Pre-Opening Obligations

Before you open your Franchised Business, we are obligated under the Franchise Agreement to:

1. Review and approve or disapprove proposed sites for the location of your Studio and review and approve or disapprove the proposed lease or purchase agreement for the premises. (Sections 3.1 and 3.2 of the Franchise Agreement). When evaluating a potential site, we will consider factors such as general location and neighborhood, distance from neighboring studios, proximity to major roads, residential areas and commercial businesses, traffic patterns, lease terms, and demographic characteristics of the area. It is your responsibility to locate a site that satisfies our site selection criteria.

2. Provide you a copy of a floor plan design for a prototypical studio. (Section 5.2 of the Franchise Agreement). We do not guaranty that the recommended design conforms to applicable laws and regulations. You must hire an architect to prepare your plans and make any necessary changes to our standard floor plan design. Our acceptance of your architect will not in any way be our endorsement of your architect or render us liable for your architect's performance or your architect's compliance with professional design standards or adherence to local codes.

3 Provide initial tuition-free training for up to three (3) people, including you or your Operating Principal (if you are an entity), your General Manager and your assistant manager, to attend our initial business training program held in Pennington, New Jersey and for initial on-site training in your Studio, which includes one day of mandatory training for your instructors. (Section 5.3.1 of the Franchise Agreement). We will also provide you continuing consultation and advice as we deem advisable before your Franchised Business opens for business. (Section 5.4 of the Franchise Agreement).

4. Provide you with information regarding the selection of suppliers of products, initial inventory, uniforms, equipment, computer hardware and software and other merchandising needs of your Franchised Business (Section 6.2 of the Franchise Agreement). We will make available to you, a list of required, approved and recommended suppliers for these items.

5. Loan you or otherwise provide you with access to a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, collectively referred to as the "Operations Manual," containing mandatory and suggested standards, operating procedures and rules which we prescribe, as well as information relating to your other obligations under the Franchise Agreement. We have the right to add to and otherwise modify the Operations Manual as we deem necessary and reasonable; however, no change to the Operations Manual will materially alter your fundamental rights under the Franchise Agreement. We may provide the Operations Manual solely through our website(s), and/or intranets, or other electronic means without any need to provide you with a paper copy or other physical format (Section 5.5 of the Franchise Agreement). Attached, as Exhibit F, is a copy of the table of contents of our Operations Manual as of the issuance date of this Disclosure Document. The number of pages and subjects in the Operations Manual are reflected in the table of contents.

If you enter into a Multi-Unit Development Agreement, in addition to assigning you a Development Area, we will do the following:

1. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Franchised Business (Multi-Unit Development Agreement – Section 5.1.3).

2. We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Franchised Business (Multi-Unit Development Agreement – Section 5.1.2).

3. We will provide other resources and assistance as may be developed and offered to Multi-Unit developers (Multi-Unit Development Agreement – Section 5.1.2).

Site Selection and Opening

We anticipate that franchisees will typically open their studios for business within 365 days after they sign the Franchise Agreement or pay any consideration for the franchise. The actual length of time it will take you to open your Studio will depend upon certain critical factors such as: (i) your ability to obtain a mutually acceptable site and the lease for the site; (ii) your ability to obtain acceptable financing; (iii) your ability to timely obtain required permits and licenses; (iv) the scheduling of the training program; (v) the timely completion of leasehold improvements; and (vi) the amount of time necessary to train personnel and to obtain necessary inventory, equipment and supplies.

Prior to opening your Studio, you must: (i) obtain our prior written approval for the Approved Location and our prior written approval for a lease (which complies with our lease requirements in the Franchise Agreement) within 180 days after we sign the Franchise Agreement, (ii) begin construction of your Studio at the Approved Location; and (iii) open your Studio within 365 days after we sign the Franchise Agreement. There is no contractual limit on the time it takes us to accept or reject your proposed location. Generally, we do not take more than 30 days from the time we receive the information requested by us, to accept or reject your proposed location.

You may not open your Studio for business until: (i) you pay the initial franchise fee and other amounts due to us; (ii) we notify you in writing that the Studio meets our standards and specifications; (iii) you have successfully completed initial training to our satisfaction; and (iv) you have provided us with certificates of insurance for all required insurance policies. If your Studio is not opened for business within 18 months from the date we sign the Franchise Agreement, we have the right to terminate the Franchise Agreement.

Continuing Obligations

During the operation of your Franchised Business, we are obligated under the Franchise Agreement to:

1. Provide periodic assistance we deem appropriate and advisable. Subject to availability of personnel and at your request, we will make personnel available to provide additional on-site assistance at your location, at our then current fee. (Section 5.3.2 of the Franchise Agreement).

2. Provide, in addition to the assistance rendered to you prior to opening and in connection with your opening, continuing consultation and advice as we deem

advisable regarding merchandising, inventory, sales techniques, personnel development and other business, operational and advertising matters that directly relate to the Franchised Business. This assistance may be provided by telephone, facsimile, email, postings to our intranet, periodically through on-site assistance by appropriate personnel, and/or other methods. (Section 5.4 of the Franchise Agreement).

3. Approve the type of products and services offered in your Franchised Business, as we may periodically modify. (Section 6.9 of the Franchise Agreement).

4. Permit you to use our confidential information. (Section 6.5 of the Franchise Agreement).

5. Permit you to use our Proprietary Marks. (Section 6.6 of the Franchise Agreement).

6. Administer, after we establish a brand development fund, the contributions to the fund. (Section 5.3.4 of the Franchise Agreement).

Advertising Programs

We have the right to establish a brand development fund to be administered for the common benefit of System franchisees (the "Fund"). Under the Franchise Agreement, we have the right to require you to contribute up to 1.5% of your monthly Gross Revenues to the Fund. (Section 4.3.4 of the Franchise Agreement).

Neither we, nor our affiliate-owned Honor Yoga studios, are contractually required to contribute to the Fund. We have the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine the selection of the advertising materials and programs. We are not required, under the Franchise Agreement, to spend any amount of Fund contributions in your Territory and not all System franchisees will benefit directly or on a pro rata basis from these expenditures. (Section 4.3.4.3 of the Franchise Agreement). Fund contributions may be used at our discretion for the following: the development, production and distribution of national, regional and/or local advertising; the creation of advertising materials and public relations that, in our sole judgment, promote the products and services offered by System studios including development and production of advertising and marketing programs and materials; purchase of media, field marketing programs and activities; mystery shopper programs; promotions, new product research and development, quality control; market research; talent fees; working with public relations firms; website development and maintenance; and for administrative, travel, debt service and operating costs and overhead. Our decisions in all aspects related to the Fund will be final and binding. We may charge the Fund for the costs and overhead, if any, we incur in activities reasonably related to the creation and implementation of the Fund and

the advertising and marketing programs for franchisees. These costs and overhead include: (i) the cost of preparing advertising campaigns and other public relations activities, (ii) the cost of employing advertising agencies, including fees to have print or broadcast advertising placed by an agency and all other advertising agency fees, and (iii) the proportionate compensation of our employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. (Section 4.3.4.2 of the Franchise Agreement).

We do not anticipate that any part of your contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but we reserve the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information. (Section 4.3.4.3 of the Franchise Agreement).

We may also establish special promotional programs. You are required to participate in special promotional programs and you must pay your share of the cost of developing and implementing the program, including common development, design and advertising costs. (Section 4.3.4.4 of the Franchise Agreement).

Advertising to be used by the Fund or by you locally may be produced in-house or through an outside agency. (Section 4.3.4.2 of the Franchise Agreement).

Although we anticipate that all Fund contributions will be spent within the fiscal year in which they accrue, any remaining amounts will be carried over for use during the next fiscal year. There is no requirement that the Fund be audited. Upon your written request, we will provide you with un-audited fiscal year-end financial statements and accountings of Fund expenditures. (Section 4.3.4.2 of the Franchise Agreement).

In our prior fiscal year, we did not collect or administer any Fund contributions. As we have not previously collected Fund payments, we do not have a basis to estimate the allocation of the uses of Fund contributions to media placement, administrative expenses or other uses in 2017.

There is currently no advertising council in place for the System.

Local Advertising

In addition to your required Fund Contributions, you are required to spend 2% of your monthly Gross Revenues on local advertising, subject to a minimum of $2,000.00 per month. You may use your own advertising material so long as you have received prior written permission from us. (Section 4.3.3 of the Franchise Agreement). If you propose to use any advertising which we have not previously approved, we have the right to condition approval of your proposed advertising upon your agreement to provide other System

franchisees, whose studios are located within the circulation area of the proposed advertising, the opportunity to contribute to and to participate in the advertising. You must provide any proposed advertising to us at least 30 days before you propose to use it. We are not contractually obligated to approve or reject any advertising submitted to us within the 30 days, but we will attempt to do so. You may not use the advertising unless we give you approval in writing. (Section 4.3.1 of the Franchise Agreement).You may not establish a website using or displaying any of the Proprietary Marks, and you may not advertise your Studio or the sale of products or services offered by your Studio on the Internet or through social media, except as we permit. We may host and give you access to a separate web page for your Studio on our website(s). Any website, social media platform or electronic materials you propose to use must be approved in advance by us before publication to the site. (Section 4.3.5 of the Franchise Agreement). You may not advertise your Studio or the sale of products or services offered by your Studio outside of your Territory.

Grand Opening Advertising

You must spend at least $10,000 - $12,000 in advertising and promotions 60 days prior to opening your Studio. You must keep detailed records of all expenditures and provide them to us within 15 days if requested. (Section 4.3.2 of the Franchise Agreement).

Advertising Cooperatives

If we establish an advertising cooperative within a geographically defined local or regional marketing area in which your Franchised Business is located, you must participate and abide by any rules and procedures the cooperative adopts and we approve. You will contribute to your respective cooperative an amount determined by the cooperative, but not to exceed 2% of your monthly Gross Revenues. Amounts contributed to a cooperative will not be credited against monies you are otherwise required to spend on local advertising or required to contribute to the Fund. We have the right to draft your bank account for the advertising cooperative contribution and to pass those funds on to your respective cooperative. Our affiliate owned Honor Yoga studios will have no obligation to participate in any such advertising cooperatives. (Section 4.3.6 of the Franchise Agreement).

The cooperative members are responsible for the administration of their respective advertising cooperative, as stated in the by-laws that we approve. The by-laws and governing agreements will be made available for review by the cooperative's franchisee members. We may require a cooperative to prepare annual or periodic financial statements for our review. Each cooperative will maintain its own funds; however, we have the right to review the cooperative's finances, if we so choose.

We reserve the right to approve all of a cooperative's marketing programs and advertising materials. On 30 days written notice to affected franchisees, we may terminate or

suspend a cooperative's program or operations. We may form, change, dissolve or merge any advertising cooperative.

Computers and Point of Sale Systems

We have the contractual right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. You must acquire computer hardware equipment, software, telecommunications infrastructure products and credit card processing equipment and support services we require in connection with the operation of your Franchised Business and all additions, substitutions and upgrades we specify. Your computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support our then-current information technology system. (Section 6.9.5 of the Franchise Agreement).

We will have the right to independently access information and data collected by the POS system or otherwise related to the operation of your Franchised Business. You must allow us to access the information remotely. There is no contractual limitation on our right to access this information and data. (Sections 4.6 and 6.9.5 of the Franchise Agreement).

Currently, we are requiring you to purchase either a white tablet, laptop or desktop computer with Microsoft office and internet access. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. We also require you to have a printer, scanner and copier. You must accept all major credit cards for customer purchases. This requirement may require that you invest in additional equipment.

We estimate that your cost to purchase a designated computer system will range from $800 to $1000. We also estimate that you will be required to pay approximately $600 per month for ongoing software and maintenance fees such as MINDBODYonline billing software at approximately $300 per month, healcode that integrates with the website at approximately $50 per month, listen 360 at approximately $50 per month, online directories and website at approximately $100, and per month email service provider at approximately $100 per month.

You must upgrade or update your computer equipment and software. There is no contractual limitation on the frequency or cost of required updates or upgrades. In addition to any charges imposed by computer hardware and software vendors, we may charge you a reasonable systems fee for modifications and enhancements we or our vendors or representatives make to proprietary software and for other maintenance and support services that we may furnish to you.

Additional Investment

We reserve the right to periodically make changes to the System, including the training curriculum, classes, standards, facility location requirements, signage, equipment, and fixtures requirements. In the event we make any of these types of changes, or your equipment or facilities wear out or become obsolete (including no longer complying with System standards or requirements), you may have to make, on an as-needed basis, additional investments in your Franchised Business.

Once every five years, we may require you to refurbish or remodel your Studio in accordance with our then-current brand image and standards, including those relating to fixtures, furnishings, signs, and equipment. (Section 6.3.6 of the Franchise Agreement).

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Training Program

Initial Training Schedule

Topic	Hours of Classroom Training	Hours of Training On the Job	Location
Honor In Everything Training - Mission - Value - Ethics - Company Structure	4	0	Pennington, NJ
Community Connection Training - Connection/Serve - Roadmap/Outgoing Contacts - Information Calls - Golden Hour	3	3	Pennington, NJ
Studio Host/Hostess Training - Checking in Clients - Purchases - Booking Classes - Guest Intake/Tours/Green Stars	2	8	Pennington, NJ
Core Curriculum Training	0	7	On-site at Your Studio
MINDBODY Software Training	6	0	Pennington, NJ
Marketing Training	4	0	Pennington, NJ

Operations - Scheduling: - The how to's - Instructor Retention Reports - Holiday Procedures - Gift Certificates - Thank You and Welcome Cards - Weekly Instructor Communication Template - Weekly Instructor Announcement Template - New Client Benefits - Energy Exchange Positions	4	0	Pennington, NJ
Management - Leadership - Communication - Decision Making - Managing Conflicts - Change Management - Motivation - Empowerment	3	0	Pennington, NJ
Retention & Service	3	0	Pennington, NJ
Financial - P&L Format - KPI's - Payroll Process	3	0	Pennington, NJ
Retail - How to Enter Inventory - Display - Sales - Reorder Process	3	0	Pennington, NJ

(For Teacher Training Program)

Topic	Hours of Classroom Training	Hours of Training On the Job	Location
Teacher Training School Operations Training - Scheduling - Information Sessions - Hiring - General Operations	4	0	Pennington, NJ

Initial business training is offered for three (3) people, including you or your Operating Principal (if you are an entity), your manager and your assistant manager. Initial training will be partially conducted in our Pennington, NJ studio (or another studio in Central New Jersey) and partially conducted at your Studio. One day of the initial on-site training at your Studio will include mandatory training for your instructors. Instructors will not be permitted to teach in your Studio without completing this initial training. Additionally, all of your instructors must attend and successfully complete a 200 hour RYT program approved by us prior to teaching in your Studio.

Additionally, if your Studio elects to participate in the Teacher Training Program, your initial training will include an additional four (4) hours of training covering topics relevant to teacher training.

The training program will be conducted under the supervision of Maria Parrella-Turco. Maria has extensive knowledge regarding the ownership and operation of Honor Yoga studios and has served as the President of our affiliates. Maria will utilize the Operations Manual and marketing and promotional materials during the training.

You or your Operating Principal (if you are an entity), your manager and your assistant manager are required to complete the initial training program to our satisfaction before opening your Studio or assuming management responsibility. If initial training is otherwise required for you or any manager, you must pay us our then-current tuition for each person to attend the additional initial training program beyond the tuition free allowances. The current tuition for attending our additional initial training for these persons is $500 per person per day. See Items 6 and 7. You are responsible for all training-related expenses for yourself and your trainees including transportation to and from the training site, lodging, dining expenses, wages and insurances, including worker's compensation insurance.

All of your instructors must attend, and complete the instructor training program to our satisfaction before opening your Studio. If we are required to train additional instructors,

at a later time you must pay us our then-current tuition for each person to attend the instructor training program beyond the tuition free initial on-site training offered during your initial training. The current tuition for attending our additional instructor training for these persons is $2,000 per instructor. See Items 6 and 7. You are responsible for all training-related expenses for you and your employees including transportation to and from the training site, lodging, dining expenses, wages and insurances, including worker's compensation insurance.

We have the right to offer refresher courses from time to time to you, your General Manger, your instructors and/or your employees. You or your Operating Principal (if you are an entity), your General Manager, your instructors and other employees are required to attend the additional training at your cost at our then-current tuition if we, in our sole discretion, consider the training necessary. Our current tuition for refresher courses is $500 per person per day. You are solely responsible for your expenses and your employees' expenses that are incurred during training including obtaining all necessary insurance coverage.

Gift Cards

If a gift card is purchased at one Studio but redeemed at another Studio, the Studio where the gift card is redeemed will receive 100% of the amount redeemed, which will be counted towards that Studio's Gross Revenue. We will deduct the corresponding amount from the account of the Studio where the gift card was initially sold, via ACH transfer, less any royalties already paid by that Studio in connection with the initial sale and will credit the amount to the Studio where the gift card was redeemed.

Gift cards will also be available for purchase from our website. If a gift card purchased from our website is redeemed at your Studio, you will receive 100% of the amount redeemed, which will be counted towards your Gross Revenue.

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ITEM 12
TERRITORY

The Franchise Agreement grants you the right to operate one Honor Yoga studio at the specific location identified in the Franchise Agreement or subsequently identified and mutually acceptable to both you and us.

If the lease term is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the premises of the Studio, you must relocate your Studio to a site mutually acceptable to you and us in order to complete the balance of the term of the Franchise Agreement. You must give us notice of your intent to relocate, must procure a site acceptable to us within 60 days after closing the prior location, and must open the new Studio for business within 180 days of closing the previous one. We may or may not agree to such relocation based upon various criteria including, but not limited to: area demographics, estimated market demand and proximity to other System studios. If you fail to comply with the relocation requirements, we may terminate the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We may establish other franchised or company-owned Honor Yoga studios that may compete with your location. However, the number of Honor Yoga studios operated or licensed by us will not exceed a maximum of one studio for each population of 60,000 in the county in which the Studio is located if you are in compliance with your obligations under the Franchise Agreement. The continuation of your right to operate your Studio is not dependent upon achieving a certain sales volume, market penetration or other contingency.

You have no right to distribute any services or products offered in the Franchised Business through any alternate channels of distribution.

We and/or our affiliates reserve all other rights not granted to you, which include but are not limited to: (i) the right to own, operate, franchise or license, studios and similar businesses operating under names other than the Proprietary Marks, regardless of the proximity to your Franchised Business or whether or not these other concepts offer products and services which are similar to or competitive with those offered by your Franchised Business; and (ii) the right to distribute products and services (which may include, but are not limited to, on-line yoga classes, software, clothing, books, nutritional products, videos, and music), in alternative channels of distribution whether now existing or developed in the future, identified by the Proprietary Marks or other marks we and/or our affiliates own or license, through any distribution method we or our affiliates may establish, and may franchise or license others to do so, regardless of whether the offering

of products or services in the other channels of distribution compete with your Studio (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods).

We and our affiliates are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution under the same and/or different proprietary marks, regardless of the proximity to your Franchised Business.

You are unrestricted as to the geographic area from which you may obtain business as a System franchisee. Except as we otherwise approve, you may not take part in any sales from a location other than the premises of your Studio. You may participate in corporate wellness programs or offer off-site retreats, subject to our prior written approval.

We do not offer franchisees any option, right of first refusal or any similar right to acquire additional franchises within any designated area or contiguous territories.

Multi-Unit Development Agreement

If you enter into a Multi-Unit Development Agreement, you will receive a Development Area within which you will have certain rights to develop multiple Honor Yoga studios. The size of the Development Area will depend on the number of Honor Yoga studios you commit to develop, and may be described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality, or other similar methods, and may be depicted on a map. If you meet the minimum Development Schedule, comply with all other provisions described in the Multi-Unit Development Agreement and otherwise comply with the provisions of each related Franchise Agreement, we will not establish or license others to establish a Honor Yoga studio within the Development Area assigned to you. You maintain your rights to your Development Area even if the population increases.

Upon completion of your Development Area in the Multi-Unit Development Agreement, your rights to develop Honor Yoga studios within the Development Area will end and you will have no further rights in the Development Area, except for the individual Territories granted under the Franchise Agreements you have signed with us.

The Multi-Unit Development Agreement does not provide any right to distribute any services or products offered in the Honor Yoga studios through any alternate channels of distribution.

We and/or our affiliates reserve all other rights with respect to your Development Area, which include but are not limited to: (i) the right to own, operate, franchise or license, both within and outside the Development Area, studios and similar businesses operating under names other than the Proprietary Marks, regardless of whether or not these other

concepts offer products and services which are similar to or competitive with those offered by your Franchised Business; and (ii) the right to distribute products and services (which may include, but are not limited to, on-line yoga classes, software, clothing, books, nutritional products, videos, and music), in alternative channels of distribution whether now existing or developed in the future, identified by the Proprietary Marks or other marks we and/or our affiliates own or license, through any distribution method we or our affiliates may establish, and may franchise or license others to do so, both within and outside the Development Area, regardless of whether the offering of products or services in the other channels of distribution compete with any Honor Yoga studio (which alternative channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods). Because we reserve these rights, we are required, under federal law, to advise that you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We and our affiliates are under no obligation to pay you any compensation for selling similar products or services through other channels of distribution under the same and/or different proprietary marks within the Development Area.

We and/or our affiliates retain the right to use and to license others to use the System for the operation and licensing of other System studios at any locations outside of the Development Area.

You are not granted any right of first refusal to obtain additional development rights.

ITEM 13
TRADEMARKS

The following is the principal trademark that we will currently license to you (the "Proprietary Marks") which is registered on the Principal Register.

Mark	Registration Number	Registration Date
Honor Yoga	4798638	8/25/15

We also own and claim common law trademark rights in the trade dress used in the Franchised Business. Our common law trademark rights and trade dress are also included as part of the Proprietary Marks.

We are not aware of any agreements that limit our right to use or license the Proprietary Marks. We intend to file an affidavit of use, an affidavit of incontestability and any and all renewals when due for the Proprietary Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Proprietary Marks, nor any pending infringement, opposition, or cancellation proceedings or material litigation involving the Proprietary Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Proprietary Marks in any manner material to the franchise. We are not aware of any superior rights that could affect your use of the Proprietary Marks.

Your rights to the Proprietary Marks are derived solely from your Franchise Agreement. You may have the right to potentially use future trademarks, service marks and logos that we may subsequently license to you. You will only use the Proprietary Marks as we authorize. In using the Proprietary Marks, you must strictly follow our rules, standards, specifications, requirements and instructions which may be modified by us in our discretion. All goodwill associated with the Proprietary Marks remains our exclusive property. You may not use the Proprietary Marks with any unauthorized product or service or in any way not explicitly authorized by the Franchise Agreement. When your Franchise Agreement expires or terminates, all rights for you to use the Proprietary Marks shall cease and you shall not maintain any rights to use any Proprietary Mark.

You cannot use the Proprietary Marks (or any variation of the Proprietary Marks) as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not apply for any trademark or service mark.

In the event of any infringement of, or challenge to, your use of any of the Proprietary Marks, you must immediately notify us, and we will have sole discretion to take such action as deemed appropriate. We will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your authorized use of the Proprietary Marks in accordance with the Franchise Agreement or as otherwise set forth by us in writing, if you have notified us promptly of the claim. We reserve the right, under the Franchise Agreement, to substitute different Proprietary Marks for use in identifying the System and the businesses operating under the System if the current Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary Marks will be beneficial to the System. If we substitute any of the Proprietary Marks, you must bear the cost and expense of all substitutions at the Franchised Business (for example, changing signage, business cards, etc.).

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents or patent applications are material to the franchise.

We claim common law protection and copyrights for many aspects of our business including, without limitation, our Operations Manual and other manuals, advertising and promotional materials, our training materials and programs, and our websites. We have not registered these copyrights with the United States Copyright Office, but need not do so at this time to protect them.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of our copyrighted materials.

Operations Manual

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Operations Manual. We may revise the contents of the Operations Manual and you must comply with each new or changed standard, at your own expense. You must make sure that the Operations Manual is kept current at all times. If there is any dispute as to the contents of the Operations Manual, the terms of the master copy maintained by us at our corporate office will be controlling.

The Operations Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

Confidential Information

You must treat our confidential information as confidential and use all reasonable efforts to maintain this information as secret and confidential.

You may never during the Term, including any renewal, of the Franchise Agreement, or after the Franchise Agreement expires or terminated, reveal any of our confidential information to another person or entity, or use our confidential information for the benefit of any other person or entity. You may not copy any of our confidential information except as we may authorize. You may only use the Operations Manual and our confidential information as described in the Franchise Agreement. You may only divulge confidential information to those of your staff and personnel who must have access to it to operate the Franchised Business.

Any and all information, knowledge, know-how, techniques and data which we designate as confidential will be deemed confidential for purposes of your Franchise Agreement.

Examples of confidential information include, without limitation: (1) site selection, construction plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other Honor Yoga System studios; (5) the Operations Manual; (6) training materials and programs; (7) studio fee information and customer data; (8) any computer software and similar technology that is proprietary to us or the System; and (9) all password-protected portions of our website, intranets and extranets and the information they contain (including the email addresses of our franchisees).

All data that you collect from clients of the Franchised Business or through marketing is deemed to be owned exclusively by us and/or our affiliates. You must install and maintain security measures and devices necessary to protect client data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any clients. You have the right to use the client data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If you transfer the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with us, you may transfer the client data to the new owner as part of the going concern value of the business.

You must require your owners, officers, directors, managers and any personnel having access to any of our confidential information to sign a confidentiality agreement in which these individuals agree to maintain the confidentiality of information regarding the System that they receive in the course of their employment or affiliation with your Franchised Business. The agreement must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the non-disclosure covenants, with the independent right to enforce them.

All new products, items, services and other developments, whether they be of our original design or variations of existing services or techniques, or your original design or variations of existing services or techniques, will be deemed a work made for hire and we will own all rights in them. If they do not qualify as works made for hire, you will assign ownership to us under the Franchise Agreement. You will not receive any payment, adjustment or other compensation in connection with any new products, items, services or developments.

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

We strongly recommend that you (or, if you are an entity, your Operating Principal) personally participate in the operation of the Franchised Business. The Operating Principal must be an equity owner in the Franchised Business and have the authority to bind you in all operational decisions regarding the Franchised Business. We will have the right to rely on any statement, agreement or representation made by the Operating Principal. You may not change the Operating Principal without our prior written approval.

If you or your Operating Principal does not participate in the day-to-day operation of the Honor Yoga studio, you will need a General Manager to be responsible for the direct on premises supervision of the Franchised Business at all times during the hours of operation. Your General Manager must be qualified to teach all curriculum and to supervise the training and performance of all other instructors teaching at your Studio. However, you are still responsible for the operations of the Franchised Business.

You or your Operating Principal (if you are an entity), your General Manager and your assistant manager must satisfactorily attend and complete our training program.

At all times, you will keep us advised of the identity of your General Manager. Your General Manager need not have any equity interest in the franchise. You will disclose to your General Manager only the information needed to operate the Franchised Business and the General Manager will be advised that any confidential information is our trade secret.

In addition, your General Manager and all persons affiliated with you, including your officers, directors, partners, shareholders, members, managers and employees are required to execute a Confidentiality Agreement in the form attached as Exhibit 4 to the Franchise Agreement.

You must hire all employees of the Franchised Business and are solely responsible for the terms of their work, training, compensation, management, promotions, terminations, and oversight. Your employees are under your day-to-day control at the Franchised Business. You must communicate clearly with your employees in your employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that you (and only you) are their employer, and we, as the franchisor, are not their employer and do not engage in any employer-type activities (including those described above) for which only you are responsible.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to limit your business to the operation of your Studio. You may not conduct any other business or activity at your Studio without our written permission. You may only sell products at retail and may not engage in the wholesale or distribution of any product.

Your franchise is limited to one location and all sales must be from that one location. You are not permitted to directly participate in corporate wellness programs or to offer off-site retreats or any off-site services without our prior written approval. You are not permitted to sell or distribute any products through the use of catalogs, mail order, the internet or other electronic means of communication without our prior written approval.

If any member of your studio participates in any online classes, we may, but are not obligated to, share a portion of the revenue we receive with you. We currently share a percentage of the revenue we receive from on-line classes for members who sign up directly through your studio. However, we reserve the right to discontinue or change this policy at any time.

You may only offer or sell products and services that are approved by us and must offer for sale certain products and services as designated by us. We may add, delete or alter approved products or services that you are required or allowed to offer in our reasonable discretion. There are no limits on our right to do so. You must discontinue selling and offering any products, services or items that we, in our sole discretion, disapprove in writing at any time.

In offering products and services for sale, you may only use products, supplies, uniforms, fixtures, furnishings, signs and equipment approved by us. You may not deviate from our standards or specifications without our prior written consent.

You must participate in and comply with all advertising and promotional campaigns and activities that we conduct. If we require that you conduct any promotional activities, you will bear your own costs of conducting these activities. We have the right to set restrictions on the pricing of all products and services that are sold or distributed, including the ability to determine the pricing.

All clients of your Studio must execute a studio fee agreement. The form of studio fee agreement cannot extend for a term that is longer than the Term of the Franchise Agreement. All forms of studio fee agreements must be approved by us, and cannot be modified without our prior written consent. You may only sell to clients in strict compliance with System standards and the terms of the Franchise Agreement.

We may require you to sell studio fee agreements that allow access to any System studio. We reserve the right to assign studio fee agreements to you and you will be required to accept and honor these agreements. We further reserve the right to establish a reciprocity program between your Studio and other System studios, and you must comply with the requirements of any such program. We reserve the right to modify any reciprocity program in our sole discretion.

We may also require your Studio to participate in fundraiser activities for the Honor Yoga Foundation, including offering donation classes.

It is your responsibility to determine that you are complying with all laws and regulations applicable to the Franchised Business. If we permit you to make pre-sales (if permitted by, and subject to applicable law), you must establish any required escrow accounts with escrow agents acceptable to us. Pre-sales cannot occur until you or your Operating Principal (if you are an entity) and your General Manager are trained by us.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to the Disclosure Document.

FRANCHISE AGREEMENT

	Provision	Section in Franchise Agreement	Summary
a.	Term of franchise	2.1	5 years.
b.	Renewal or extension of the term	2.2; 2.3; 2.4	You have the right to renew the franchise for two additional 5-year terms.
c.	Requirements for you to renew or extend	2.2	You may renew if you: (i) have notified us of your election to renew; (ii) have the right to lease the premises for an additional 5 years (or have secured substitute premises); (iii) have completed all maintenance and refurbishing required by us; (iv) are not in default of any agreement between you and us or our affiliates and have substantially complied with all agreements during their term; (v) have satisfied all monetary obligations owed to us and/or our affiliates; (vi) have executed our then-current form of Franchise Agreement; (vii) have satisfied our then-current training requirements for new franchisees; (viii) have executed a release of any and all claims against us, our affiliates, and our shareholders, officers, directors, agents, employees, attorneys and accountants arising out of or related to the Franchise Agreement or any related agreement; and (ix) paid the renewal fee. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and territorial rights.
d.	Termination by you	9.1	You must give us 90 days written notice to cure any default within 60 days of the event or circumstances giving rise to the breach. You must be in material compliance. If we fail to cure any material breach within the 90 day cure period, you may terminate for that reason by written notice, except if the breach is not susceptible to cure within 90 days, but we take action within 90 days to begin curing the breach and act diligently to complete the corrective action within a reasonable time, we will be deemed to have timely cured the breach.
e.	Termination by Franchisor without cause	No provision	Not applicable.
f.	Termination by Franchisor with cause	9.2	We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See Item 17(g) and (h) for further description.

	Provision	Section in Franchise Agreement	Summary
g.	Cause defined – default which can be cured	9.2.1	We have the right to terminate the Franchise Agreement, (i) after a 7 day cure period if your failure to comply with the Franchise Agreement relates to the Proprietary Marks; (ii) after a 15-day cure period upon your failure to pay any sums owed to us or our affiliates; or (iii) after a 30 day cure period upon your failure to comply with any other provision not listed above or listed below as a non-curable default, except if the breach is not susceptible to cure within the applicable cure period, but you take action within the cure period to begin curing the breach and act diligently to complete the corrective action within a reasonable time, you will be deemed to have timely cured the breach.
h.	Cause defined – default which cannot be cured	9.2.2	We have the right to terminate the Franchise Agreement without providing you an opportunity to cure if: (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Studio, or goodwill of the Proprietary Marks; (ii) you are convicted or plea of guilty or nolo contendre of a felony; (iii) you commit fraud in the operation of your Franchised Business; (iv) you misrepresent yourself in any way (including through omission of information) in connection with your franchise application; (v) you file for bankruptcy or are adjudicated as bankrupt; (vi) insolvency proceedings are commenced against you; (vii) you are the subject of a lien; (viii) you become insolvent; (ix) you or your principals materially breach any other agreements with us or our affiliates; (x) we send you 3 or more written notices to cure within one 12-month period; (xi) you intentionally underreport or misstate any information required to be reported to us; (xii) you voluntarily or otherwise abandon the Studio; (xiii) you fail to open the Studio; (xiv) you lose the right to occupy the Premises of your Approved Location as a result of a breach of your lease agreement; (xv) you fail to meet certain System standards, creating a threat or danger to health or safety; (xvi) any violation of health or safety laws occur at the Studio; (xvii) you fail to comply with any in-term covenants; (xiii) you use the Confidential Information in an un-authorized manner; (xix) you fail to maintain insurance; and (xx) any unauthorized transfer.
i.	Your obligations on termination/non-renewal	10.1	You must cease operation of the Franchised Business, pay all unpaid fees, discontinue using the Proprietary Marks, return the Operations Manual and all other confidential information, transfer your business telephone numbers to us or our designee, surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks and all items which are part of the System trade dress, sell to us any furnishings, equipment, signs or fixtures which we elect to purchase, and, at our option, assign to us any interest you have in the lease or sublease for the Studio's premises or, in the event we do not elect to exercise our option to acquire the lease, modify or alter the premises as may be necessary to distinguish it from a System studio, cease to hold yourself out as a franchisee of the System, take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by us, permit us to make final inspection of your financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer, and adhere to all post-termination covenants.
j.	Assignment of contract by Franchisor	8.7	We have the unrestricted right to sell, transfer, assign and/or encumber all or any part of our interest in the Franchise Agreement or ourselves.

	Provision	Section in Franchise Agreement	Summary
k.	"Transfer" by you – definition	8.1	A sale, transfer or assignment is deemed to occur if: (i) you are a corporation, or limited liability company, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock which results in a change of ownership of 20% or more of your total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock; or (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest.
l.	Franchisor's approval of transfer by Franchisee	8.3.1	You may not sell, transfer, assign or encumber your interest in the Franchised Business or your rights under the Franchise Agreement without our prior written consent.
m.	Conditions for Franchisor's approval of transfer	8.3.1	Approval to sell or transfer your franchise may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our affiliates, or suppliers; (ii) the timely cure of all existing defaults under the Franchise Agreement; (iii) execution of a general release; and (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer. The proposed transferee must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, has the aptitude to operate the Franchised Business and has adequate financial resources to conduct the business. You or the transferee must also make arrangements to comply with all obligations to remodel, refurbish, and improve the Studio to conform to our then-current standards and trade dress. The transferee must have executed our then-current Franchise Agreement, you or the transferee have paid to us the transfer fee, and the transferee, its General Manager and its assistance manager must have completed our initial training program.
n.	Franchisor's right of first refusal to acquire your business	8.3	We can match any offer for the transfer or assignment of 20% or more of Franchisee's interest in the Franchise Agreement, the Franchised Business or in Franchisee, within 30 days after receipt of a written sales proposal.
o.	Franchisor's option to purchase your business	10.2	If the Franchise Agreement is terminated or expires (without renewal), we have the right to purchase the Franchised Business and its premises at fair market value and/or the right to purchase usable inventory and any items containing the Proprietary Marks at the lesser of cost or its then-current value.
p.	Your death or disability	8.2	If you die or become disabled or incapacitated, your executor, heir or legal representative must obtain approval to continue as the franchisee within 180 days from the date of your death, disability or incapacity. We may, at our sole option, manage the Franchised Business if there is no qualified General Manager.
q.	Non-competition covenants during the term of the franchise	7.4.1	Neither you, nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business that offers any service which is the same or substantially similar to those services begin offered by Honor Yoga Studios (a "Competing Business").
r.	Non-competition covenants after the franchise is terminated or expires	7.4.2	The Franchise Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members, for 2 years (or the maximum period allowed by law, if shorter) following the date of the expiration and non-renewal, transfer or termination of the Franchise Agreement: (i) to own, engage in, be employed or have any interest in any Competing Business within five miles (or the maximum area allowed by law) of your Studio

	Provision	Section in Franchise Agreement	Summary
			or other System studios operated by us, our affiliates or other franchisees; (ii) to solicit business from former clients of your Studio for any competitive business purpose or to solicit employees of us, our affiliates or other System franchisees; or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.
s.	Modification of this agreement	12.1	The Franchise Agreement may only be modified by written amendment signed by both parties. We may change the Operations Manual and System Standards.
t.	Integration/merger clauses	12.1	The Franchise Agreement is the entire agreement between the parties. Only the terms of the Franchise Agreement are binding. Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, nothing in the Franchise Agreement is intended to disclaim the representations made in the Disclosure Document.
u.	Dispute resolution by arbitration or mediation	No Provision	The parties must submit disputes to binding arbitration through the American Arbitration Association in Mercer County, New Jersey (except either party may pursue an action for injunctive relief)(subject to state law)
v.	Choice of forum	12.2; 12.3	Subject to the arbitration requirement, all actions must be commenced in the Courts of Mercer County, New Jersey, or the United States District Court, District of New Jersey (subject to state law).
w.	Choice of law	12.2	Except for the Federal Arbitration Act and other federal law, the law of the State of New Jersey applies (subject to state law)

MULTI-UNIT DEVELOPMENT AGREEMENT

	Provision	Section in Multi-Unit Operator Agreement	Summary
a.	Length of the term	4.1	Until the date we accept and execute a franchise agreement for the last of the Franchised Businesses you are to establish under your Development Schedule or by the end of a set term to complete the Development Schedule.
b.	Renewal or extension	No provision	There is no renewal right.
c.	Requirements for you to renew or extend	No provision	Not Applicable
d.	Termination by Multi-Unit Operator	No provision	Not Applicable
e.	Termination by Franchisor without cause	No provision	Not Applicable

	Provision	Section in Multi-Unit Operator Agreement	Summary
f.	Termination by Franchisor with cause	6.1	We have the right to terminate the Multi-Unit Development Agreement with cause. Depending upon the reason for termination, we do not have to provide you an opportunity to cure. See this Item 17(g) and (h) for further description.
g.	"Cause" defined - curable defaults	6.5	Curable defaults have a 30 day cure period.
h.	"Cause" defined - non curable defaults	6.1; 6.2	We have the right to terminate the Multi-Unit Development Agreement without providing you an opportunity to cure if: (i) you commit any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the goodwill of the Proprietary Marks; (ii) you are convicted or plea of guilty or nolo contendre of a felony; (iii) you misrepresent yourself in any way (including through omission of information) in connection with your development application; (iv) you file for bankruptcy or are adjudicated bankrupt; (v) insolvency proceedings are commenced against you; (vii) you are the subject of a lien; (vi) you become insolvent; (vii) you or your principals materially breach any other agreements with us or our parent, affiliate or predecessor; (viii) you use the Confidential Information in an un-authorized manner; (ix) you fail to adhere to the Development Schedule; and/or (x) you commit an unauthorized transfer. You can maintain any existing Franchised Businesses that are established by a Franchise Agreement, as long as you comply with the terms of that Franchise Agreement.
i.	Your obligations on termination/non-renewal	6.3	You must stop selecting sites for Franchised Businesses, and you may not open any more Franchised Businesses.
j.	Assignment of contract by franchisor	7.1	We have the unrestricted right to sell, transfer, assign, and/or encumber all or any part of our interest in the Multi-Unit Development Agreement.
k.	"Transfer" by franchisee – defined	7.2	A sale, transfer or assignment is deemed to occur if: (i) you are a corporation, or limited liability company, upon any assignment, sale, pledge or transfer or increase of 20% or more of your voting stock which results in a change of ownership of 20% or more of your total voting stock, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of your voting stock; or (ii) if you are a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership interest.
l.	Franchisor's approval of transfer by franchisee	7.2	You may not sell, transfer, assign or encumber your interest in the Multi-Unit Development Agreement without our prior written consent.

	Provision	Section in Multi-Unit Operator Agreement	Summary
m.	Conditions for Franchisor's approval of transfer	7.2	Approval to sell or transfer the Multi-Unit Development Agreement may be conditioned upon the following: (i) satisfaction of all monetary obligations to us, our parent, affiliate or predecessor, or suppliers; (ii) the timely cure of all existing defaults under any agreement between us; (iii) execution of a general release; (iv) providing us with a copy of the executed purchase agreement relating to the proposed transfer and (v) the transferee must have paid to us the transfer fee. The proposed transferee must sign an assignment and a guarantee and must have demonstrated to us that he or she meets our standards, possesses good moral character, business reputation and credit rating, has the aptitude and adequate financial resources to fulfill the obligations under the Multi-Unit Development Agreement.
n.	Franchisor's right of first refusal to acquire franchisee's business	7.2; 7.3	We have the right to match any offer to purchase your interests under the Multi-Unit Development Agreement.
o.	Franchisor's option to purchase franchisee's business	No provision	Not applicable.
p.	Multi-unit operator's death or disability	7.4	Upon your death or disability, your representative must designate an operator who is acceptable to us to carry out your duties under the Multi-Unit Operator Agreement within 60 days and transfer your interest to an approved party within 90 days. This transfer is subject to the same terms and conditions as any other transfer.
q.	Non-competition covenants during the term of the Multi-Unit Operator Agreement	8.2	Neither you nor your partners, shareholders, members or managers, nor immediate family members may have any interest in any other business which is the same or substantially similar to those services begin offered by Honor Yoga Studios (a "Competing Business").
r.	Non-competition covenants after the Multi-Unit Operator Agreement is terminated or expires	8.3	The Multi-Unit Development Agreement limits your right and the rights of your partners, shareholders, members, managers and immediate family members for 2 years following the date of the expiration and non-renewal, transfer or termination of the Multi-Unit Development Agreement: (i) to own, engage in, be employed or have any interest in any Competing Business within five miles (or the maximum area allowed by law) of your Development Area or any Honor Yoga studio locations; (ii) to solicit business for any competitive business purpose or to solicit employees of us, our affiliate or predecessor or other System franchisees; or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.
s.	Modification of the agreement	13	The Multi-Unit Development Agreement may only be modified by written amendment signed by both parties.

	Provision	Section in Multi-Unit Operator Agreement	Summary
t.	Integration/ merger clauses	13	The Multi-Unit Development Agreement is the entire agreement between the parties. Only the terms of the Multi-Unit Development Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Multi-Unit Development Agreement may not be enforceable. However, nothing in the Multi-Unit Development Agreement is intended to disclaim the representations made in the Disclosure Document
u.	Dispute resolution by arbitration or mediation	14.5; 14.3	The parties must submit disputes to binding arbitration through the American Arbitration Association in Mercer County, New Jersey (except either party may pursue an action for injunctive relief)(subject to state law)
v.	Choice of forum	14.2	Subject to the arbitration requirement and applicable state law, dispute resolution must be in state or federal court that has general jurisdiction in Mercer County, New Jersey.
w.	Choice of law	14.2	Except for the Federal Arbitration Act or applicable federal or state law, New Jersey law applies.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

I. Affiliate operated location

Our affiliates operate six studios that have been in business for more than 12 months. Four of those locations are single class-room models, and are not listed below since we are only permitting franchisees to develop and operate two-classroom studios. In addition, one location is limited to aerial & acro yoga, and is not listed below, since it is limited to only those services.

During the 2017 calendar year, one of our affiliate's locations operated a two-class room model. The following represents the Gross Revenue, Net Profit and EBITDA for this two-class model location during the 2017 calendar year.

Gross Revenue:	$504,080
Net Profit*:	$190,651
EBITDA:	30.68%

*Does not include any owner's draw or manager's salary.

Brand Development Fund fees, and other franchisee costs outlined in this disclosure document are not included in the figures used in above tables.

II. Franchised Location

During the 2017 calendar year, we had two franchised locations that operated for 12 months or longer. Both of the franchised locations operate a two-class room model. The following represents the average Gross Revenue, Net Profit and EBITDA for these franchised locations during the 2017 calendar year.

Gross Revenue:	$335,390
Net Profit*:	$116,896
EBITDA:	24.12%

*Does not include any owner's draw or manager salary.

Median numbers are the same as the averages provided.

Notes regarding the above financial performance representations:

1. Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

2. These results are unaudited.

3. Franchisee revenues and costs may vary significantly depending on a number of factors including, but not limited to, the location of the Franchised Business, market saturation, your success at developing business, whether you operate the business

personally or hire a manager, prevailing service provider rates, your industry experience and/or abilities, and other economic conditions. The financial results of your Franchised Business are likely to differ, perhaps materially, from the results summarized in this Item 19.

4. Definitions:

"Gross Revenue" includes all income of any type or nature and from any source including, but not limited to, cash, services, in kind from barter and/or exchange, gift cards (when purchased not when redeemed) on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities. Gross Revenues are calculated on a cash basis when a sale is made, not on an accrual basis.

"EBITDA" (Earnings Before Interest, Taxes, Depreciation and Amortization) does not include a provision for income tax or non-cash expenses (depreciation and amortization). It also does not include a reserve for capital expenditures.

"Net Profits" was calculated by deducting all operating expenses and all other charges including taxes, interest and depreciation from the studio's total Gross Revenue (except for any owner's draw or manager's salary).

5. The above results do not include interest costs or debt service amounts.

We do not represent that a franchisee can expect to achieve these sales in either their first year of operation, or at any time during the term of the Franchise Agreement.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon request.

Other than the preceding financial performance representation, Honor Yoga Management, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any representations either orally or in writing. If you are purchasing an existing outlet, however we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Maria Parrella-Turco, 59 Lawrencia Drive, Lawrenceville, NJ 08648, (609) 332-5689, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2015-2017

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2015	0	0	0
	2016	0	4	+4
	2017	4	6	+2
Company Owned	2015	3	6	+3
	2016	6	6	0
	2017	6	3	-3
Total Outlets	**2015**	**3**	**6**	**+3**
	2016	**6**	**10**	**+4**
	2017	**10**	**9**	**-1**

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR YEARS 2015-2017

STATE	YEAR	NUMBER OF TRANSFERS
NEW JERSEY	2015	0
	2016	0
	2017	0
TOTAL	**2015**	**0**
	2016	**0**
	2017	**0**

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR YEARS 2015 TO 2017

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS – OTHER REASONS	OUTLETS AT END OF YEAR
New Jersey	2015	0	0	0	0	0	0	0
	2016	0	4	0	0	0	0	4
	2017	4	2*	0	0	0	0	6
TOTAL	**2015**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2016	**0**	**4**	**0**	**0**	**0**	**0**	**4**
	2017	**4**	**2**	**0**	**0**	**0**	**0**	**6**

*In December, 2017, franchisees acquired two affiliate operated locations.

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2015 TO 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at end of the Year
New Jersey	2015	4	2	0	0	0	6
	2016	6	1	0	0	1	6
	2017	6	0	0	0	3*	3
Total	**2015**	**4**	**2**	**0**	**0**	**0**	**6**
	2016	**6**	**1**	**0**	**0**	**1**	**6**
	2017	**6**	**0**	**0**	**0**	**2**	**3**

* In March 2017, our affiliate's Manalapan and Millstone locations merged. This merged location was sold to a franchisee in December, 2017.

In December, 2017, our affiliate's Mansfield location was also sold to a franchisee.

TABLE NO. 5

PROJECTED OPENINGS
AS OF DECEMBER 31, 2017

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
California	0	2	0
New Jersey	0	4	0
New York	0	2	0
North Carolina	1	1	0
Ohio	0	2	0
Total	1	11	0

Attached as Exhibit G to this Disclosure Document is a list of all franchisees, including their address and telephone number (or their contact information if their Franchised Business is not yet open) as of the issuance date of this Disclosure Document.

Attached as Exhibit G to this Disclosure Document is the name, city, state and current business telephone number (or if unknown, the last known telephone number) of every franchisee who had a Franchised Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

No prospects signed our Multi-Unit Devepment Agreement in our last fiscal year.

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees that would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the Honor Yoga System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit E are our audited financial statements for the fiscal year ending December 31, 2016 and December 31, 2017.

Our fiscal year end is December 31st.

We have not been in business for three fiscal years or more, and therefore we cannot include three years' worth of financial information as required under this Item.

ITEM 22
CONTRACTS

Included in this Disclosure Document are the following contracts or agreements:

Exhibit B - Franchise Agreement

Exhibit 1 – Approved Location and Territory
Exhibit 2 – Statement of Ownership
Exhibit 3 - Personal Guarantee
Exhibit 4 - Confidentiality Agreement
Exhibit 5 - Collateral Assignment of Lease
Exhibit 6 - Form of General Release
Exhibit 7 - Prospective Franchisee Statement

Exhibit C – Multi-Unit Development Agreement

Exhibit 1 – Development Area
Exhibit 2 – Development Schedule / Development Fee
Exhibit 3 - Statement of Ownership Interest
Exhibit 4 - Personal Guarantee
Exhibit 5 - Confidentiality Agreement

Exhibit D – State Addenda

ITEM 23
RECEIPT

Attached to the end of this Disclosure Document are duplicate copies of a receipt page.

You should sign both copies of the Receipt and return one signed copy to us at Honor Yoga Franchising, LLC, 59 Lawrencia Drive, Lawrenceville, NJ 08648.

Exhibit A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Honor Yoga Management, LLC

STATE ADMINISTRATORS/ DESIGNATION OF AGENT FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. Where we are registered to sell franchises, we have appointed the state agency, or as noted below, a state officer, as our agent for service of process in the state. We may not yet be registered to sell franchises in any or all of the states listed. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (866) 275-2677 Agent: California Commissioner of Business Oversight	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agent: Commissioner of Securities of the State of Hawaii	OREGON Department of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	RHODE ISLAND Department of Business Regulation Division of Securities 1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920 (401) 462-9500 Agent: Director of Business Regulation
INDIANA Franchise Section Indiana Securities Division Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State Indiana Securities Division 201 State House Indianapolis, IN 46204	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563 Agent: Director, Division of Insurance-Securities Regulation

MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission 1300 E Main St., 1st. Fl. Richmond, VA 23219 Tel: (804) 371-9733
MICHIGAN Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 (517) 373-7177 Agent: Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48910	WASHINGTON Director Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Securities Administrator, Director of Department
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 539-1600 Agent: Minnesota Commissioner of Commerce	WISCONSIN Securities Division of the Wisconsin Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 266-8559 Agent: Wisconsin Commissioner of Securities
NEW YORK Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax Agent for service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	

Exhibit B

FRANCHISE AGREEMENT

Honor Yoga Management, LLC

HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

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HONOR YOGA MANAGEMENT, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT is entered into and made effective this _____ day of _____, 201__, by and between Honor Yoga Management, LLC, a New Jersey limited liability company, with its principal business address at 59 Lawrencia Drive, Lawrenceville, NJ 08648 ("Franchisor") and _____, whose address is _____ _____ ("Franchisee").

BACKGROUND

A. Franchisor and/or its equity owner or affiliate, through the expenditure of considerable money, time and effort, has developed a system (the "Honor Yoga System" or "System") for the establishment, development and operation of Honor Yoga studios. The System includes our proprietary marks, recognized designs, decor and color schemes, distinctive specifications for fixtures, equipment, and designs; know-how, and trade secrets; procurement of clients, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a Honor Yoga studio pursuant to the Confidential Operations Manual provided by Franchisor and modified from time to time and other standards and specifications Franchisor otherwise provides.

B. The Honor Yoga System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark "Honor Yoga®" and other identifying marks and symbols that Franchisor uses now or may later use as part of the Honor Yoga System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by Franchisor, its equity owner or its affiliate. Franchisor intends to further develop and use the Proprietary Marks to identify to the public Franchisor's standards of quality and the services marketed under the Proprietary Marks.

C. Franchisor is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Honor Yoga studio.

D. Franchisee has applied to Franchisor for a franchise to operate a Honor Yoga studio using the System and Proprietary Marks and to receive the training, confidential

information and other assistance Franchisor provides. Franchisor has approved Franchisee's application in reliance upon all of the representations made in the application.

E. By executing this Agreement, Franchisee acknowledges the importance of Franchisor's quality and service standards and agrees to operate Franchisee's business in accordance with those standards and as described in the System. Franchisee also acknowledges that adhering to the terms of this Agreement and implementing the System as Franchisor directs are essential to the operation of Franchisee's business, to the System and to all Franchisor's franchisees.

In consideration of the mutual promises and commitments contained in this Agreement, together with other valuable consideration, the receipt and sufficiency of which is acknowledged, Franchisor and Franchisee agree as follows:

1. GRANT OF FRANCHISE

1.1. **Grant and Acceptance**. Franchisor grants to Franchisee, and Franchisee accepts, all subject to the terms of this Agreement, a franchise to establish and operate one Honor Yoga studio using the Honor Yoga System and the Proprietary Marks pursuant to this Agreement (the "Studio" or the "Franchised Business"). Franchisee shall use the Proprietary Marks, participate in the promotional, advertising and educational programs that are made available to Franchisee, and have access to certain proprietary trade secrets, marketing expertise and business expertise of Franchisor, as they may be modified from time to time, in connection with the Honor Yoga studio.

1.2. **Approved Location**. Franchisee shall establish and operate the Studio at the Approved Location identified in Exhibit 1 to this Agreement (the "Approved Location"). Provided Franchisee complies with the terms of this Agreement, the number of Honor Yoga studios owned, operated, franchised or licensed by Franchisor will not exceed a maximum of one studio for each population of 60,000 in the county in which the Studio is located, except Franchisor reserves the right to do so in other channels of distribution as described in Section 1.3. Franchisor and/or Franchisor's affiliates, however, retain all other rights, including without limitation, the unrestricted rights (i) in connection with a merger or acquisition, to own, operate, franchise or license, studios operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or compete with those offered by the Studio, (ii) to distribute products and services as described in Section 1.3, and (iii) to use and to license others to use, the System for the operation and licensing of other Honor Yoga studios.

1.3. **Other Channels of Distribution**. Subject to the restrictions in Section 1.2, Franchisor and Franchisor's affiliates, reserve the unrestricted right to offer products and services (which may include, but are not limited to, software, clothing,

books, food, nutritional products, videos, and music), whether now existing or developed in the future, identified by the Proprietary Marks or other marks Franchisor and/or Franchisor's affiliates own or license, through any distribution method Franchisor or its affiliates may establish, and may franchise or license others to do so, , regardless of whether the offering of products or services in the other channels of distribution compete with the Studio. These other channels of distribution may include locations and venues other than a Honor Yoga studio, on-line classes, retail establishments, mail order, catalogs, the Internet, and any similar outlets or distribution methods as Franchisor and/or its affiliates determine, in Franchisor's or its affiliate's sole discretion. This Agreement does not grant Franchisee any rights to distribute products through other channels of distribution as described in this Section 1.3, and Franchisee has no right to share, nor does Franchisee expect to share, in any of the proceeds Franchisor and/or Franchisor's affiliates or franchisees or licensees or any other party receives in connection with the alternate channels of distribution.

2. TERM AND RENEWAL

2.1. **Term.** This Agreement grants rights to Franchisee for a period of 5 years and is effective when signed by Franchisor.

2.2. **Renewal.** Franchisee shall have the right to renew this Agreement for two successive periods of 5 years if the following conditions have been met:

2.2.1. Franchisee has given Franchisor written notice of its election to renew the franchise not less than 6 months nor more than 13 months prior to the expiration of the current term;

2.2.2. Franchisee owns or has the right under a lease to occupy the premises of the Studio for an additional 5 years and has presented evidence to Franchisor that Franchisee has the right to remain in possession of the premises of the Studio for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the premises of the Studio, Franchisee has secured substitute premises approved by Franchisor by the expiration date of this Agreement;

2.2.3. Franchisee has completed, no later than 30 days prior to the expiration of the then-current term and to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the premises of the Studio and all of the equipment, fixtures, furnishings, interior and exterior signs as Franchisor shall reasonably require so that the premises reflect the then-current image of a Honor Yoga studio.

2.2.4. Franchisee is not in default of any provision of this Agreement or any other related agreement between Franchisee and Franchisor or its affiliates, either at the time Franchisee gives notice of its intent to renew or at any time after through the last day of the then current term, and Franchisee has substantially complied with all of

these agreements during their respective terms;

2.2.5. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and/or its affiliates or otherwise pursuant to the Franchise Agreement;

2.2.6. Franchisee has executed, at the time of such renewal, Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and advertising fees. The renewal franchise agreement, when executed, shall supersede this Agreement in all respects;

2.2.7. Franchisee at its expense has satisfied Franchisor's then-current training requirements for new franchisees as of the date of the renewal;

2.2.8. Franchisee has paid a renewal fee to Franchisor equal to $10,000; and

2.2.9. Franchisee has executed a release of any and all claims against Franchisor and its affiliates, and their shareholders, members, officers, directors, agents, employees, attorneys and accountants arising out of or related to this Agreement or any related agreement. The release shall contain language and be of the form chosen by Franchisor, except the release shall not release any liability specifically provided for by any applicable state statute regulating franchising. Franchisor's current form of release is attached to the Franchise Agreement as Exhibit 6.

3. LOCATION

3.1. **Approved Location.** Franchisee is granted a non-exclusive franchise, which permits the operation of a single Honor Yoga studio at the location identified in Exhibit 1 to this Agreement or a location subsequently agreed upon in writing by Franchisor and Franchisee (the "Approved Location"). If the Approved Location is not identified in Exhibit 1 when the parties execute this Agreement, Franchisee shall find a location and submit it to Franchisor for approval as required in Section 3.2. Franchisee shall not operate another business at the Approved Location.

Franchisee is unrestricted as to the geographic area from which it may obtain business as a System franchisee; however, Franchisee may not make any sales from a location, other than the Approved Location, without the Franchisor's prior written permission.

Franchisee shall not conduct any mail order, catalog or Internet business. Franchisee shall solicit sales of products or services offered by the Franchised Business via the Internet only in connection with advertising for products and services to be delivered at or from the Approved Location in the manner Franchisor permits.

3.2. **Site Search; Purchase or Lease of Premises**. Franchisee is responsible for finding a site for the Studio. Franchisee shall use its best efforts to find a suitable location subject to Franchisor's procedures and guidelines. Franchisor must grant written authorization before Franchisee may proceed with any proposed location. Franchisee acknowledges that Franchisor's approval of the Approved Location does not constitute a recommendation, endorsement, guarantee or warranty of any kind, express or implied, by the Franchisor of the suitability or profitability of the location. If Franchisor recommends or provides Franchisee with any information regarding a site for the Franchised Business, that is not a representation or warranty of any kind, express or implied, of the site's suitability for a Honor Yoga studio or any other purpose. Franchisor's recommendation or approval of any site only indicates that Franchisor believes that the site meets Franchisor's then acceptable criteria that have been established for Franchisor's own purposes and is not intended to be relied upon by Franchisee as an indicator of likely success. Criteria that have appeared effective with other sites and other locations might not accurately reflect the potential for all sites and locations. Franchisor is not responsible if a site and location fails to meet Franchisee's expectations. Franchisee acknowledges and agrees that its acceptance of the selection of the Approved Location is based on Franchisee's own independent investigation of the site's suitability for the Studio.

Franchisee shall provide Franchisor with any information Franchisor requests and a copy of the proposed lease or purchase agreement in connection with Franchisor's review. In order for Franchisor to approve any designation of the Approved Location in Exhibit 1 at the time of execution of this Agreement, Franchisee must have supplied Franchisor with all required information and copies of proposed agreements prior to the execution of this Agreement. Franchisee shall not sign any lease or purchase agreement for the Approved Location until this Agreement is fully executed by both parties and Franchisor has granted approval of the agreement in writing.

If the Approved Location is not designated in Exhibit 1 at the time of execution of this Agreement, Franchisee must complete all steps to acquire a suitable location within 180 days after the date of execution of this Agreement. Within the 180 day period, Franchisee must: (i) find a suitable site, meeting Franchisor's specifications; (ii) submit a request for approval of the proposed site; (iii) deliver all information and copies of proposed agreements; (iv) receive Franchisor's written approval; and (v) upon Franchisor's approval, either enter into a lease or sublease for the site, meeting Franchisor's requirements, including the requirements listed in Section 3.3, or enter into an agreement to purchase the site. The parties may extend the 180 day period for an additional 180 days provided Franchisee diligently complied with the other obligations of this Section 3.2. If Franchisee or its equity owner or affiliate purchases or owns the Approved Location, Franchisee (or its equity owner or affiliate) shall grant Franchisor an option to purchase or lease the site upon termination or expiration of this Agreement at the fair market value or fair market rent.

3.3. **Lease or Purchase.**

3.3.1. Franchisor shall not approve any lease for the proposed location unless it contains certain provisions, including (i) a limitation that the premises shall be used only for a Honor Yoga studio; (ii) a prohibition against assignment or subletting by Franchisee without Franchisor's prior written approval; (iii) permission for Franchisor to enter the premises and make changes to protect the Proprietary Marks; (iv) concurrent written notice to Franchisor of any default and the right (but not the obligation) for Franchisor to cure such default; (v) the right, at Franchisor's election, to receive an assignment of the lease upon the termination or expiration of the Franchise Agreement; and (vi) a prohibition against the lease being modified without Franchisor's prior written consent. In addition, prior to execution of the lease, Franchisor and Franchisee shall execute the Collateral Assignment of Lease which grants Franchisor the right but not the obligation to assume the lease upon Franchisee's default under the lease or this Agreement. Upon execution of the lease, Franchisor and lessor shall execute the Consent and Agreement of Lessor. The Collateral Assignment of Lease and Consent and Agreement of Lessor shall be in the forms attached as Exhibit 4 to this Agreement. Franchisee shall deliver an executed copy of the lease to Franchisor within 15 days after the execution of the lease.

3.3.2 Franchisor's review of the lease or purchase agreement for the Approved Location does not constitute Franchisor's representation or guarantee that Franchisee shall succeed at the selected location, nor an expression of Franchisor's opinion regarding the terms of the lease, purchase agreement or the viability of the location. Acceptance by the Franchisor of the lease or purchase agreement shall simply mean that the terms contained in the lease or purchase agreement, as they relate to Franchisor's rights, are acceptable to Franchisor. Franchisee acknowledges that it is not relying on Franchisor's lease or purchase agreement negotiations, lease or purchase agreement review or approval, or site approval and acknowledges that any involvement by Franchisor in lease negotiations is for the sole benefit of Franchisor. Franchisee acknowledges and understands that it has been advised to obtain its own competent counsel to review the lease or purchase agreement before Franchisee signs any lease or purchase agreement.

3.3.3 If Franchisee does not agree with any lease provisions that Franchisor has approved or negotiated, Franchisee may elect not to sign the lease, but Franchisee would be required to find another suitable site for the Approved Location. If Franchisee rejects a site Franchisor approves because Franchisee does not agree with the lease provisions that Franchisor or its representatives have negotiated, Franchisor may permit another franchisee to enter into a lease for such site, whether on the terms Franchisee rejected, or other terms.

3.4. **Relocation**. In the event the lease term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Approved Location, Franchisee shall relocate the Studio to a site mutually acceptable to Franchisee and Franchisor in accordance with Franchisor's specifications and subject to Section 3.2 and Section 3.3, in order to complete the balance of the term of this Agreement. Franchisee shall give Franchisor notice of Franchisee's intent to relocate and must complete all steps to either enter into a lease or sublease or an agreement to purchase the site within 60 days after closing the Studio at the original location. Franchisee must open the Studio for business at the new location within 180 days of closing the original location. If Franchisee fails to comply with the terms of this Section 3.4, Franchisor may terminate this Agreement.

4. FEES AND COSTS

4.1. **Initial Franchise Fee**. Franchisee shall pay Franchisor an initial franchise fee in the amount of $_____ in cash or by certified check, at the time of execution of this Agreement. The initial franchise fee is payable when you sign the franchise agreement. The initial franchise fee is not refundable under any circumstances.

4.2. **Royalty Fee**.

4.2.1. **Royalty; Gross Revenues**. Franchisee shall pay to Franchisor a monthly royalty fee equal to the greater of (i) 7% of all "Gross Revenues" of the Studio during the preceding month or (ii) $850.00. "Gross Revenues" shall include all revenues from sales made by Franchisee from all business conducted at or from, or in connection with the Honor Yoga studio, including but not limited to amounts received from the sale of all goods and services (including any monies received during pre-sales) and tangible property of any nature. Gross Revenues shall not include the amount of any sales tax imposed by any federal, state, municipal or other governmental authority. Franchisee agrees to pay all of these taxes when due. Each charge or sale upon installment or credit shall be treated as having been received in full by Franchisee at the time the charge or sale is made, regardless of when or if Franchisee receives payment. Sales relating to items for which the full purchase price has been refunded or the item exchanged shall be excluded from Gross Revenues at the time of refund or exchange, provided that these sales have previously been included in Gross Revenues. Notwithstanding the foregoing, Teacher Training Gross Revenues shall be subject to the royalty payment set forth in Section 4.2.2 below.

4.2.2. **Teacher Training Royalty Fee**. Franchisee shall pay to Franchisor a monthly royalty fee of 13.5% of all Gross Revenues received by Franchisee for providing Teacher Training programs (the "Teacher Training Gross Revenues").

4.2.3. **Payment; Reporting**. The monthly royalty fees set forth in Section 4.2.1 and Section 4.2.2 shall be paid by Franchisee and received by Franchisor no later than the 5th day following the close of the month for which the fee is calculated, or another day Franchisor specifies. Franchisee must provide monthly summaries of sales and services rendered during the preceding month, (hereinafter, "Report"), which Report shall accurately reflect all monies received or accrued, sales or other services performed during the relevant period and such other additional information as may be required by Franchisor as it deems necessary in its sole discretion to properly evaluate the progress of Franchisee. Franchisee shall provide the Report in the manner that Franchisor specifies no later than the day following the close of the reporting month, or at such time that Franchisor specifies. If Franchisee fails to submit any Report on a timely basis, Franchisor may estimate Gross Revenues and withdraw from Franchisee's operating account the amounts estimated to be due and/or require Franchisee to provide the Report on a monthly basis. Any overpayments from the estimated amount shall be forwarded to Franchisee or credited to Franchisee's account; Franchisee shall pay any underpayments, with interest. Franchisor may charge Franchisee a late fee for each month a Report is delayed.

4.2.4. **Single Operating Account; Electronic Funds Transfer**. Franchisee shall make suitable arrangements for on time delivery of payments due to or collected by Franchisor under this Agreement (including any monies raised in connection with donor classes and other fundraising activities for the benefit of the Honor Yoga Foundation). If Franchisor directs, Franchisee shall designate an account at a commercial bank of its choice (the "Account") for the payment of continuing periodic royalty, advertising contributions to the Fund (defined in Section 4.3.3.1) and any other amounts due Franchisor in connection with this Agreement and the Honor Yoga studio. Franchisee shall furnish the bank with authorizations necessary to permit Franchisor to make withdrawals from the Account by electronic funds transfer. Franchisee shall bear any expense associated with these authorizations and electronic funds transfers. Franchisee shall pay Franchisor its actual cost incurred for bank charges, plus a reasonable administrative fee in Franchisor's sole discretion if the electronic funds transfer attempt is unsuccessful in whole or in part, or rejected, or if Franchisee closes the operating account, or any check or other means of payment used is returned not paid. Franchisor shall provide Franchisee with a written confirmation of electronic funds transfers, which may be made monthly and which Franchisor may send by facsimile, email, or other electronic means.

4.3. **Advertising.** Franchisee agrees to actively promote the Studio and to abide by all of Franchisor's advertising requirements. Franchisee shall comply with each of its advertising obligations provided in this Agreement notwithstanding the payment by other Honor Yoga System franchisees of greater or lesser advertising obligations or default of these obligations by any other franchisees.

4.3.1. **Generally.** With regard to advertising generally for the Studio, Franchisee shall place or display at the Honor Yoga studio premises (interior and exterior) only such signs, emblems, lettering, logos and display and advertising materials as Franchisor approves in writing from time to time. All advertising, marketing and promotion by Franchisee of any type shall be conducted in a dignified manner, shall coordinate and be consistent with Franchisor's marketing plans and strategies and shall conform to the standards and requirements Franchisor prescribes. If Franchisor determines at any point that any advertising materials no longer conform to System requirements, Franchisor shall provide Franchisee with notice of the same, at which point Franchisee shall promptly discontinue such use. Except as may otherwise be approved in writing by Franchisor, Franchisee shall not use any advertising or promotional materials which Franchisor has not approved in writing (including, without limitation, any brand collateral materials which will be distributed by Franchisor or Franchisor's designated vendor), and Franchisee shall promptly discontinue use of any advertising or promotional materials previously approved, upon notice from Franchisor.

4.3.2. **Pre Launch Advertising.** During the period beginning 60 days before the opening of the Honor Yoga studio, Franchisee shall expend at least $10,000 on grand opening advertising and promotion in and/or for Franchisee's market area. Franchisor shall make such expenditure in accordance with Franchisor's written requirements and specifications. Franchisee has the right, but is not required, to spend additional sums with respect to grand opening advertising. Franchisee shall keep detailed records of all expenditures and provide these records to Franchisor within 15 days if Franchisor requests them.

4.3.3. **Minimum Advertising Expenditure; Local Advertising**. Each month during the term of this Agreement, Franchisee shall expend the greater of (i) 2% of Franchisee's monthly Gross Revenues or (ii) $2,000 per month on local advertising, at Franchisee's discretion, in print, radio, television or internet form as described in this Section 4.3.3 and in Section 4.3.1 ("Minimum Advertising Expenditure").

4.3.4. **Brand Development Fund**.

4.3.4.1 Franchisor shall have the right to establish, administer and control the Brand Development Fund (the "Fund"). Franchisee agrees to contribute to the Fund an amount equal to 1.5% of Franchisee's monthly Gross Revenues at the same time and in the same manner Franchisee makes payment of royalties or as otherwise directed by Franchisor. Franchisee agrees to expend and/or contribute all advertising fees required under this Agreement notwithstanding the actual amount of contribution by other franchisees of Franchisor, or of default of this obligation by any other franchisees. Franchisor may maintain contributions to the Fund in a separate bank account or hold them in Franchisor's general account and account for them separately, or Franchisor may establish separate entities to administer the Fund and the Fund contributions. Although once established, Franchisor would intend the Fund to be

of perpetual duration, Franchisor maintains the right to terminate the Fund or to create new Fund accounts or merge accounts. Franchisor shall not terminate the Fund until all money in the Fund has been expended for advertising and/or marketing purposes or returned to contributors on the basis of their respective contributions. The money contributed to the Fund shall not be considered to be trust funds. Franchisor and any designee shall not have to maintain the money in the Fund in interest bearing accounts or obtain any level of interest on the money.

4.3.4.2 Franchisor has the right to use Fund contributions, at its discretion, to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the Honor Yoga System, including the costs of preparing and conducting radio, television, electronic and print advertising campaigns in any local, regional or national medium; utilizing networking media sites, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums; developing, maintaining, and updating a World Wide Web or Internet site for System studios; direct mail advertising; deploying social networking promotional initiatives through online media channels; marketing surveys; employing advertising and/or public relations agencies to provide assistance; purchasing promotional items; conducting and administering in-store promotions and "mystery shopper" program(s); implementation and use of Client Relationship Management software and solutions; and providing promotional and other marketing materials and services to the businesses operating under the System. Franchisor is not required to spend any amount of Fund contributions in the area in which your Honor Yoga studio is located. Franchisor's decisions in all aspects related to the Fund shall be final and binding. Franchisor may charge the Fund for the costs and overhead, if any, Franchisor incurs in activities reasonably related to the creation and implementation of the Fund and the advertising and marketing programs for franchisees. These costs and overhead include the proportionate compensation of Franchisor's employees who devote time and render services in the conduct, formulation, development and production of advertising, marketing and promotion programs or who administer the Fund. At Franchisee's written request, Franchisor shall provide fiscal year end unaudited financial statements and an accounting of the applicable Fund expenditures when available. Franchisee may have to purchase advertising materials produced by the Fund, by Franchisor or by its affiliate, and Franchisor, or its affiliate, may make a profit on the sale. Unused amounts will be carried over into the next fiscal year.

4.3.4.3 The advertising and promotion Franchisor conducts is intended to maximize general public recognition and patronage of System studios and the Honor Yoga brand generally in the manner that Franchisor determines to be most effective. Franchisor is not obligated to insure that the expenditures from the Fund are proportionate or equivalent to Franchisee's contributions or that the Honor Yoga studio or any Honor Yoga studio shall benefit directly or pro rata or in any amount from the placement of advertising. Franchisor does not anticipate that any part of the

contributions to the Fund will be used for advertising that is principally a solicitation for the sale of additional franchises, but Franchisor reserves the right to include a message or statement in any advertisement indicating that franchises are available for purchase and related information.

4.3.4.4 **Special Promotional Programs**. From time to time, Franchisor may, in its sole discretion, establish special promotional campaigns applicable to the Honor Yoga System franchisees as a whole or to specific advertising market areas. If Franchisee participates in any special promotional programs, Franchisee shall be required to pay for the development, purchase, lease, installation and/or erection of all materials necessary to such promotional campaigns, including but not limited to posters, banners, signs, photography or give-away items. Franchisee may not offer any special promotional programs without Franchisor's prior written consent.

4.3.5 **Website Requirements**. Franchisee shall not develop, own or operate any website (or any other online presence or social media platform) using the Proprietary Marks or otherwise referring to the Honor Yoga studio or the products or services sold under the Honor Yoga System (the "Website") without Franchisor's prior written approval. All content of the Website is deemed to be advertising and must comply with the requirements Franchisor establishes for websites in the Confidential Operations Manual or otherwise. If Franchisor requires, Franchisee shall establish the Website as part of the website(s) Franchisor or the Fund or Franchisor's designee establishes. Franchisee shall establish electronic links to Franchisor's website(s) or any other website Franchisor designates. Franchisor has the right, but not the obligation, to establish and maintain a Website, which may promote the Proprietary Marks and /or Honor Yoga System and/or the studios operating under the Honor Yoga System. You must pay to Franchisor any fee imposed by Franchisor or your pro rata share of any fee imposed by a third party service provider, as applicable, in connection with hosting the Website. Franchisor will have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other websites, legal notices, and policies and terms of usage. Franchisor will also have the right to discontinue operating of the Website at any time without notice to you. Currently, Franchisor does not charge any fee for franchisees for the use of its Website, but reserves the right to do so. Upon the expiration, termination or non-renewal of the franchise agreement, Franchisee will assign any website domain or social media account used in connection with the Honor Yoga studio.

4.3.6 **Advertising Cooperatives**. Franchisor reserves the right to create a regional advertising cooperative and require Franchisee to contribute to the advertising cooperative in Franchisor's sole discretion. Any contributions to an advertising cooperative will not be credited towards Franchisee's Minimum Local Advertising Expenditure or Fund contribution requirements.

4.4 **Technology Fee**. Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable, but unpredictable changes to technological need and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the Honor Yoga System; and Franchisee agrees that he or she will abide by those reasonable standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose. Franchisor reserves the right to require Franchisee to pay to Franchisor, its affiliate, or approved vendor, a technology fee of $600 per month for modifications and enhancements made to the website, proprietary software and for other maintenance and support services Franchisor offers. Franchisor reserves the right to increase the technology fee in proportion to any annual increase in the Consumer Price Index selected by Franchisor.

4.5 **Management Fee.** In the event Franchisor must operate the Studio due to death, disability, etc., Franchisee must pay Franchisor a management fee equal to 10% of the Studio's monthly Gross Revenues. In addition, Franchisee will also be required to pay Franchisor's expenses and other fees, such as royalties.

4.6 **Opening Retail Package**. Prior to opening the Studio, Franchisee shall purchase from Franchisor an opening package (the "Opening Retail Package") which consists of retail items such as water bottles, blocks, clothing, totes and other merchandise.

4.7 **Opening Prop Package**. Prior to opening the Studio, Franchisee shall purchase from Franchisor an opening prop package (the "Opening Prop Package") which consists of items such as mats, bolsters, cushions, silks, sandbags, and other props.

4.8 **Collection Costs, Attorneys' Fees, Interest.** Any late payment or underpayment of the royalty fee, advertising contributions and any other charges or fees due Franchisor or its affiliates from Franchisee, shall bear interest from the due date until paid at the lesser of 18% interest per year or the highest lawful interest rate which may be charged for commercial transactions in the state in which the Honor Yoga studio is located. If Franchisor engages an attorney to collect any unpaid amounts under this Agreement or any related agreement (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and collection expenses incurred by Franchisor. If Franchisee is in breach or default of any non-monetary material obligation under this Agreement or any related agreement, and Franchisor engages an attorney to enforce its rights (whether or not a formal arbitration claim or judicial proceedings are initiated), Franchisee shall pay all reasonable attorneys' fees, arbitration costs, court costs and

other expenses incurred by Franchisor.

4.9 **Audit**. Franchisee shall maintain accurate business records, reports, correspondence, accounts, books and data relating to Franchisee's operation of the Honor Yoga studio. At any time during normal business hours, Franchisor or its designee may enter the Honor Yoga studio or any other premises where these materials are maintained and inspect and/or audit Franchisee's business records and make copies to determine if Franchisee is accurately maintaining same. Alternatively, upon request from Franchisor, Franchisee shall deliver these materials to Franchisor or its designee. If any audit reveals that Franchisee has understated Gross Revenues by 2% or more, or if Franchisee has failed to submit complete Reports and/or remittances to Franchisor for any 2 reporting periods, or Franchisee does not make these materials available, Franchisee shall pay the reasonable cost of the audit and/or inspection, including the cost of auditors and attorneys, incurred by Franchisor, together with amounts due for royalty and other fees as a result of such understated Gross Revenues, including interest from the date when the Gross Revenues should have been reported, no later than fourteen (14) days after the completion of such audit.

4.10 **Financial Records and Reports.** Franchisee shall maintain for at least 5 fiscal years from their production, or any longer period required by law, complete financial records for the operation of the Honor Yoga studio in accordance with generally accepted accounting principles and shall provide Franchisor with: (i) the gross revenue records, which Franchisor may access on a regular basis through the point of sale system or other equipment used in connection with the recording of Franchisee's Gross Revenues; (ii) unaudited annual financial reports and operating statements in the form specified by Franchisor, prepared by a certified public accountant or state licensed public accountant, within 60 days after the close of each fiscal year of Franchisee; (iii) state and local sales tax returns or reports within 15 days after their timely completion; (iv) federal, state and local income tax returns for each year in which the Honor Yoga studio is operated within 60 days after their timely completion; and (v) such other reports as Franchisor may from time to time require, in the form and at the time prescribed by Franchisor, setting forth, without limitation, such items as client enrollment, quantities of inventory purchased, and the sources from which inventory was obtained. To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at its discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records to be used by Franchisee, and specify the type of point of sale system or other equipment and software to be used in connection with the recording of Gross Revenues. Franchisor may obtain Gross Revenues and other information from Franchisee by modem or other similar means, from a remote location, without the need for consent, at the times and in the manner as Franchisor specifies, in Franchisor's sole discretion.

4.11 **Taxes on Payments to Franchisor**. In the event any taxing authority, wherever located, shall impose any tax, levy or assessment on any payment made by Franchisee to Franchisor, Franchisee shall, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

4.12 **No Right of Set Off**. Franchisee has no right to offset or withhold payments of any kind owed or to be owed to Franchisor, or its affiliates, against amounts purportedly due as a result of any dispute of any nature or otherwise, except as authorized by an award from a court of competent jurisdiction.

5. FRANCHISOR SERVICES

5.1. Site Selection.

5.1.1. **Site Selection Assistance**. Franchisor shall assist Franchisee in identifying potential locations that meet Franchisor's standards and criteria, including size, layout and other physical characteristics. Franchisor may, at its discretion, also provide Franchisee with demographic studies, competitive analyses, attendance at township approval meetings, review of licensing and zoning requirements.

5.1.2. **Site Selection Approval**. Franchisor shall review and approve or disapprove sites proposed by Franchisee for the location of the Studio. Final site selection must be acceptable to both Franchisor and Franchisee. Upon the selection of a mutually acceptable site, Franchisor or its designee shall review Franchisee's proposed lease or purchase agreement for the premises. Neither Franchisor's acceptance of a site nor approval of a proposed lease or purchase agreement constitutes a representation or guarantee that the Studio shall be successful.

5.2. **Layout**. Franchisor shall provide Franchisee with a copy of a floor plan designed for a prototypical Honor Yoga studio. Franchisee shall construct and equip the Studio in accordance with Franchisor's then-current approved specifications and standards pertaining to design and layout of the premises, and to equipment, signs, fixtures, furnishings, location and design and accessory features. Franchisee shall bear the cost and responsibility of compliance with state or local ordinances, including but not limited to architectural seals, zoning and other permits. All costs of and connected with the construction, leasehold improvements, equipment, furnishings, fixtures, and signs are the responsibility of Franchisee. The layout, design and appearance (the "trade dress") of the Studio shall meet Franchisor's approval and conform to Franchisor's standards and specifications as set forth in the Confidential Operations Manual, and you may not alter the trade dress without Franchisor's consent.

5.3. **Training**.

5.3.1. **Initial Training**. Franchisor shall provide, either itself or through its designee, an initial training program to be held in Pennington, New Jersey, or another place, at the times and places Franchisor shall designate. Franchisor shall schedule an initial training program, at Franchisor's convenience, between the time Franchisee signs this Agreement and the time Franchisee is scheduled to open the Studio. Franchisee, or if Franchisee is a business entity, Franchisee's Operating Principal, Franchisee's General Manager and assistant manager shall attend and complete the initial training program to Franchisor's satisfaction prior to the opening of the Studio. In addition, all of Franchisee's instructors must attend and complete Franchisor's Instructor Training. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending training. Franchisor shall provide initial training initially for 3 people including Franchisee (or its Operating Principal), its General Manager and assistant manager. Franchisee shall provide Instructor Training for all of its instructors. If initial training is otherwise required for Franchisee or any equity owner, General Manager, instructor, or other employee, Franchisee shall pay Franchisor's then-current tuition for each person to attend the additional initial training program or Instructor Training (as the case may be). Each of Franchisee's additional and/or replacement General Managers and assistant managers shall attend and complete to Franchisor's satisfaction Franchisor's initial training program prior to assuming management responsibility. All additional instructors must also complete Franchisor's instructor training.

5.3.2. **On-Site Training**. Franchisor shall provide other on-going assistance as Franchisor deems appropriate and advisable. Subject to availability of personnel and at the request of Franchisee, Franchisor shall make available corporate personnel to provide additional on-site assistance at Franchisee's location, and may charge Franchisee its then-current tuition.

5.3.3. **Teacher Training**. In the event Franchisee elects to participate in the Teacher Training Program, Franchisee shall first be required to complete, to Franchisor's satisfaction, Franchisor's additional training related to the teacher training.

5.3.4. **Refresher Courses; Supplemental Training**. Franchisor reserves the right to offer refresher courses and supplemental training programs, which may be optional or mandatory, from time to time, to Franchisee, its equity owners if Franchisee is a business entity, its General Manager, instructors and/or its employees. Franchisee shall be responsible for the personal expenses, including transportation to and from the training site and lodging, meals, and salaries during training, for individuals attending any refresher or supplemental training. Franchisee shall pay Franchisor's then-current tuition for any individual attending refresher courses or supplemental training.

5.3.5. **Administration of Brand Development Fund**. Franchisor shall administer the advertising contributions to the Fund paid by Franchisor under this Agreement as described in Section 4.3.4.

5.4. **Continuing Consultation and Advice**. In addition to the assistance rendered Franchisee prior to opening, Franchisor shall provide Franchisee continuing consultation and advice as Franchisor deems advisable during the term of this Agreement regarding client procurement, sales and marketing techniques, inventory, personnel development and other business, operational and advertising matters that directly relate to the operation of the Studio. Such assistance may be provided by telephone, facsimile, email, postings to Franchisor's intranet, periodically through on-site assistance by appropriate personnel of Franchisor, and/or other methods.

5.5. **Confidential Operations Manual**. Franchisor shall loan or otherwise provide access by Franchisee to one copy of a specifications, operations and procedures manual, and one copy of other books, binders, videos or other electronic media, intranet postings and other materials, and appropriate revisions as may be made from time to time, referred to collectively as the "Confidential Operations Manual". Franchisee shall operate the Studio in strict compliance with the Confidential Operations Manual. From time to time Franchisor may, through changes in the Confidential Operations Manual or by other notice to Franchisee, change any standard or specification or any of the Proprietary Marks applicable to the operation of the Studio or change all or any part of the System, and Franchisee shall take all actions, at Franchisee's expense, to implement these changes. Franchisor may vary the standards and specifications to take into account unique features of specific locations or types of locations, special requirements and other factors Franchisor considers relevant in its sole discretion. The Confidential Operations Manual shall be confidential and at all times remain the property of Franchisor. Franchisee shall not make any disclosure, duplication or other unauthorized use of any portion of the Confidential Operations Manual. The provisions of the Confidential Operations Manual constitute provisions of this Agreement as if fully set forth in this Agreement. Franchisee shall insure that its copy of the Confidential Operations Manual is current and up-to-date. If there is a dispute relating to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor at its principal office shall be controlling. Franchisor may elect to provide the Confidential Operations Manual solely through Franchisor's website(s) and/or intranets or other electronic means without any need to provide Franchisee with a paper copy or other physical format.

6. FRANCHISE SYSTEM STANDARDS

6.1. **Opening for Business**. Franchisee shall take possession of the premises of the Studio within 180 days after the date of execution of this Agreement and must open the Studio for business within 18 months after the execution of this

Agreement. Franchisee shall not open the Studio for business until Franchisee has complied with Franchisor's requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor's opening requirements include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to Franchisor; (ii) the Studio complies with Franchisor's standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor's pre-opening training requirements; (iv) Franchisee has obtained all applicable licenses and permits; and (v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment.

6.2. **Compliance with Standards**. Franchisee acknowledges that its obligations under this Agreement and the requirements of Franchisor's Confidential Operations Manual are reasonable, necessary and desirable for the operation of the Studio and the Honor Yoga System. Franchisee shall adhere to Franchisor's standards and specifications as set forth in this Agreement and the Confidential Operations Manual, including, but not limited to, specifications of product quality and uniformity and equipment compatibility among individual Honor Yoga franchisees, and any revisions or amendments. Franchisee shall purchase only products and services, including Honor Yoga branded products, inventory, supplies, furniture, fixtures, equipment, signs, software and logo-imprinted products, which Franchisor approves, including purchasing from approved suppliers or a designated sole supplier for any items. Franchisor and its affiliates may be an approved supplier or designated sole supplier for any purchases of products or services, including, without limitation, branded products and supplies, and may obtain revenue from Franchisee and make a profit. Franchisee must purchase or obtain these products and services through Franchisor or a supplier approved by Franchisor. If Franchisor has not designated an approved supplier for a particular product or service, Franchisee shall purchase these products and services only from suppliers that meet Franchisor's standards and specifications. Franchisee may request approval of a supplier under Franchisor's published procedures, which include inspection of the proposed supplier's facilities and testing of product samples. Franchisor or the independent testing facility Franchisor designates may charge a fee for the testing. Franchisee or the proposed supplier shall pay the test fees. Franchisor may also charge a fee for Franchisor's services in making a determination on the proposed supplier, including the costs of inspection of the supplier's facilities, evaluation of the test results, and a background check of the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier, and to revoke approval if the supplier fails to continue to meet any of Franchisor's criteria. Franchisor may receive fees and other payments from suppliers and others in connection with Franchisee's purchases and may use the fees for Franchisor's own purposes. Franchisor shall provide Franchisee a standard price list for items which it sells to franchisees, including a description of each item and applicable price or lease terms, prepayment discounts (if any) and shipping charges.

6.3. **Operations.**

6.3.1. Franchisee shall keep the Studio open for at least those hours and days specified by Franchisor in the Confidential Operations Manual.

6.3.2. Franchisee shall maintain the Studio in a clean, safe and attractive manner, and in accordance with all applicable requirements of law and the Confidential Operations Manual. Franchisee and its employees shall give prompt, courteous and efficient service to the public and shall otherwise operate the Studio so as to preserve, maintain and enhance the reputation and goodwill of the Honor Yoga System.

6.3.3. Franchisee shall at all times maintain and employ working capital as Franchisor may reasonably deem necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities under this Agreement and to operate the business in a businesslike, proper and efficient manner.

6.3.4. Franchisee shall operate the Studio in conformity with the highest ethical standards and sound business practices and in a manner which shall enhance the Honor Yoga name and brand and the Honor Yoga System. Franchisee shall employ a sufficient number of qualified, competent people to satisfy the demand for its products and services as well as other office personnel. Franchisee shall be solely responsible for all employment decisions and functions, including hiring, firing, discipline, supervision, setting terms of employment and compensation and implementing a training program for employees of the Franchised Business in accordance with training standards and procedures Franchisor specifies in order for Franchisee to conduct the business of the Studio at all times in compliance with Franchisor's requirements. Franchisee shall never represent or imply to prospective employees and employees that they shall be or are employed by Franchisor. Franchisee must communicate clearly with its employees in its employment agreements, employee manuals, human resources materials, written and electronic correspondence, pay checks and other materials that Franchisee (and only Franchisee) as their employer, and Franchisor is not their employer and does not engage in any employer-type activities, for which only Franchisee is responsible.

6.3.5. Franchisee acknowledges that proper management of the Studio is extremely important. Franchisee (or its Operating Principal) is responsible for the management, direction and control of the Studio. If Franchisee is an entity, Franchisee must appoint and maintain throughout the Term an Operating Principal, who must be an equity owner of Franchisee. The Operating Principal is identified on Exhibit 2 to this Agreement. The Operating Principal shall have the authority to bind Franchisee in all operational decisions regarding the Studio. Franchisor shall have the right to rely on any statement, agreement or representation made by the Operating Principal.

Franchisee must hire a General Manager to be responsible for the direct on-premises

supervision of the Studio at all times during the hours of operation. Franchisee's General Manager must furnish full-time attention and best efforts to the management of the Studio. However, Franchisee is still responsible for the operations of the Studio and its obligations under the Franchise Agreement. Franchisee may not change the General Manager of the Studio without Franchisor's prior approval.

At all times, Franchisee will keep Franchisor advised of the identity of the General Manager. The General Manager need not have any equity interest in the franchise. Franchisee will disclose to the General Manager only the information needed to operate the Studio and the General Manager will be advised that any confidential information is Franchisor's trade secret.

6.3.6. Franchisee shall, at its expense, redecorate, repair and replace furniture, equipment, décor, software, wiring, fixtures and signs as necessary to maintain the highest degree of safety and sanitation at the Studio and any parking lot in first class condition and repair and as Franchisor may direct. Not more than once every 5 years, Franchisor may require Franchisee to extensively renovate the Studio at Franchisee's expense to conform to Franchisor's then-current public image and trade dress. This extensive renovation may include structural changes, remodeling and redecorating. Franchisee must also purchase any additional or replacement furniture, indoor and outdoor equipment, software, wiring, fixtures and signs Franchisor specifies.

6.3.7. Franchisee shall fully participate in all required national buying or vendor programs.

6.3.8. Franchisee authorizes the release of all supplier records to Franchisor without notice to Franchisee. Franchisee grants Franchisor the right to communicate with suppliers without notice to Franchisee, and to obtain and examine all records of any supplier relating to Franchisee's purchases from the supplier.

6.3.9. Franchisee and its Studio shall not directly participate in corporate wellness programs or to offer off-site retreats or any off-site services without the prior written approval of Franchisor.

6.3.10. Franchisor may require Franchisee to participate in fundraising activities for the Honor Yoga foundation, including offering donation classes.

6.4. **Applicable Laws.** Franchisee shall investigate, keep informed of and comply with all applicable federal, state and local laws, ordinances and regulations regarding the construction, operation or use of the Studio. If these legal requirements impose a greater standard or duty than Franchisor requires in the Confidential Operations Manual or elsewhere, Franchisee must comply with the greater standard or duty and notify Franchisor in writing promptly after Franchisee becomes aware of the discrepancy.

6.5. **Trade Secrets and Confidential Information**. The System is unique and the Confidential Operations Manual, Franchisor's trade secrets, copyrighted materials, methods and other techniques and know-how are the sole, exclusive and confidential property of Franchisor, and are provided or revealed to Franchisee in confidence ("Confidential Information"). Franchisee agrees to maintain a list of the names, addresses and contact information of all clients of the Studio. The list will be Franchisor's sole and exclusive property and will be part of the Confidential Information. Franchisee agrees to maintain the confidentiality of the list and may not disclose the client list or its contents to any person or entity other than Franchisor, except as may be required by law or court order. Franchisee shall use the Confidential Information only for the purposes and in the manner authorized in writing by Franchisor, and its use shall inure to the benefit of Franchisor. Franchisor's trade secrets consist of, without limitation, (1) site selection, construction plans, architectural plans and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (3) knowledge of specifications for and suppliers of, and methods of ordering, certain products, materials, equipment and supplies; (4) knowledge of the operating results and financial performance of other Honor Yoga studios; (5) the Confidential Operations Manual; (6) training materials and programs; (7) proprietary software; (8) client lists and client data; and (9) all password-protected portions of Franchisor's website, intranets and extranets and the information they contain (including the email addresses and other contact information of Honor Yoga franchisees). Franchisee shall inform all employees before communicating or divulging any Confidential Information to them of their obligation of confidence. In addition, subject to applicable law, Franchisee shall obtain a written agreement, in form and substance satisfactory to Franchisor, from Franchisee's employees, landlord, contractors, and any other person having access to the Confidential Operations Manual or to whom Franchisee wishes to disclose any Confidential Information that they shall maintain the confidentiality of the Confidential Information and they shall recognize Franchisor as a third-party beneficiary with the independent right to enforce the covenants either directly in Franchisor's own name as beneficiary or acting as agent. Franchisee hereby appoints Franchisor as its agent with respect to the enforcement of these covenants. An example of a written agreement currently considered satisfactory is the Confidentiality Agreement attached as Exhibit 5. Franchisee shall retain all written Confidentiality Agreements with Franchisee's business records for the time period specified in the Confidential Operations Manual. Franchisee shall enforce all covenants and shall give Franchisor notice of any breach or suspected breach of which Franchisee has knowledge.

Franchisee shall not contest, directly or indirectly, Franchisor's ownership of or right, title or interest in Franchisor's trade secrets, methods or procedures or contest Franchisor's right to register, use or license others to use any of such trade secrets, methods and procedures. Franchisee, including its officers, directors, shareholders, partners, and employees, and any of their immediate family, heirs, successors and

assigns, is prohibited from using and/or disclosing any Confidential Information in any manner other than as permitted by Franchisor in writing.

All data that Franchisee collects from clients of the Studio or through marketing is deemed to be owned exclusively by Franchisor and/or its affiliates. Franchisee must install and maintain security measures and devices necessary to protect the client data from unauthorized access or disclosure, and you may not sell or disclose to anyone else any personal or aggregated information concerning any clients. Franchisee has the right to use the client data only in connection with the Franchised Business, while the Franchise Agreement is in effect. If Franchisee transfers the Franchised Business to a new owner, who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may transfer the client data to the new owner as part of the going concern value of the business.

6.6. **Proprietary Marks**.

6.6.1. **Ownership**. Nothing in this Agreement assigns or grants to Franchisee any right, title or interest in or to the Proprietary Marks, it being understood that all rights relating to the Proprietary Marks are reserved by Franchisor and the owner of the Proprietary Marks who has licensed the Proprietary Marks to Franchisor ("Licensor"), except for Franchisee's license to use the Proprietary Marks only as specifically and expressly provided in this Agreement. Franchisee's use of the Proprietary Marks shall inure to the benefit of Franchisor and its affiliates and Licensor, and Franchisee shall not at any time acquire any rights in the Proprietary Marks. Franchisee shall not challenge the title or rights of Franchisor or its affiliates or Licensor in and to the Proprietary Marks, or do any act to jeopardize or diminish the value of the Proprietary Marks. All goodwill associated with the Proprietary Marks and Franchisor's, its affiliates' and Licensor's copyrighted material, including any goodwill that might be deemed to have arisen through Franchisee's activities, inures directly and exclusively to the benefit of Franchisor, its affiliates and Licensor. Franchisee shall execute from time to time any and all other or further necessary papers, documents, and assurances to effectuate the intent of this Section 6.6.1 and shall fully cooperate with Franchisor, its affiliates and Licensor or any other franchisee of Franchisor in securing all necessary and required consents of any state agency or legal authority to the use of any of the Proprietary Marks. Franchisor reserves the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating under its System if the current Proprietary Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Proprietary Marks shall be beneficial to the System. Franchisee shall bear the cost and expense of all substitutions.

6.6.2. **Protection**. Franchisee shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks, and Franchisor shall in its discretion take the action it deems appropriate. Franchisor shall indemnify and hold Franchisee harmless from any suits, proceedings, demands, obligations, actions or

claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from Franchisee's use of the Proprietary Marks in accordance with this Agreement or as otherwise set forth by Franchisor in writing if Franchisee has promptly notified Franchisor of such claim and cooperated in the defense of any claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of counsel for Franchisor, are necessary to carry out such defense or prosecution.

6.6.3. **Advertising**. All advertising shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks established by Franchisor as set forth in the Confidential Operations Manual or otherwise. Franchisor reserves the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. Franchisee shall use the Proprietary Marks, including without limitation trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or by prior written consent of Franchisor.

6.6.4. **Franchisee's Name**. Franchisee agrees not to use the Proprietary Marks or any part of a Proprietary Mark in its corporate name. The corporate and all fictitious names under which Franchisee proposes to do business must be approved in writing by Franchisor before use. Franchisee shall use its corporate name either alone or followed by the initials "D/B/A" and the business name of Honor Yoga. Franchisee shall register at the office of the county in which the Honor Yoga studio is located or such other public office as provided for by the laws of the state in which the Honor Yoga studio is located as doing business under such assumed business name.

6.6.5. **Independent Status**. All stationery, business cards and contractual agreements into which Franchisee enters shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice that Franchisee operates the Honor Yoga studio as an independently owned and operated franchise of Franchisor. Franchisee shall prominently display, by posting a sign within public view on or in the premises of the Honor Yoga studio, a statement that clearly indicates that the Honor Yoga studio is independently owned and operated by Franchisee.

6.6.6. **Authorized and Unauthorized Use.** At Franchisor's direction, Franchisee shall use the Proprietary Marks in conjunction with the symbol "SM," "TM" or "®", as applicable, in order to indicate the registered or unregistered status of the Proprietary Marks. Franchisee shall not use any of the Proprietary Marks in connection with the offer or sale of any unauthorized products or services or in any other manner not explicitly authorized in writing by Franchisor.

6.6.7. **Franchisor's Use of Marks.** Franchisor, its affiliates and Licensor may use and register the Proprietary Marks as they deem advisable in their discretion including without limitation, developing and establishing other systems using the same or similar Proprietary Marks alone or in conjunction with other marks and granting licenses and/or franchises in connection with the same or similar Proprietary Marks without providing any rights to Franchisee.

6.6.8. **Electronic Mail and Domain Names**. Franchise shall not use the Proprietary Marks, or any abbreviation, variation or other name associated with the Honor Yoga System or Franchisor as part of any e-mail address, domain name, and/or other identification in any electronic medium, without the prior written approval of Franchisor.

6.7. **Inspection**. During normal business hours and without prior notice, Franchisor or its representatives or agents shall have the right to enter upon the premises of the Honor Yoga studio, inspect Franchisee's records, interview Franchisee's employees and clients, and observe the manner in which Franchisee operates the Honor Yoga studio. Franchisee shall allow Franchisor or its representatives or agents to make extracts from or copies of any records and to take samples of any products sold at the Honor Yoga studio and immediately remove any unauthorized products without any payment or other liability to Franchisee. Franchisee shall allow Franchisor or its representatives or agents to take photographs, videos or any electronic record of the Honor Yoga studio. Franchisor shall have the exclusive right to use any photograph, video, electronic record or other material prepared in connection with an inspection and to identify the Honor Yoga studio and Franchisor shall not have any obligation to obtain authorization, or to compensate Franchisee in any manner, in connection with the use of these materials for advertising, training or other purposes.

6.8. **Changes to the System**. Franchisor may, from time to time, change the standards and specifications applicable to operation of the Franchise, including standards and specifications for inventory, products, services, supplies, signs, fixtures, furnishings and equipment, by written notice to Franchisee or through changes in the Confidential Operations Manual. Franchisor also may from time to time eliminate and introduce new services and products. Franchisee shall immediately cease use of any products or cease offering products or services discontinued by Franchisor. Franchisee shall implement any new service or commence offering and selling any new product within 15 days of notification from Franchisor. Franchisee may incur an increased cost to comply with such changes, and Franchisee shall accept and implement such changes at its own expense as if they were part of the Honor Yoga System when this Agreement was executed, including discontinuing or modifying the use of or substituting any of the Proprietary Marks; provided, however, that any such change shall not materially alter Franchisee's fundamental rights under this Agreement.

6.9. **Authorized Products, Services, Supplies, and Equipment.**

6.9.1. Franchisee shall offer and sell all products and render all services that Franchisor prescribes and only those products and services that Franchisor prescribes. Franchisee shall have the right to suggest new products or other developments to Franchisor for use in Franchisee's and other franchisees' studios. Franchisee shall have no right to offer any products to its clients or use any new developments until Franchisor has had the opportunity to test the new products or developments and provide Franchisee written approval for their use and standards and specifications with respect to their use. All new products and developments, whether they are of Franchisee's original design or variations of existing products or System techniques, shall be deemed works made for hire and Franchisor shall own all rights in them. If these products and developments do not qualify as works made for hire, by signing this Agreement Franchisee assigns to Franchisor ownership of any and all rights in these developments and the goodwill associated with them. Franchisee shall receive no payment or adjustment from Franchisor in connection with any new products or developments.

6.9.2. Franchisee shall use in the operation of the Honor Yoga studio only such products, supplies and equipment as are specified by Franchisor in the Confidential Operations Manual, or otherwise in writing by Franchisor. Franchisee acknowledges and agrees that these may be changed periodically by Franchisor and that Franchisee is obligated to conform to the requirements as so changed.

6.9.3. Franchisor shall have the exclusive right in its sole discretion to vary from the authorized products in establishing the authorized product line for the Honor Yoga studio. Complete and detailed uniformity under many varying conditions may not always be possible or practical and Franchisor reserves the right and privilege, at its sole discretion, to vary not only the products but other standards for any System franchisee based upon the customs or circumstances of a particular site or location, density of population, business potential, population of trade area, existing business practices, or any condition which Franchisor deems to be of importance to the operation of that franchisee's business.

6.9.4. Franchisee shall at all times use and maintain only such products, equipment, supplies and services as Franchisor specifies, which Franchisee shall obtain before opening the Honor Yoga studio. As any products, equipment, supplies or services may become obsolete or inoperable, Franchisee shall replace the same with such products, equipment, supplies and services as are then being used in new Honor Yoga franchises at the time of replacement.

6.9.5. Franchisee acknowledges that Franchisor reserves the right to develop a point of sale (POS) system and a backroom computer system for use in connection with the System. Franchisee shall acquire computer hardware equipment,

software, telecommunications infrastructure products and credit card processing equipment and support services as Franchisor reasonably requires in connection with the operation of the Honor Yoga studio and all additions, substitutions and upgrades Franchisor shall specify. Franchisee's computer system must be able to send and receive email and attachments on the Internet and provide access to the World Wide Web and otherwise support Franchisor's then-current information technology system. Franchisor shall have the right to access information through the Point of Sale system related to operation of the Honor Yoga studio, from a remote location, at such times and in such manner as Franchisor shall require, in its sole discretion.

6.9.6. Franchisee acknowledges that the quality and consistency of the products and services offered to Franchisee's clients are essential conditions of this Agreement. Accordingly, Franchisee shall purchase all products, packaging, equipment, and other specified items exclusively in accordance with Franchisor's standards and specifications as provided in Section 6.2. Franchisor is not obligated to approve or consider for approval any item or supplier not specified by it.

6.10. **Pending Actions**. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, suit or proceeding of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Honor Yoga studio.

7. ACKNOWLEDGMENTS OF FRANCHISEE.

7.1. **Independent Contractor Status.** Franchisee is an independent contractor, responsible for full control over the management and daily operation of the Studio, and neither Franchisor nor Franchisee is the agent, principal, partner, employee, employer or joint venturer of the other. Franchisee shall not act or represent itself, directly or by implication, as an agent, partner, employee or joint venturer of Franchisor, nor shall Franchisee incur any obligation on behalf of or in the name of Franchisor.

7.2. **Indemnification**. Franchisee shall defend, indemnify and hold Franchisor and its affiliates, and their respective officers, directors, managers, members, partners, shareholders, independent contractors and employees (the "Indemnified Parties") harmless from all fines, suits, proceedings, claims, demands, liabilities, injuries, damages, expenses, obligations or actions of any kind (including costs and reasonable attorneys' fees) arising in whole or in part from Franchisee's ownership, operation or occupation of the Studio, performance or breach of its obligations under this Agreement, breach of any warranty or representation in this Agreement or from the acts or omissions of Franchisee, its employees or agents, including its advertising of the Studio, except as otherwise provided in this Agreement. Franchisor and any Indemnified Party shall promptly give Franchisee written notice of any claim for indemnification under this Section 7.2. Any failure to give the notice shall not relieve Franchisee of any liability

under this Agreement except to the extent the failure or delay causes actual material prejudice. Franchisor shall have the right to control all litigation, and defend and/or settle any claim against Franchisor or other Indemnified Parties affecting Franchisor's interests, in any manner Franchisor deems appropriate. Franchisor may also retain its own counsel to represent Franchisor or other Indemnified Parties and Franchisee shall advance or reimburse Franchisor's costs. Franchisor's exercise of this control over the litigation shall not affect its rights to indemnification under this Section 7.2. Franchisee may not consent to the entry of judgment with respect to, or otherwise settle, an indemnified claim without the prior written consent of the applicable Indemnified Parties. Franchisor and the other Indemnified Parties do not have to seek recovery from third parties or otherwise attempt to mitigate losses to maintain a claim to indemnification under this Section 7.2. The provisions of this Section 7.2 shall survive the termination or expiration of this Agreement.

7.3. **Payment of Debts**. Franchisee understands that it alone, and not Franchisor, is responsible for selecting, retaining and paying its employees; the payment of all invoices for the purchase of inventory and goods and services for use in the Studio; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct and operation of the Studio.

7.4. **Noncompetition**.

7.4.1. **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any other business which offers services are the same or substantially similar to those services being offered by Honor Yoga studios (a "Competing Business"); provided, however, that this Section shall not apply to Franchisee's operation of any other Honor Yoga studio.

During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's Studio for any competitive business purpose nor solicit any employee of Franchisor or any other Honor Yoga System franchisee to discontinue their employment with Franchisor or any other System franchisee.

During the term of this Agreement, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or

have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.2. **After the Term of This Agreement.** For a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed by, or have any interest in any Competing Business within a radius of 5 miles (as the crow flies) of the Studio, or any other Honor Yoga studio in operation or under construction, or of any site which is being considered or for which a lease has been signed or discussions are under way for an Honor Yoga studio, as of the date of expiration and nonrenewal, transfer or termination of this Agreement; provided, however, Franchisee may continue to operate any other Honor Yoga studio for which Franchisee and Franchisor have a current franchise agreement.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership or corporation solicit business from clients of Franchisee's former Studio for any competitive business purpose nor solicit any employee of Franchisor or any other Honor Yoga System franchisee to discontinue his employment with Franchisor or any other System franchisee.

For a period of 2 years (or the maximum period allowed by law, if shorter) after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its equity owners nor any member of the immediate family of Franchisee or its equity owners shall, directly or indirectly, for itself or through, on behalf of, or in conjunction with any other person, partnership, corporation or other entity own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing in whole or in part with Franchisor.

7.4.3. **Intent and Enforcement**. It is the intent of the parties that the provisions of this Section 7.4 shall, to the fullest extent permissible under applicable law, be judicially enforced; accordingly, any reduction in scope or modification of any part of the noncompetition provisions contained in this Agreement shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 7.4 by Franchisee, any of its equity owners or any member of the immediate family of Franchisee or any of its equity owners, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. In the event of the actual or threatened breach of this Section 7.4, Franchisor's harm shall be irreparable

and Franchisor shall have no adequate remedy at law to prevent the harm. Franchisee acknowledges and agrees on its own behalf and on behalf of the persons who are liable under Section 7.4 that each has previously worked or been gainfully employed in other fields and that the provisions of Section 7.4 in no way prevent any of these persons from earning a living. Franchisee further acknowledges and agrees that the provisions of Section 7.4 shall be tolled during any default of this Agreement.

7.4.4. **Publicly-Owned Entity**. This Section 7.4 shall not apply to any ownership by Franchisee or any other person subject to Section 7.4 of a beneficial interest of less than 3% in the outstanding securities or partnership interests in any publicly-held entity.

7.4.5. **Non-Disparagement**. During the term of this Agreement and for a period of 2 years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause Franchisee agrees not to disparage Franchisor and its current and former employees, officers or directors. During the term of the Agreement, Franchisee also agrees not to do or perform any act harmful, prejudicial or injurious to Franchisor or the Honor Yoga System.

7.5. **Telephone**. Franchisee shall obtain at its own expense a new telephone number and listing, to be listed under the Honor Yoga name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Studio. Upon the expiration and nonrenewal, transfer or termination of this Agreement for any reason, Franchisee shall terminate its use of such telephone number and listing and assign same to Franchisor or its designee. The Studio shall be serviced by a suitable telephone system approved by Franchisor. Franchisee shall answer the telephone in the manner set forth by Franchisor in the Confidential Operations Manual.

7.6. **Insurance**. At all times during the term of this Agreement and at its own expense, Franchisee shall obtain and keep in force at a minimum the insurance required by Franchisor in the Confidential Operations Manual or otherwise. If the lease for the Studio requires Franchisee to purchase insurance with higher limits than those Franchisor specifies, the lease insurance requirements shall control. All insurance policies shall contain a separate endorsement naming Franchisor, its officers, directors, managers, members, limited partners, general partners, shareholders, independent contractors and employees as additional insureds, and shall expressly provide that any interest of an additional insured shall not be affected by Franchisee's breach of any policy provisions or any negligence on the part of an additional insured. All policies shall also include a waiver of subrogation in favor of the additional insureds. All policies shall be written by an insurance carrier accepted in writing by Franchisor. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier shall remain a going concern or capable of meeting claim demands during the term of the insurance policy. No insurance policy shall be

subject to cancellation, termination, nonrenewal or material modification, except upon at least 30 days' prior written notice from the insurance carrier to Franchisor. Upon Franchisor's request, Franchisee shall provide Franchisor with a currently issued certificate of insurance evidencing coverage in conformity with the provisions of this Section 7.6. If Franchisee fails to comply with at least the minimum insurance requirements set forth by Franchisor, Franchisor may obtain the insurance and keep the insurance in force and effect and Franchisee shall pay Franchisor, on demand, the cost of the premium plus an administrative fee in connection with obtaining the insurance. Franchisor may increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to Franchisee, and Franchisee shall comply with any such modification. Franchisee's obligation to obtain the required policies in the amounts specified is not limited in any way by any insurance Franchisor maintains. Franchisee's obligation to maintain the insurance does not relieve Franchisee of any liability under the indemnity provisions of Section 7.2.

7.7. **Publicity**. Franchisee shall permit Franchisor or its designee, at Franchisor's expense, to enter upon the premises of the Studio, both interior and exterior, for the purpose of taking or making photographs, slides, drawings, or other such images ("pictures") of the Studio. Franchisee agrees that Franchisor may use the pictures for publicity and other legal purposes without any remuneration to Franchisee in connection with the use of the pictures.

7.8. **Distribution**. Franchisor or its affiliates may distribute products identified by the Proprietary Marks or other marks owned or licensed by Franchisor or its affiliates through any distribution method which periodically may be established or licensed by Franchisor or its affiliates and may franchise or license others to do so, except as otherwise set forth in this Agreement.

7.9. **Image.** The Honor Yoga System has been developed to deliver products and services which distinguish Honor Yoga studios from other businesses which offer similar products and services. Therefore, Franchisor requires Franchisee to offer products and services and operate the Studio in such a manner which shall serve to emulate and enhance the image intended by Franchisor for the Honor Yoga System. Each aspect of the Honor Yoga System is important not only to Franchisee but also Franchisor, its affiliates, and other Honor Yoga franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services rendered by Honor Yoga System franchisees, Franchisor and its affiliates. Franchisee shall comply with the standards, specifications and requirements set forth by Franchisor in order to uniformly convey the distinctive image of an Honor Yoga studio.

8. SALE OR TRANSFER

8.1. **Consent to Transfer**. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber its interest in the Franchised Business without the prior written consent of Franchisor. Any unauthorized transfer by Franchisee shall constitute a material breach of the Agreement and shall be voidable by Franchisor.

8.2. **Death or Disability.** In the event of the death, disability or incapacity of any individual Franchisee or officer or director or member of an incorporated Franchisee or limited liability company or partner of a partnership Franchisee, should the decedent's or disabled or incapacitated person's executor, heir or legal representative, or the business entity, as the case may be, wish to continue as Franchisee under this Agreement, such person shall apply for Franchisor's consent, execute the then-current franchise agreement, and complete the training program to Franchisor's satisfaction, as applicable, as in any other case of a proposed transfer of Franchisee's interest in this Agreement. Such assignment by operation of law shall not be deemed a violation of this Agreement, provided the heirs or legatees or business entity meet the conditions imposed by this Agreement and are acceptable to Franchisor.

Franchisee's executor, heir or legal representative shall have 180 days from the date of death, disability or incapacity to execute Franchisor's then-current franchise agreement or transfer the franchise rights and business upon the terms and conditions set forth in this Agreement (except that the term shall be the balance of Franchisee's term). At the conclusion of the balance of the term, the new franchisee may exercise any or all of the then applicable renewal rights.

8.3. **Ownership Changes.** A sale, transfer or assignment requiring the prior written consent of Franchisor shall be deemed to occur: (i) if Franchisee is a corporation or limited liability company, upon any assignment, sale, pledge or transfer of 20% or more of the voting stock or membership interests of Franchisee, any increase in the number of outstanding shares of voting stock or membership interests of Franchisee which results in a change of ownership of 20% or more of its total voting stock or membership interests, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the voting stock or membership interests of Franchisee; or (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership ownership interest. Franchisee shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Franchisee while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 8.3. A transfer to an existing partner, shareholder or member, or a transfer as a result of the death, disability or incapacity of a partner, shareholder or member in accordance with Section 8.2, or a transfer to an inter vivos

trust where the transferring Franchisee, partner, shareholder or member is the only grantor beneficiary other than a spouse, shall not be a violation of this Agreement or a ground for termination; any such ownership change shall not be subject to Franchisor's right of first refusal under Section 8.3.1.

8.3.1. **Right of First Refusal.** If Franchisee or its equity owners propose to transfer or assign 20% or more of Franchisee's interest in this Agreement or in the business conducted under this Agreement or in Franchisee, if Franchisee is a business entity, to any third party (other than a business entity as set forth in Section 8.4 and except as otherwise set forth in Section 8.3) in connection with a bona fide offer from such third party, Franchisee or its equity owners shall first offer to sell to Franchisor, Franchisee's or its equity owners' offered interest. Franchisee or its equity owner shall obtain from the third party offeror an earnest money deposit (of at least 15% of the offering price) and deliver to Franchisor a statement in writing, signed by the offeror and by Franchisee, of the terms of the offer. In the event of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, an amount and terms of purchase shall be established by an appraiser chosen by the bankruptcy court or by the chief judge of the federal district court of Franchisee's district and Franchisee or Franchisee's legal representative shall deliver to Franchisor a statement in writing incorporating the appraiser's report. Franchisor shall then have 45 days from its receipt of either statement to accept the offer by delivering written notice of acceptance by Franchisor or its nominee to Franchisee or its equity owner. The acceptance shall be on the same terms as stated in the statement delivered to Franchisor; provided, however, Franchisor or its nominee shall have the right to substitute equivalent cash for any noncash consideration included in the offer. If the parties cannot agree within a reasonable time on the equivalent cash for any noncash consideration, Franchisor shall designate an independent appraiser and the appraiser's determination shall be binding. If Franchisor or its nominee elects not to accept the offer within the 45 day period, Franchisee or its equity owner shall be free for 90 days after such period to complete the transfer described in the statement delivered to Franchisor, but only with the prior written consent of Franchisor and subject to the conditions for approval set forth in Section 8.3.2. Franchisee and its equity owners shall affect no other sale or transfer of this Agreement or Franchisee's interest in this Agreement or the business conducted under this Agreement or the interest in Franchisee, without first offering or reoffering the same to Franchisor in accordance with this Section 8. If in Franchisor's opinion there is a material change in the terms of the offer, the offer shall be deemed a new proposal and Franchisee or its equity owner shall be required to grant Franchisor or its nominee a right of first refusal with respect to such offer.

8.3.2. **Conditions for Approval.** Franchisor may condition its approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement or of the interest in Franchisee upon satisfaction of the following requirements:

8.3.2.1. All of Franchisee's accrued monetary obligations to Franchisor, its affiliates and any supplier for the Studio have been satisfied;

8.3.2.2. All existing defaults under the Franchise Agreement have been cured within the period permitted for cure;

8.3.2.3. Franchisee and its equity owners, if Franchisee is a business entity, has executed a general release under seal, in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their officers, directors, partners, shareholders, agents, employees, attorneys and accountants in their corporate and individual capacities; provided, however, the release shall not release any liability specifically provided for by any applicable state statute regulating franchising;

8.3.2.4. Franchisee has provided Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to discharge all of Franchisee's obligations under this Agreement;

8.3.2.5. The transferee has demonstrated to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations of this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business, chain or network which is similar in nature or in competition with Franchisor or any Honor Yoga studio, except that the transferee may be an existing franchisee of Franchisor;

8.3.2.6. The transferee has executed Franchisor's then-current Franchise Agreement for the remainder of the term of the current franchise agreement;

8.3.2.7. Franchisee has complied, to Franchisor's satisfaction, or Franchisee or the transferee have agreed to comply with and have made arrangements satisfactory to the Franchisor to comply with all obligations to remodel, refurbish, and improve the Studio as required by this Agreement to conform to Franchisor's then-current standards and trade dress;

8.3.2.8. Franchisee or transferee has paid Franchisor a transfer fee equal to $15,000;

8.3.2.9. The transferee, its General Manager and its assistant manager shall complete Franchisor's training program to Franchisor's satisfaction at the

transferee's own expense within the time frame set forth by Franchisor; and

8.3.2.10. Franchisee acknowledges and agrees that the post-termination provisions of this Agreement including, without limitation, the non-competition provisions, shall survive the transfer of the Franchise.

8.4. **Transfer to a Corporation or Limited Liability Company.** If Franchisee is one or more individuals or a partnership, Franchisee may assign its rights under this Agreement to a corporation or limited liability company for convenience of ownership, provided:

8.4.1. The corporation or limited liability corporation is newly organized and its activities are confined to operating the Franchised Business;

8.4.2. Franchisee is, and at all times remains, the owner of at least 51% of the outstanding shares of the corporation or owns a controlling interest in the limited liability company;

8.4.3. The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations under this Agreement;

8.4.4. All stockholders of the corporation, or members and managers of the limited liability company, personally guarantee prompt payment and performance by the corporation or limited liability company, as applicable, of all its obligations to Franchisor under the Agreement including all non-competition covenants set forth in Section 7.4;

8.4.5. Each stock certificate of the corporate franchisee shall have conspicuously endorsed upon its face a statement, in a form satisfactory to Franchisor, that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; the operating agreement of any limited liability company and any membership certificates shall contain a similar limitation; and

8.4.6. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization; and all other governing documents.

Franchisee is not required to pay Franchisor a transfer fee with respect to a transfer in accordance with this Section 8.4. However, Franchisee shall pay Franchisor's expenses in connection with a transfer under this Section 8.4 if Franchisee has not completed the transfer, including complying with this Section 8, as applicable, within 60

days following the execution of this Agreement but in no event later than the opening of the Studio.

8.5. **Secured Interests and Securities**.

8.5.1. Franchisee shall not grant, and shall not permit a transfer in the nature of a grant, of a security interest in this Agreement.

8.5.2. If Franchisee is a corporation, it shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section 8 and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Franchise Agreement between Franchisor and the corporation dated _____, 20____. Reference is made to the Franchise Agreement and to the Articles of Incorporation and Bylaws of this corporation.

8.6. **Transfer by Franchisor**. Franchisor may sell, transfer, assign and/or encumber all or any part of its interest in itself or the Franchise Agreement.

9. BREACH AND TERMINATION

9.1. **Termination by Franchisee.** Franchisee may terminate this Agreement for cause if Franchisor is in breach of any material provision of this Agreement, by giving Franchisor written notice within 60 days of the event or circumstances giving rise to the breach. Franchisee must be in material compliance with this Agreement. The notice shall state specifically the nature of the breach and allow Franchisor 90 days after receipt of the notice to correct the breach. Franchisee's failure to give timely written notice of any breach shall be deemed to be a waiver of Franchisee's right to complain of that breach. If Franchisor fails to cure any material breach within the 90 day cure period, Franchisee may terminate this Agreement for that reason by providing written notice to Franchisor, except if the breach is not susceptible to cure within 90 days, but Franchisor takes action within 90 days to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisor shall be deemed to have timely cured the breach. Franchisee's termination will be effective only if Franchisee signs all documentation that Franchisor requires, including a release. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2. **Termination by Franchisor.** Franchisor may terminate this Agreement under the following circumstances:

9.2.1. **With Cause and With Opportunity to Cure**. If Franchisee is in breach of any material provision of this Agreement not listed in Section 9.2.2, by giving Franchisee written notice of the event or circumstances giving rise to the breach. The notice will state specifically the nature of the breach and allow Franchisee the following amount of time to correct the breach after receipt of notice:

(a) 7 days if the failure relates to the use of the Proprietary Marks;

(b) 15 days if the failure relates to Franchisee's failure to make any payment of money to Franchisor or its affiliate; and

(c) 30 days if the failure relates to any other breach not listed in this Section 9.2.1 or in Section 9.2.2.

If Franchisee fails to cure any material breach within the applicable cure period, Franchisor may terminate this Agreement for that reason by providing written notice to Franchisee, except if the breach is not susceptible to cure within the time permitted, but Franchisee takes action within the time permitted to begin curing the breach and acts diligently to complete the corrective action within a reasonable time, Franchisee shall be deemed to have timely cured the breach. For purposes of this Agreement, Franchisee's alleged breach of this Agreement shall be deemed cured if both Franchisor and Franchisee agree in writing that the alleged breach has been corrected. Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.2.2. **With Cause and Without Opportunity to Cure.** Franchisor may terminate this Agreement upon written notice without giving Franchisee opportunity to cure for any of the following breaches or defaults:

(a) **Criminal Acts**. If Franchisee is convicted of or pleads guilty or no contest to a felony or commits any criminal acts involving moral turpitude or other criminal acts which may affect the reputation of the Franchised Business or goodwill of the Proprietary Marks;

(b) **Fraud**. If Franchisee commits fraud in the operation of the Franchised Business;

(c) **Misrepresentation**. If Franchisee misrepresents itself in any way (including through omission of information) in connection with the franchise application.

(d) **Voluntary Bankruptcy.** If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or insolvent, files or acquiesces in the filing of a petition seeking

reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

(e) **Involuntary Bankruptcy.** If proceedings are commenced to have Franchisee adjudicated as bankrupt or to seek a reorganization of Franchisee under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

(f) **Liens.** If a levy or writ of attachment or execution or any other lien is placed against Franchisee, any partner of Franchisee if Franchisee is a partnership, or any guarantor of Franchisee under Section 14 or any of their assets which is not released or bonded against within 60 days.

(g) **Insolvency.** If Franchisee, any partner of Franchisee, or the majority equity owner of Franchisee is insolvent.

(h) **Repeated Breaches.** If Franchisor sends Franchisee 3 or more written notices to cure pursuant to Section 9.2.1 in any 12 month period.

(i) **Breach of Other Agreements.** If Franchisee or any partner, director, officer, shareholder or member of Franchisee materially breaches any other agreement with Franchisor or any of its affiliates, or any lease for the premises of the Studio, and does not cure the breach within any permitted period for cure; provided, however, this Section 9.2.2(i) shall not apply to the breach of a separate franchise agreement between Franchisee and Franchisor with respect to another Honor Yoga studio.

(j) **Intentional Underreporting or Misstatement.** If Franchisee intentionally underreports or misstates any information required to be reported to Franchisor under this Agreement, including but not limited to Gross Revenues required to be reported under this Agreement.

(k) **Abandonment.** If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" means conduct of Franchisee which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event if Franchisee fails to operate the Studio as a Honor Yoga studio for a period of 10 or more consecutive days without the prior written approval of Franchisor.

(l) **Failure to Open Studio**. If Franchisee fails to open the Studio during the time periods set forth in this Agreement.

(m) **Public Health and Safety**. If a threat or danger to public health or safety results from the maintenance or operation of the Studio or any violation of health or safety law occurs at the Studio.

(n) **Restrictive Covenants**. Upon any violation of any covenants set forth in Section 7.4 of this Agreement.

(o) **Confidential Information**. If Franchisee uses the Confidential Information in an unauthorized manner;

(p) **Insurance**. If Franchisee fails to maintain required insurance coverage;

(q) **Unauthorized Transfer**. If a transfer occurs without meeting the requirements set forth in Section 8 of this Agreement.

(r) **Loss of Occupancy**. If you lose the right to occupy the premises of your Approved Location as a result of your breach of your lease agreement.

Notice shall be either hand delivered or sent U.S. Mail, postage prepaid, certified mail, return receipt requested or sent by prepaid overnight courier.

9.3. **Nonwaiver.** Franchisor's delay in exercising or failure to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due under this Agreement or any other agreement between Franchisor and Franchisee or Franchisor's consent to a transfer of any interest in Franchisee shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

10. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

10.1. **Franchisee's Obligations.** Upon termination of this Agreement by either Franchisor or Franchisee, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee shall:

10.1.1. Cease immediately all operations under this Agreement;

10.1.2. Pay immediately to Franchisor all unpaid fees and pay Franchisor, its affiliates and any supplier for the Honor Yoga studio all other monies owed them;

10.1.3. Discontinue immediately the use of the Proprietary Marks;

10.1.4. Immediately return the Confidential Operations Manual to Franchisor and all other manuals and Confidential Information loaned to Franchisee by

Franchisor and immediately cease to use the Confidential Information;

10.1.5. Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to Franchisor or its designee or, if Franchisor so directs, to disconnect the numbers;

10.1.6. Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as directed by Franchisor and all items which are a part of the trade dress of the Honor Yoga System;

10.1.7. Sell to Franchisor or its designee, at Franchisor's option, (1) all inventory in useable form bearing the Proprietary Marks and (2) any furnishings, equipment, seating, tables, desks signs or fixtures Franchisor elects to purchase at the original purchase price thereof or at its then-current value if less than the original purchase price, in Franchisor's judgment, within 15 days following the date of termination or expiration;

10.1.8. If Franchisor elects to assume Franchisee's lease, immediately vacate the premises or, if Franchisor does not elect, immediately change the appearance of the premises inside and outside, including trade dress, signs, furnishings and fixtures, so that they no longer resemble an Honor Yoga studio and to protect the Proprietary Marks, including any changes Franchisor specifically requests. If Franchisee fails to make the modifications or alterations, Franchisor will have the right to re-enter the premises and do so and charge Franchisee its costs plus a reasonable administrative fee in its sole discretion;

10.1.9. Cease to hold itself out as a franchisee of Franchisor;

10.1.10. Take action necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark licensed by Franchisor and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within 30 calendar days after the termination, expiration or transfer of this Agreement;

10.1.11. Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer; and

10.1.12. Comply with the post-termination covenants set forth in Section 7.4, all of which shall survive the transfer, termination or expiration of this Agreement.

10.2. **Power of Attorney.** Franchisor is hereby irrevocably appointed as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's

behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

11. NOTICES

All notices, requests and reports to be given under this Agreement are to be in writing, and delivered by either hand, overnight courier, telegram or certified or registered mail (except that the regular monthly Report or such other report designated by Franchisor may be sent by regular mail), prepaid, to the following addresses (which may be changed by written notice):

Franchisee: _____

_____

_____

Franchisor: 59 Lawrencia Drive
Lawrenceville, NJ 08648

Notices sent by regular mail shall be deemed delivered on the third business day following mailing.

12. INTERPRETATION

12.1. **Amendments**. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT.

12.2. **Choice of Law and Selection of Venue.** This Agreement shall be governed by the laws of the State of New Jersey. Except as provided in Section 12.3 and 12.4 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts of Mercer County, New Jersey or the United States District Court, District of New Jersey. Franchisee acknowledges that this Agreement has been entered into in the State of New Jersey, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in New Jersey including but not limited to assistance, support and the development of the Honor Yoga System. In recognition of these services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of New Jersey as set forth above.

12.3. **Injunctive Relief**. Nothing in this Agreement shall prevent Franchisor from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

12.4. **Arbitration**. Except as set forth in Section 12.3 above, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, will be submitted to arbitration at the office of the American Arbitration Association ("AAA") responsible for administering claims filed in Mercer County, New Jersey in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of New Jersey for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Franchisor and Franchisee shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation.

The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Franchisor and Franchisee further agree that, unless such a limitation is prohibited by applicable law, neither the Franchisor nor Franchisee shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. 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 Franchisee. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the District of New Jersey or the Courts of Mercer County, New Jersey, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

12.5. **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means the spouse, parent, children and siblings of Franchisee and the parents, children and siblings of

Franchisee's spouse. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

12.6. **Successors.** References to Franchisor or Franchisee include their successors, assigns or transferees, subject to the limitations of this Agreement.

12.7. **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at its option may terminate this Agreement immediately upon written notice to Franchisee.

12.8. **No Right to Offset**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Franchisee under this Agreement or any related agreements.

12.9. **Force Majeure.** Neither Franchisor, its affiliates nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as Franchisor deems reasonable.

12.10. **Rights Cumulative**. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

12.11. **PARTIES. THE SOLE ENTITY AGAINST WHICH FRANCHISEE MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY FOR ANY CLAIM IS FRANCHISOR OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF FRANCHISOR AND OF ITS AFFILIATES SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY FRANCHISEE IF THE CLAIM ARISES OUT OF**

OR RELATES TO THIS AGREEMENT.

12.12. LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL FRANCHISOR BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.

12.13. JURY TRIAL WAIVER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. FRANCHISOR AND FRANCHISEE, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.

12.14. FRANCHISOR APPROVAL AND DISCRETION. TO THE EXTENT THAT FRANCHISOR'S CONSENT OR APPROVAL IS REQUIRED OR ANY DECISION IS SUBJECT TO THE DISCRETION OF THE FRANCHISOR, AND WHENEVER FRANCHISOR EXERCISES A RIGHT, PRESCRIBES AN ACT OR THING, OR OTHERWISE MAKES A CHOICE OR USES DISCRETION, THE PARTIES AGREE THAT FRANCHISOR HAS THE WHOLLY UNRESTRICTED RIGHT TO MAKE DECISIONS AND/OR TAKE (OR REFRAIN FROM TAKING) ACTIONS, EXCEPT THAT FRANCHISOR WILL NOT ACT ARBITRARILY OR UNREASONABLY. HOWEVER, FRANCHISOR WILL NOT BE REQUIRED TO CONSIDER FRANCHISEE'S INDIVIDUAL INTERESTS OR THE INTERESTS OF ANY OTHER PARTICULAR FRANCHISEE(S), EVEN IF A PARTICULAR DECISION/ACTION MAY HAVE NEGATIVE CONSEQUENCES FOR FRANCHISEE, A PARTICULAR FRANCHISEE OR GROUP OF FRANCHISEES.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE ULTIMATE DECISION-MAKING RESPONSIBILITY WITH RESPECT TO THE SYSTEM (AMONG OTHER THINGS) MUST BE, AS A PRACTICAL BUSINESS MATTER, VESTED SOLELY IN FRANCHISOR, SINCE FRANCHISEE, FRANCHISOR AND ALL OTHER FRANCHISEES HAVE A COLLECTIVE INTEREST IN WORKING WITHIN A FRANCHISE SYSTEM WITH THE UNRESTRICTED FLEXIBILITY TO QUICKLY ADJUST TO CHANGING BUSINESS CONDITIONS, INCLUDING COMPETITIVE CHALLENGES, NEW REGULATORY DEVELOPMENTS AND EMERGING BUSINESS OPPORTUNITIES. FRANCHISEE UNDERSTANDS AND AGREES THAT FRANCHISOR HAVING SUCH RIGHTS ARE CRITICAL TO ITS ROLE AS FRANCHISOR AND TO OBTAIN THE PARTIES GOALS FOR CONTINUING IMPROVEMENT OF THE HONOR YOGA SYSTEM.

13. REPRESENTATIONS

13.1. NO AUTHORITY. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR, EXCEPT AN AUTHORIZED OFFICER OF FRANCHISOR, BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF FRANCHISOR WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER IT SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF FRANCHISOR. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE, OR LESS, SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE SHALL DO AS WELL AS ANY OTHER FRANCHISEE.

FRANCHISEE SPECIFICALLY ACKNOWLEDGES THAT HE OR SHE HAS NOT RECEIVED OR RELIED ON (NOR HAS FRANCHISOR OR ANYONE ELSE PROVIDED) ANY STATEMENTS, PROMISES OR REPRESENTATIONS THAT FRANCHISEE WILL SUCCEED IN THE FRANCHISED BUSINESS; ACHIEVE ANY PARTICULAR SALES, INCOME OR OTHER LEVELS OF PERFORMANCE; EARN ANY PARTICULAR AMOUNT, INCLUDING ANY AMOUNT IN EXCESS OF YOUR INITIAL FRANCHISE FEE OR OTHER PAYMENTS TO FRANCHISOR; OR RECEIVE ANY RIGHTS, GOODS, OR SERVICE NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. ANY STATEMENTS REGARDING ACTUAL, POTENTIAL OR PROBABLE REVENUES OR PROFITS OF ANY FRANCHISED BUSINESS NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNAUTHORIZED, UNWARRANTED AND UNRELIABLE, FRANCHISOR WILL NOT BE RESPONSIBLE FOR IT AND IT SHOULD BE REPORTED TO FRANCHISOR IMMEDIATELY.

13.2. RECEIPT. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

13.3. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY

FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO ITS EXECUTION.

13.4. **EXECUTION OF AGREEMENT. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF THE BUSINESS ENTITY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, THAT ALL OF THE EQUITY OWNERS OF FRANCHISEE, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE BUSINESS ENTITY.**

13.5. **ANTI-TERRORISM LAW COMPLIANCE. FRANCHISEE AND ITS EQUITY OWNERS AGREE TO COMPLY WITH, AND TO ASSIST FRANCHISOR, TO THE FULLEST EXTENT POSSIBLE IN FRANCHISOR'S EFFORTS TO COMPLY WITH ANTI-TERRORISM LAWS (DEFINED BELOW). IN CONNECTION WITH THAT COMPLIANCE, FRANCHISEE, AND ITS OWNERS CERTIFY, WARRANT AND REPRESENT THAT NONE OF FRANCHISEE'S, OR ITS EQUITY OWNER'S PROPERTY, OR INTERESTS ARE SUBJECT TO BEING BLOCKED UNDER ANY ANTI-TERRORISM LAWS, AND THAT FRANCHISEE AND ITS OWNERS OTHERWISE ARE NOT IN VIOLATION OF ANY ANTI-TERRORISM LAWS. "ANTI-TERRORISM LAWS" MEANS EXECUTIVE ORDER 13224 ISSUED BY THE PRESIDENT OF THE UNITED STATES, THE USA PATRIOT ACT, AND ALL OTHER PRESENT AND FUTURE FEDERAL, STATE AND LOCAL LAWS, ORDINANCES, REGULATIONS, POLICIES, LISTS AND OTHER REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY ADDRESSING OR IN ANY WAY RELATING TO TERRORIST ACTS AND ACTS OF WAR. FRANCHISEE SHALL IMMEDIATELY NOTIFY FRANCHISOR OF ANY MISREPRESENTATION OR BREACH OF THIS SECTION 13.7. FRANCHISOR MAY TERMINATE THIS AGREEMENT WITHOUT ANY OPPORTUNITY FOR FRANCHISEE TO CURE UNDER SECTION 9.2.1 UPON ANY MISREPRESENTATION OR BREACH BY FRANCHISEE OF THIS SECTION 13.5.**

14. PERSONAL GUARANTEES

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, all shareholders, all general partners or all members and managers, respectively, hereby personally and unconditionally guarantee without notice, demand or presentment the payment of all of Franchisee's monetary obligations under this Agreement as if each were an original

party to this Agreement in his or her individual capacity. In addition, all personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All personal guarantors shall execute a continuing personal guaranty in the form attached as Exhibit 3.

15. OWNERSHIP OF FRANCHISEE

If Franchisee is a corporation, general partnership or limited liability company, or subsequent to execution of this Agreement, Franchisee assigns this Agreement to a corporation, general partnership or limited liability company, the Statement of Ownership Interest attached to this Agreement as Exhibit 2 completely and accurately describes all of the equity owners and their interests in Franchisee and Franchisee's Operating Principal. Subject to Franchisor's rights and Franchisee's obligations under Section 8, Franchisee agrees to sign and deliver to Franchisor a revised Statement of Ownership Interest to reflect any permitted changes in the information that Exhibit 2 now contains. Franchisee shall promptly provide Franchisor a copy of, as applicable: (i) the transferee corporation's Articles of Incorporation, Bylaws, resolutions including, without limitation, the resolutions of the Board of Directors authorizing entry into this Agreement; or (ii) the limited liability company's certificate of organization or formation, the Operating Agreement; and all other governing documents.

FRANCHISEE ACKNOWLEDGES TO FRANCHISOR THAT FRANCHISEE HAS READ THIS FRANCHISE AGREEMENT AND UNDERSTANDS ITS TERMS AND FRANCHISEE WOULD NOT SIGN THIS FRANCHISE AGREEMENT IF FRANCHISEE DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE:

_____

(Individual, Partnership, Corporation or LLC Name)

By:_____

Title: _____

FRANCHISOR:

HONOR YOGA MANAGEMENT, LLC

By: _____

Title: _____

EXHIBIT 1 TO
HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

APPROVED LOCATION

The Approved Location for the Franchised Business is as follows:

FRANCHISEE:
(Individual, Partnership, Corporation or LLC Name)

By: _____

Title: _____

FRANCHISOR:

HONOR YOGA MANAGEMENT, LLC

By: _____

Title: _____

EXHIBIT 2 TO
HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

Statement of Ownership Interest

Effective Date: This Exhibit 2 is current and complete as of _____, 20__

Franchisee Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners**. The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Percentage/Description of Interest**
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

3. **Identification of Operating Principal**. Your Operating Principal as of the Effective Date is _____ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without Franchisor's prior written approval. The Operating Principal is the person to receive communications from Franchisor and Notice for Franchisee.

Address:_____

_____

E-mail Address:_____

[Signatures on following page.]

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Print Name of Franchisee Entity]

By:_____
[signature of person signing on behalf of entity]

Title of Signer:_____

DATED:_____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

_____
[signature of individual franchisee]

Print Name:_____

DATED:_____

_____
[signature of individual franchisee]

Print Name:_____

DATED:_____

EXHIBIT 3 TO
HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF ITS SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF ITS GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY CORPORATION, ALL OF ITS MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

The undersigned persons hereby represent to Honor Yoga Management, LLC ("Franchisor") that they are all of the shareholders of Franchisee, or all of the general partners of Franchisee, or all of the members and managers of Franchisee, as the case may be. In consideration of the grant by Franchisor to Franchisee as provided under the Franchise Agreement between Franchisor and Franchisee, dated the ___ day of _____, 20__ (the "Franchise Agreement"), each of the undersigned agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them, shall be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, that they and each of them do unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the Franchise Agreement, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the Franchise Agreement to Franchisor and/or its affiliate, and that they and each of them shall not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first notifying Franchisor of said proposed transfer and obtaining the prior written consent of Franchisor, and without first paying or causing to be paid to Franchisor the transfer fee provided for in the Franchise Agreement, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. The undersigned further agree to be bound by the in-term and post-termination covenants of the Franchise Agreement including, without limitation, those relating to confidentiality and noncompetition. The undersigned also agree that the governing law and methods for resolution of disputes which govern this Guaranty shall be the same as those outlined in the Franchise Agreement.

EACH GUARANTOR ACKNOWLEDGES TO HONOR YOGA MANAGEMENT, LLC THAT GUARANTOR HAS READ THIS PERSONAL GUARANTY AND UNDERSTANDS ITS TERMS AND GUARANTOR WOULD NOT SIGN THIS PERSONAL GUARANTY IF GUARANTOR DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

Dated:_____

_____
Print Name:

_____
Print Name:

_____
Print Name:

_____
Print Name:

EXHIBIT 4 TO
HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns and transfers to Honor Yoga Management, LLC, a New Jersey limited liability company ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") respecting premises commonly known as _____ _____. This Assignment is for collateral purposes only and except as specified in this Agreement, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor there under.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the operation of an Honor Yoga Studio (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor there from, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

Witness

(Individual, Partnership, Corporation or LLC Name)

By: _____

_____

Title:_____

ASSIGNEE:

HONOR YOGA MANAGEMENT, LLC

By: _____

Title: _____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with Section (a) above;

(c) Consents to the foregoing Collateral Assignment and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant there under, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease;

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

(e) On termination or expiration of the Franchise Agreement or the Lease, Assignee shall have the right to re-enter the Premises and make all necessary modifications or alterations to the Premises including the removal of all articles which display Assignee's Proprietary Marks. Assignee's re-entry shall not be deemed as trespassing.

DATED:

LESSOR:

_____

ASSIGNEE:

HONOR YOGA MANAGEMENT, LLC

By: _____

Title: _____

EXHIBIT 5 TO
HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

1. Pursuant to a Franchise Agreement dated _____, 20___ (the "Franchise Agreement"), _____ (the "Franchisee") has acquired the right and franchise from Honor Yoga Management, LLC (the "Company") to establish and operate an Honor Yoga Studio (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. In consideration for my position as _____of the Franchisee and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree to the terms of this Confidentiality Agreement (the "Agreement").

4. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

5. The Company and Franchisee may disclose the Confidential Information to me via training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance.

6. I will not acquire any interest in the Confidential Information, other than the right to utilize it in performing my duties for the Franchised Business and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition. I covenant that I will not forward or provide

the Confidential Information to any third party, nor store it on any personal or third party electronic device, disk, drive, or otherwise, unless expressly authorized to do so by the Company.

7. Any work performed by me with the Franchisee and any derivative works created by me using the Confidential Information or any proprietary information of the Company are considered "works made for hire" and I will have no ownership interest in the items created.

8. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my association with the Franchisee, and will continue not to disclose or use any such information even after I cease to be associated with the Franchisee, unless I can demonstrate that such information has become generally known to the public or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement, a breach of the employees or associates of the Franchisee, or a breach of my own duties or the duties hereunder.

9. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. In the event any provision of this Agreement is ever deemed to exceed the limits permitted by any applicable law, the provisions set forth herein will be reformed to the extent necessary to make them reasonable and enforceable. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, all of which are severable and will be given full force and effect.

10. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

11. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, in addition to any other remedies available to them, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company

is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

12. This is not a contract for employment and does not guaranty my employment for any set period of time. I agree and understand that I have no employment relationship with the Company.

13. Subject to the rights of the Franchisee and the Company in Section 11, if a dispute arises under this Agreement, it is agreed that all disputes, controversies, or claims shall be submitted to binding arbitration before the American Arbitration Association. It is acknowledged, understood and agreed that any such arbitration will be final and binding and that by agreeing to arbitration, the parties are waiving their respective rights to seek remedies in court, including the right to a jury trial. The parties waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement, whether based in contract, tort, statute (including any federal or state statute, law, ordinance or regulation), or any other legal theory. **It is expressly acknowledged, understood and agreed that: arbitration is final and binding; the parties are waiving their right to seek legal remedies in court including the right to a trial by jury; pre-arbitration discovery generally is more limited than and different from that available in court proceedings; the arbitrator's award is not required to include factual findings or legal reasoning; and any party's right to appeal or vacate, or seek modification of, the arbitration award, is strictly limited by law**. It is understood, acknowledged and agreed that in any such arbitration, each party will be solely responsible for payment of his/her/its own counsel fees, with the costs of arbitration borne equally by the parties. Any such arbitration shall be governed by, and construed in accordance with, the law of the state of New Jersey and shall take place in New Jersey.

14. Any dispute in the meaning, understanding, effect, interpretation or validity of this Agreement will be resolved in accordance only with the laws of the State of New Jersey. The only way this Agreement can be changed is in writing signed by the Company, Franchisee and me.

15. This Agreement will be binding upon and inure to the benefit of all parties including my heirs, personal representatives, successors and assigns and Franchisee's and Company's officers, directors, executives, employees, representatives, successors, agents and assigns.

16. I understand that this Agreement may and will be assigned or transferred to, and will be binding upon and will inure to the benefit of, any successor of the Company, and any successor will be deemed substituted, for all purposes, as the "Company"

under the terms of this Agreement. As used in this Agreement the term "successor" will mean any person, firm, corporation, or business entity which at any time, whether by merger, purchase or otherwise, acquires all or substantially all of the assets of the business of the Company. I acknowledge that the services to be rendered by me in my employment are unique and personal. Accordingly, I may not assign any of my rights nor delegate any of my duties or obligations under this Agreement.

Dated:_____

Signature:_____

Name:_____

Address:_____

Title:_____

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

ACKNOWLEDGED BY COMPANY

By:_____

Name:_____

EXHIBIT 6 TO
HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

FORM OF RELEASE
(Current Form – Subject to Change)

FOR AND IN CONSIDERATION of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all parties, the parties agree and covenant to fully and mutually release the other as follows:

1. The undersigned _____ (the "Franchisee") and its shareholders, officers, and managers do hereby release and forever discharge Honor Yoga Management, LLC (the "Franchisor"), its, successors, agents, assigns, officers, managers, shareholders, employees, representatives, and any and all other persons, firms and corporations whatsoever, from any and all claims, demands, damages, actions, causes of action, or suits of any kind or nature whatsoever, both known and unknown, breach of contract, defamation, and any claims whatsoever. This Full and Final General Release (the "Release") shall apply to all agreements or contracts heretofore existing or entered into by and between Franchisee and Franchisor.

2. The consideration expressly mentioned herein is the only consideration paid or to be paid by said parties hereby released. The parties acknowledge that no other party, or agent, or attorney of any other party, has made any promise, or representation or warranty to induce this Release, not herein expressly set forth, and no such promises, representations or warranties are relied upon as a consideration for this Release, or otherwise, but any and all of the parties' respective claims, of whatever nature are hereby fully and forever released, compromised and settled. Full and complete compromise, settlement, and accord and satisfaction are hereby acknowledged, and it is expressly agreed by the undersigned parties never to sue any of the other parties hereby released on any alleged promise, representation or warranty for this Release not herein expressly set forth.

3. This Agreement contains the entire agreement and understanding between the parties as to the matters specified herein and supersedes and replaces all agreements on this subject matter, whether written or oral. The terms contained herein may not be modified or amended except in writing signed by the parties. The terms of this Release are contractual and not a mere recital.

4. The undersigned further state that they have carefully read the foregoing instrument; that they know the contents thereof; that they understand and agree to each and every term and condition contained herein; that they signed the same as their own

free act and deed; and that they have not assigned any rights released hereunder to any person or organization, private or governmental.

5. The terms of this Release arose from discussions between the parties. Accordingly, no claimed ambiguity in this Release shall be construed against any party claimed to have drafted or proposed the language in question.

6. This Release shall be governed by and construed pursuant to the laws of the State of New Jersey.

7. This Release may be executed in two copies, each of which shall be deemed an original.

8. All releases given by the Franchisee is intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate.

WITNESS OUR SIGNATURES, this the _____ day of _____, 20____.

By: _____

FRANCHISEE (Printed Name) _____

(By our Signature above, we attest to this Agreement for stockholders, corporate and individually

EXHIBIT 7 TO
HONOR YOGA MANAGEMENT, LLC
FRANCHISE AGREEMENT

DISCLOSURE QUESTIONNAIRE

As **YOU** know, **YOU** and **HONOR YOGA MANAGEMENT, LLC, a New Jersey limited liability company ("Franchisor")** are entering into a Franchise Agreement for the operation of an Honor Yoga studio. The purpose of this Disclosure Questionnaire is to determine whether any statements or promises were made to **YOU** that **Franchisor** has not authorized or that may be untrue, inaccurate or misleading, and to be certain that **YOU** understand the limitations on claims that may be made by **YOU** by reason of the offer and sale of the franchise and operation of **YOUR** business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Did **YOU** receive a copy of **Franchisor's** Franchise Disclosure Document (and all exhibits and attachments at least 14 calendar days prior to signing the Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment:

   _____

2. Have **YOU** studied and reviewed carefully **Franchisor's** Franchise Disclosure Document and Franchise Agreement? Check one: ☐ Yes ☐ No. If no, please comment:

   _____

3. Did **YOU** receive a copy of the Franchise Agreement at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one: ☐ Yes. ☐ No If no, please comment:

   _____

4. Did **YOU** understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment:

   _____

5. Was any oral, written or visual claim or representation made to **YOU** which contradicted the disclosures in the Franchise Disclosure Document? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation:

6. Did any employee or other person speaking on behalf of **Franchisor** make any oral, written or visual claim, statement, promise or representation to **YOU** that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income or profit levels at any studio, or the likelihood of success at your Honor Yoga Studio? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation:

_____

7. Do **YOU** understand that that the Franchise granted is for the right to develop one Honor Yoga studio only at your Approved Location, and that **Franchisor** has the right, subject only to the limited rights granted to **YOU** under the Franchise Agreement, to issue Franchises or licenses or operate competing businesses for or at locations, as **Franchisor** determines, near **YOUR** Honor Yoga studio? Check one: ☐ Yes ☐ No. If no, please comment:

_____

8. Do you understand that the Franchise Agreement contains the entire agreement between **YOU** and **Franchisor** concerning **YOUR** Honor Yoga Studio, meaning that any prior oral or written statements not set out in the Franchise Agreement or Franchise Disclosure Document will not be binding? Check one: ☐ Yes ☐ No. If no, please comment:

_____

9. Do you understand that the success or failure of **YOUR** Honor Yoga Studio will depend in large part upon **YOUR** skills and experience, **YOUR** business acumen, **YOUR** location, the local market for studio products and services, interest rates, the economy, inflation, the number of employees **YOU** hire and their compensation, competition and other economic and business factors? Further, do **YOU** understand that the economic and business factors that exist at the time you open **YOUR** Honor Yoga Studio may change? Check one ☐ Yes ☐ No. If no, please comment:

_____

YOU UNDERSTAND THAT **YOUR** ANSWERS ARE IMPORTANT TO **FRANCHISOR** AND THAT **FRANCHISOR** WILL RELY ON THEM. BY SIGNING

THIS ADDENDUM, **YOU** ARE REPRESENTING THAT **YOU** HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Print Name: _____

Date: _____

Exhibit C

MULTI-UNIT DEVELOPMENT AGREEMENT

Honor Yoga Management, LLC

HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

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HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement dated, made and entered into this ____ day of _____, 20__ ("Effective Date") by and between HONOR YOGA MANAGEMENT, LLC, a New Jersey limited liability company with its principal place of business at 59 Lawrencia Drive, Lawrenceville, NJ 08648 (the "Company"), and _____ with an address at _____ ("Developer").

BACKGROUND

A. The Company and/or its equity owners, parent, predecessor or affiliate, through the expenditure of considerable money, time and effort, has developed a system (the "Honor Yoga System" or "System") for the establishment, development and operation of Honor Yoga studios. The System includes our proprietary marks, recognized designs, decor and color schemes, trade dress, distinctive specifications for fixtures, IT platforms, equipment, and designs; know-how, and trade secrets; procurement of clients, sales techniques, and merchandising, marketing, advertising, record keeping and business management systems; quality control procedures; and procedures for operation and management of a Honor Yoga business.

B. The Honor Yoga System is identified by various trade names, trademarks and service marks used by Franchisor and its franchisees including, without limitation, the trademark "Honor Yoga" and other identifying marks and symbols that Franchisor uses now or may later use as part of the Honor Yoga System (the "Proprietary Marks"). The rights to all the Proprietary Marks shall be owned exclusively by the Company, its equity owners, parent, predecessor or its affiliate.

C. The Company is engaged in the business of granting franchises to qualified individuals and business entities to use the System to operate a Honor Yoga.

D. Developer wishes to obtain certain development rights to operate Honor Yoga businesses under the System, to be identified with the Proprietary Marks in the territory described in this Development Agreement, and to be trained by the Company to establish and operate Honor Yoga businesses.

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

1. GRANT

1.1 The Company hereby grants to Developer, pursuant to the terms and conditions of this Development Agreement, the development rights, and Developer hereby undertakes the obligation, to establish and operate the Honor Yoga studios (the "Franchised Businesses"), pursuant to the development schedule set forth in Exhibit "2" (the "Development Schedule") at specific locations to be designated in separate franchise agreements (the "Franchise Agreements") executed by Developer as provided in Section 3.1 hereof. Each Franchised Business developed hereunder shall be located in the area described in Exhibit "1" (the "Development Area") attached hereto.

1.2 Each Franchised Business developed hereunder shall be established and operated pursuant to a separate Franchise Agreement entered into between Developer or its affiliate and the Company in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, during the term of this Development Agreement, the Company shall not establish or operate, nor license any party other than Developer to establish or operate, any Franchised Business under the System and the Proprietary Marks in the Development Area; provided, however, that Developer acknowledges and agrees that the Company retains the rights, among others, in the Development Area:

1.3.1 To use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Honor Yoga studios at any location outside of the Development Area; and

1.3.2 The right to own, operate, franchise or license, both within and outside the Development Area, Honor Yoga and similar businesses operating under names other than the Proprietary Marks, regardless of whether or not these other concepts offer products and services which are similar to or competitive with those offered by any Honor Yoga studio.

1.4 Developer acknowledges and agrees that certain of the Company's or its parent, predecessor or affiliates' products and services, whether now existing or developed in the future, may be distributed in the Development Area by the Company, the Company's parent, predecessor or affiliates, or the Company's licensees or designees, in such manner and through such channels of distribution other than through Honor Yoga studios as the Company, in its sole discretion, shall determine, including, but not limited to, the right to distribute products and services (which may include, but are not limited to: on-line classes, software, clothing, books, nutritional products, videos, and music), in other channels of distribution (which other channels of distribution include but are not limited to: sales of services and products at or through mail order, catalog, tele-marketing, direct mail marketing, or via the internet, and any similar outlets or distribution methods), whether now existing or developed in the future, identified by the Proprietary Marks or other marks the Company and/or its parent. Predecessor or affiliate owns or licenses, through any distribution method the Company or its parent, predecessor or affiliate may establish, and may franchise or license others to do so,

both within and outside the Development Area, regardless of whether the offering of products or services in the other channels of distribution compete with a Honor Yoga studio. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Developer understands that this Agreement grants Developer no rights (1) to distribute such products through such channels of distribution as described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.

1.5 This Agreement is not a franchise agreement, and does not grant to Developer any right to use in any manner the Company's Proprietary Marks or System. Developer shall have no right under this Agreement to license others to use in any manner the Proprietary Marks or System.

2. DEVELOPMENT FEE

2.1 In consideration of the development rights granted herein, Developer shall pay to the Company, upon execution of this Agreement, the development fee set forth on Exhibit "2" (the "Development Fee"), receipt of which is hereby acknowledged by the Company, and which shall be deemed fully earned and non-refundable upon execution of this Agreement in consideration of the administrative and other expenses incurred by the Company and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

3. DEVELOPMENT OBLIGATIONS

3.1 In exercising its development rights and fulfilling its development obligations under this Agreement, Developer shall execute a Franchise Agreement for each Franchised Business at a site approved by the Company in the Development Area as hereinafter provided. The Franchise Agreement for the first Franchised Business developed hereunder shall be in the form of the then current Franchise Agreement and shall be executed concurrently with this Agreement. The Franchise Agreement for each additional Franchised Business developed hereunder shall be the form of the then-current Franchise Agreement being offered for new Honor Yoga franchises, generally, by the Company at the time each such Franchise Agreement is executed. Developer shall not be required to pay an initial franchise fee. The terms and conditions of each subsequent Franchise Agreement signed by Developer may differ from the previous Franchise Agreement, except the royalty fees and other fees payable to the Company will not exceed the fees in the Franchise Agreement for the first Franchised Business developed hereunder.

3.2 Prior to Developer's acquisition by lease or purchase of any site for a Franchised Business, Developer shall submit to the Company, in the form specified by the Company, the description of the proposed site and such information or materials as the Company may reasonably require, together with a letter of intent or other evidence satisfactory to the Company which confirms Developer's favorable prospects for obtaining the proposed site. The Company shall have thirty (30) days after receipt of the description of the proposed site and other information and materials from Developer

to exercise its right and option, in writing, to approve or disapprove the proposed site for development as a Franchised Business. In the event the Company does not approve a proposed site by written notice to Developer within such thirty (30) day period, such site shall be deemed disapproved by the Company. The Company may present sites to Developer which meet the criteria and are available, but Developer shall have no obligation to accept any such sites. Developer acknowledges that Developer, and not the Company, has the duty and obligation to obtain an approved site for each Franchised Business.

3.3 Developer acknowledges that Developer is solely responsible for locating and securing sites acceptable to the Company and for negotiating leases for the sites acceptable to the Company. Developer shall submit to the Company the information developed at Developer's expense that the Company requests concerning any site and lease proposed by Developer for the Company's approval under this Agreement at any time as the Company may request. Developer acknowledges and agrees that the Company's review of the site information and lease (if any), presentation of a site to Developer, and/or approval does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for a Franchised Business or any lease terms or for any other purpose, or of its compliance with any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the Franchised Business. The Company's presentation and/or approval of the site and/or lease (if any) indicates only that the Company believes the site and lease complies with acceptable minimum criteria established by the Company solely for its purposes as of the time of the evaluation. Both Developer and the Company acknowledge that application of criteria that have been effective with respect to other sites and premises under the System may not be predictive of potential for all sites and leases and that, subsequent to the Company's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from the Company's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond the Company's control. The Company shall not be responsible for the failure of a site or lease presented or approved by the Company to meet Developer's expectations as to revenue or operational criteria. Developer further acknowledges and agrees that its acceptance of a franchise for the operation of a Honor Yoga studio at the site or lease is based on its own independent investigation of the suitability of the site or the lease.

3.4 Recognizing that time is of the essence, Developer agrees, by the dates described in the Development Schedule and Section 1.1 of this Agreement, to (1) execute each subsequent Franchise Agreement and (2) have open and operating the minimum cumulative number of Franchised Businesses. If Developer fails, by the respective dates set forth in the Development Schedule, (x) to (1) execute the Franchise Agreement described in the Development Schedule and (2) have open and operating the minimum cumulative number of Franchised Businesses, or (y) thereafter to develop, open and operate the respective Franchised Businesses in accordance with the terms

of the Franchise Agreements, Developer shall be in material default of this Agreement, and the Company shall have the right to all remedies described in Section 6.2 hereof.

4. TERM

4.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the earlier of: (1) the last date specified in the Development Schedule; or (2) the date when Developer has open and in operation all of the Franchised Businesses required by the Development Schedule.

4.2 Upon expiration of this Agreement as set forth in Section 4.1 of this Agreement:

4.2.1 Developer shall not have any right to establish any Franchised Businesses for which a Franchise Agreement has not been executed by the Company at the time of expiration; and

4.2.2 The Company shall be entitled to establish and operate, and license others to establish and operate Franchised Businesses under the System and Proprietary Marks in the Development Area, except as may otherwise be provided under any Franchise Agreement which has been executed between the Company and Developer.

5. DUTIES OF THE PARTIES

5.1 For each Franchised Business developed hereunder, the Company shall furnish to Developer the following:

5.1.1 Such site selection consultation as the Company may deem advisable; and

5.1.2 Such on-site evaluation as the Company may deem advisable as part of its evaluation of Developer's request for site approval; provided, however, that the Company shall not provide on-site evaluation for any proposed site prior to the Company's receipt of such information and materials required under Section 3.2 hereof, including, but in no way limited to, a description of the proposed site and a letter of intent or other evidence satisfactory to the Company which confirm Developer's favorable prospects for obtaining the proposed site. The Company shall not provide on-site evaluation for any proposed site if Developer has not yet signed the applicable Franchise Agreement.

5.1.3 Review site survey information on sites Developer selects for conformity to the Company's standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Franchised Business.

5.1.4. Provide Developer with standard specifications and layouts for building and furnishing the Franchised Business.

5.1.5 Review Developer's site plan and final build-out plans and specifications for conformity to Company standards and specifications.

5.2 Developer accepts the following obligations:

5.2.1 A Developer which is a corporation shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.1.1 Developer shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Developer's corporate documents from time to time as it, in its sole discretion, deems advisable, including, but not limited to, minutes of the meetings of Developer's Board of Directors, any other documents the Company may reasonably request, and any amendments thereto.

5.2.1.2 Developer shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Franchised Businesses to be developed hereunder.

5.2.1.3 Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Multi-Unit Development Agreement with Honor Yoga Management, LLC, dated _____. Reference is made to the provisions of the said Multi-Unit Development Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 5.2.1.3 shall not apply to a "publicly-held corporation". A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

5.2.1.4 Developer shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of Developer and shall furnish the list to the Company upon request.

5.2.2 A Developer which is a partnership shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.2.1 Developer shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

5.2.2.2 Developer shall prepare and furnish to the Company, upon request, a list of all general and limited partners in Developer.

5.2.3 A Developer which is a limited liability company shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.2.3.1 Developer shall furnish the Company with a copy of its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Developer's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

5.2.3.2 Developer shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder.

5.2.3.3 Developer shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request.

5.2.4 Developer represents and warrants that, as of the Effective Date, the list of owners and their respective ownership interests described in Exhibit "3" attached hereto is complete and accurate.

5.2.5 As a condition of the effectiveness of this Agreement, all owners with any interest in Developer shall execute the Guarantee attached as Exhibit "4" hereto.

5.2.6 Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.

5.2.7 Developer shall comply with all of the other terms, conditions and obligations of Developer under this Agreement.

6. DEFAULT

6.1 Developer shall be deemed in default under this Agreement, and all rights granted herein shall automatically terminate, without notice to Developer, if Developer falsifies any information or material provided by the Developer to the Company; if Developer shall become insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed

against and consented to by Developer; if Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer or a receiver is appointed by any court of competent jurisdiction; if execution is levied against Developer's business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Developer and not dismissed within thirty (30) days or if the real or personal property of any of Developer's Franchised Businesses shall be sold after levy thereupon by any sheriff, marshal or constable; if Developer uses Franchisor's Confidential Information in an unauthorized way; if Developer commits any acts of moral turpitude or other criminal acts which may affect the reputation or the goodwill of the Proprietary Marks; if Developer is convicted of or pleads guilty or nolo contender of a felony; or if Developer fails to adhere to the Development schedule.

6.2 If Developer fails to comply with or to perform any of the terms, conditions or obligations of this Agreement, including the development obligations described in Sections 1.1 and 3 hereof, or any Franchise Agreement or any other agreement between Developer or any of its affiliates and the Company, its parent, predecessor or affiliates or subsidiaries, or makes or attempts to make a transfer or assignment in violation of Section 7.2 hereof, such failure or action shall constitute a default under this Agreement. Upon such default, the Company shall have the right, in its sole discretion:

6.2.1 To terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice;

6.2.2 To terminate the territorial protection granted under Section 1 hereof, and the Company shall have the right to establish and operate, and license others to establish and operate, Franchised Businesses within the Development Area; and

6.3 Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Franchised Businesses for which a Franchise Agreement has not been executed by the Company at the time of termination. The Company shall have the right to establish and operate, and to license others to establish and operate, Franchised Businesses under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between the Company and Developer.

6.4 No default under this Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto. Default under this Development Agreement shall constitute default under any other Development Agreement between the parties hereto.

6.5 All defaults not listed in Section 6.1 or 6.2, are considered curable defaults and shall have a 30 day cure period.

6.6 No right or remedy herein conferred upon or reserved to the Company is exclusive of any other right or remedy provided or permitted by law or equity.

7. TRANSFERS

7.1 Transfer by the Company:

The Company shall have the right to transfer, assign or delegate all or any part of its rights or obligations herein to any person or legal entity, Developer agrees hereby to consent to any such assignment and delegation and to execute any documents in connection therewith as reasonably requested by the Company. Any such assignment shall be binding upon and inure to the benefit of the Company's successors and assigns.

7.2 Transfer by Developer:

Developer understands and acknowledges that the rights and duties set forth in this Agreement are unique to Developer, and are granted in reliance on the business skill, financial capacity, and personal character of Developer or Developer's owners. If Developer is an individual, Developer shall have no right to transfer this Agreement without the prior written consent of the Company. A sale, transfer or assignment requiring the prior written consent of Franchisor shall be deemed to occur: (i) if Developer is a corporation or limited liability company, upon any assignment, sale, pledge or transfer of 20% or more of the voting stock or membership interests of Developer, any increase in the number of outstanding shares of voting stock or membership interests of Developer which results in a change of ownership of 20% or more of its total voting stock or membership interests, or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the voting stock or membership interests of Developer; or (ii) if Developer is a partnership, upon the assignment, sale, pledge or transfer of 20% or more of any partnership ownership interest or any series of assignments, sales, pledges or transfers totaling in the aggregate 20% or more of the partnership ownership interest. Developer shall notify Franchisor of any change in stock ownership, membership interests or partnership ownership interests in Developer while this Agreement is in effect which shall result in a sale, transfer or assignment within the meaning of this Section 7.2. If Developer or its equity owners propose to transfer or assign 20% or more of Developer's interest in this Agreement or in the business conducted under this Agreement or in Developer or if Developer is a business entity, to any third party in connection with a bona fide offer from such third party, Developer or its equity owners shall first tender to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company. The Company's consent shall not be unreasonably withheld. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of the Company, shall be null and void and shall constitute a material breach of this Agreement, for which the Company may then terminate this Agreement without opportunity to cure pursuant to Section 6.2 of this

Agreement.

7.2.1 The Company shall not unreasonably withhold its consent to a transfer of this Agreement, or a direct or indirect interest in Developer, or of Developer's business, or of the assets of Developer; provided, however, the Company may, in its sole discretion, require as a condition of its approval that:

7.2.1.1 All of Developer's accrued monetary obligations to the Company and its parent, predecessor and affiliate and all other outstanding obligations related to the terms and conditions under this Agreement shall have been satisfied;

7.2.1.2 Developer is not in default of any material provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Developer and the Company, or its subsidiaries parent, predecessor and affiliate;

7.2.1.3 The transferor shall have executed a general release under seal, in a form satisfactory to the Company, of any and all claims against the Company, its parent, predecessor and affiliate and their 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;

7.2.1.4 If the transfer is taking place pursuant to a transfer or sale of a direct or indirect interest in Developer, or of Developer's business, or of the assets of Developer, transferor shall provide Franchisor with an executed copy of the purchase agreement;

7.2.1.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall enter into a written assignment, under seal and in a form satisfactory to the Company, assuming and agreeing to discharge all of Developer's obligations under this Agreement, and all the owners of any interest in Developer shall execute the Company's then-current form of guarantee of Developer's obligations hereunder;

7.2.1.6 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall demonstrate to the Company's satisfaction that the transferee meets the Company's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated herein (as may be evidenced by prior related business experience or otherwise) and has adequate financial resources and capital to comply with the Development Schedule;

7.2.1.7 At the Company's option, (a) the transferee (and, if the transferee is other than an individual, such owners of a legal or beneficial interest in the transferee as the Company may request) shall execute (and/or, upon the Company's request, shall cause all interested parties to execute), for a term ending on the

expiration date of this Agreement, the Company's then-current standard form of Development Agreement, which agreement shall supersede this Agreement in all respects and the terms of which agreement may differ from the terms of this Agreement; provided, however, that the Development Schedule thereunder shall be the same as in this Agreement, and (b) all owners of an interest in Developer shall execute the Company's then-current form of guarantee of Developer's obligations under the development agreement;

7.2.1.8 Developer shall remain liable for all obligations of Developer's business prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by the Company to evidence such liability;

7.2.1.9 Each Franchised Business which has opened and been approved for operation by the Company is in full compliance with all the conditions and terms of the Franchise Agreement for such Franchised Business;

7.2.1.10 Developer shall pay a transfer fee of Ten Thousand Dollars ($10,000); provided, however, in the case of a transfer to a corporation or limited liability company formed by Developer for the convenience of ownership Developer shall not be required to pay a transfer fee.

7.2.2 Developer shall use its best efforts in the event it grants a security interest in any of the assets of the business licensed hereunder to cause the secured party to agree that in the event of any default by Developer under any documents related to the security interest, the Company shall have the right and option to be substituted as obligor to the secured party and to cure any default of Developer, it being understood that such right of the Company may be subordinate to the rights of Developer's lenders or landlord.

7.2.3 Developer acknowledges and agrees that each condition which must be met by the transferee developer is necessary to assure such transferee's full performance of the obligations hereunder.

7.3 For any transfer triggering the Company's right of first refusal pursuant to Section 7.2, the Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of written notification, to send written notice to the seller that the Company or its parent, predecessor or affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that the Company or its parent, predecessor or affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event that the Company or its parent, predecessor or affiliate elects to purchase the seller's interest, closing on such purchase must occur within ninety (90) days from the date of notice to the seller of the election to purchase by the Company or its parent, predecessor or affiliate. In the event that the Company or its parent, predecessor or affiliate has elected not to purchase the seller's interest, any material change in the terms of any offer prior to closing by any third party shall constitute a new

offer subject to the same rights of first refusal by the Company described in this Section 7.3 as in the case of an initial offer. Failure by the Company or its parent, predecessor or affiliate to exercise the option afforded by this Section 7.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7.3 with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its parent, predecessor or affiliate may purchase the interest in the Developer's business proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by mutual agreement of the Company and Developer, and his determination shall be binding. If the Company and Developer cannot agree upon the selection of a single appraiser, then each party shall designate one (1) such appraiser and the two (2) designated appraisers, in turn, shall designate a third party appraiser and the determination of the three (3) appraisers shall be binding.

7.4 Upon the death or mental incompetency of any person with a controlling interest in this Agreement or in Developer, the transfer of which requires the consent of the Company as provided in Section 7.2 hereof, the executor, administrator, personal representative, guardian, or conservator of such person shall transfer such interest within ninety (90) days after such death or mental incompetency to a third party approved by the Company. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 7, the personal representative of the deceased person shall have a reasonable time to dispose of the deceased's interest, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement.

7.5 The Company's consent to any transfer under this Section 7 shall not constitute a waiver of any claims the Company may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferee.

8. COVENANTS

8.1 Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer or, if Developer is a corporation, partnership, or limited liability company, a principal of Developer approved by the Company, shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder, including the establishment and development of the Franchised Businesses to be developed hereunder.

8.2 Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable confidential information, including, without limitation, information regarding the site selection and marketing methods and techniques of the Company and the System, and that Developer has the right and obligation under this Agreement to identify sites and develop the Development Area for the benefit of the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.2.1 Divert or attempt to divert any business or member of Developer's Franchised Businesses or any franchised business 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 the Company's Proprietary Marks and the System; or

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by the Company or any franchisee or developer of the Company, or otherwise directly or indirectly to induce such person to leave his or her employment.

8.2.3 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business which offers the same or similar services as Honor Yoga studios (a "Competing Business"). The prohibitions in this Section 8.2.3 shall not apply to interests in or activities performed in connection with a Franchised Business.

8.3 Developer covenants that, except as otherwise approved in writing by the Company, Developer shall not, during the term of this Agreement and for a continuous uninterrupted period commencing two (2) years upon the expiration or termination of this Agreement, regardless of the cause for termination, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business which offers the same or similar services as Home Yoga studios and is, or is intended to be, located at or within:

8.3.1 the Development Area; or

8.3.2 five (5) miles of any franchised business operating under the System and/or utilizing the Proprietary Marks.

8.4 Section 8.3 shall not apply to ownership by Developer of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

8.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any

portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Developer 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 8.

8.6 Developer understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.7 Developer expressly acknowledges that the existence of any claims which Developer may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 8.

8.8 Developer acknowledges that Developer's violation of the terms of this Section 8 would result in irreparable injury to the Company for which no adequate remedy at law may be available; and Developer accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in obtaining, an injunction prohibiting any conduct by Developer in violation of the terms of this Section 8.

8.9 At the request of the Company, Developer shall provide the Company with executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Developer) any other salaried employee of Developer who is obligated to receive training from the Company. With respect to each person who becomes associated with Developer in one of the capacities enumerated above subsequent to execution of this Agreement, Developer shall require and obtain such covenants from them and promptly provide the Company with executed copies of such covenant. In no event shall any person enumerated be granted access to any confidential aspect of the System or any Franchised Business prior to execution of such a covenant. All covenants required by this Section 8.9 shall be in the form attached as Exhibit "5" and shall identify the Company as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Developer to obtain execution of a covenant required by this Section 8.9, and provide the same to the Company, shall constitute a material breach of this Agreement.

9. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, e-mail, facsimile or by other means which affords the

sender evidence of delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt.

Notices to the Company:

HONOR YOGA MANAGEMENT, LLC
59 LAWRENCIA DR,
LAWRENCEVILLE, NJ 08648
Attn: CEO

Notices to Developer:

_____
_____
_____

10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Developer shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

10.2 During the term of this Agreement, Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such affirmative action as shall be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which the Company reserves the right to specify.

10.3 Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name; and, that the Company shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Developer in Developer's operations hereunder, or any claim or judgment arising therefrom against the Company. Developer shall indemnify and hold the Company harmless against any and all such claims directly or indirectly from, as a result of, or in connection with, Developer's operations hereunder, as well as the costs, including attorneys' fees, of defending against them.

11. APPROVALS AND WAIVERS

11.1 Whenever this Development Agreement requires the prior approval or consent of the Company, Developer shall make timely written request to the Company therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.

11.2 The Company makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, advice, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.3 No failure of the Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Company's right to demand exact compliance with any of the terms herein. Waiver by the Company of any particular default by Developer shall not affect or impair the Company's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of the Company to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof, affect or impair the Company's right to exercise the same, nor shall such constitute a waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

12. SEVERABILITY AND CONSTRUCTION

12.1 Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than the Company or Developer and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

12.3 Developer expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

13. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the Attachments hereto, if any, constitute the entire, full, and complete agreement between the Company and Developer concerning the subject matter hereof and supersede any and all prior agreements. Except for the covenants set forth in Section 8 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or any related agreement between Developer and the Company is intended to disclaim the representations made by the Company in its Franchise Disclosure Document.

14. APPLICABLE LAW AND JURISDICTION

14.1 **Amendments**. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. NOTHING IN THIS AGREEMENT IS INTENDED TO DISCLAIM ANY INFORMATION CONTAINED IN THE COMPANY'S FRANCHISE DISCLOSURE DOCUMENT.

14.2 **Choice of Law and Selection of Venue.** This Agreement shall be governed by the laws of the State of New Jersey. Except as provided in Sections 14.3 and 14.4 below, any action at law or equity instituted against either party to this Agreement shall be commenced only in the Courts of Mercer County, New Jersey or the United States District Court, District of New Jersey. Developer acknowledges that this Agreement has been entered into in the State of New Jersey, and that Developer is to receive valuable and continuing services emanating from the Company's headquarters in New Jersey including but not limited to assistance, support and the development of the Honor Yoga System. In recognition of these services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of New Jersey as set forth above.

14.3 **Injunctive Relief**. Nothing in this Agreement shall prevent the Company from obtaining injunctive relief against actual or threatened conduct that shall cause it loss or damages, in any appropriate forum under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

14.4 **Arbitration**. Except as set forth in Section 14.3 above, disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of

either party under this Agreement, will be submitted to arbitration at the office of the AAA located in Mercer County, New Jersey in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the AAA. Any disputes to be resolved by arbitration shall be governed by the Federal Arbitration Act, as amended.

The following shall supplement and, in the event of a conflict, shall govern any dispute submitted to arbitration. The parties shall select one arbitrator from the panel provided by the AAA and the arbitrator shall use the laws of New Jersey for interpretation of this Agreement. In selecting the arbitrator from the list provided by the AAA, the Company and Developer shall make the selection by the striking method. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator's fee, attorneys' fees, interest, and costs of investigation.

The arbitrator shall have no authority to amend or modify the terms of the Agreement. The Company and Developer further agree that, unless such a limitation is prohibited by applicable law, neither the Company nor Developer shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. 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 Company and Developer. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the District of New Jersey or the Courts of Mercer County, New Jersey, and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

14.5 **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Developer's "immediate family" means the spouse, parent, children and siblings of Developer, and the parents, children and siblings of Developer's spouse. The BACKGROUND Section at the beginning of this Agreement contains contractual terms that are not mere recitals.

14.6 **Successors.** References to the Company or Developer include their successors, assigns or transferees, subject to the limitations of this Agreement.

14.7 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated;

provided, however, that if any part of this Agreement relating to payments to the Company or its parent, predecessor or affiliate or protection of the Proprietary Marks, or the Confidential Information, including the Confidential Operations Manual and the Company's other trade secrets, is declared invalid or unenforceable, then the Company at its option may terminate this Agreement immediately upon written notice to Developer.

14.8 **Force Majeure.** Neither the Company, its parent, predecessor or affiliate nor Developer shall be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause shall extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or shall excuse performance, in whole or in part, as the Company deems reasonable.

14.9 **Rights Cumulative**. No right or remedy under this Agreement shall be deemed to be exclusive of any other right or remedy under this Agreement or of any right or remedy otherwise provided by law or and equity. Each right and remedy will be cumulative.

14.10 **PARTIES. THE SOLE ENTITY AGAINST WHICH DEVELOPER MAY SEEK DAMAGES OR ANY REMEDY UNDER LAW OR EQUITY OR ANY CLAIM IS AGAINST THE COMPANY OR ITS SUCCESSORS OR ASSIGNS. THE SHAREHOLDERS, MEMBERS, GENERAL MANAGERS, OFFICERS, EMPLOYEES, AGENTS AND REPRESENTATIVES OF THE COMPANY AND OF ITS PARENT, PREDECESSOR AND AFFILIATE SHALL NOT BE NAMED AS A PARTY IN ANY LITIGATION, ARBITRATION OR OTHER PROCEEDINGS COMMENCED BY DEVELOPER IF THE CLAIM ARISES OUT OF OR RELATES TO THIS AGREEMENT.**

14.11 **LIMITATION OF LIABILITY. TO THE EXTENT PERMITTED BY LAW, IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL, PUNITIVE OR ANY OTHER DAMAGES THAT ARE NOT DIRECT DAMAGES, REGARDLESS OF THE NATURE OF THE CLAIM FOR DAMAGES.**

14.12 **JURY TRIAL WAIVER. THE COMPANY AND DEVELOPER, RESPECTIVELY, WAIVE ANY RIGHT EITHER MIGHT HAVE TO TRIAL BY JURY ON ANY AND ALL CLAIMS ASSERTED AGAINST THE OTHER. THE COMPANY AND DEVELOPER, RESPECTIVELY, EACH ACKNOWLEDGE THAT THEY HAVE HAD A FULL OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.**

15. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

15.1 Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Developer as an independent businessperson, or if Developer is a corporation, partnership or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Developer expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Developer also expressly disclaims relying upon any such warranty, representation or guarantee in connection with Developer's independent investigation of the business contemplated hereunder.

15.2 Developer acknowledges that it received the Company's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that it received a completed copy of this Agreement, and all related agreements attached to the Franchise Disclosure Document, with any changes to such agreements unilaterally and materially made by the Company at least seven (7) calendar days prior to the date on which this Agreement and all related agreements were executed.

15.3 Developer acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

15.4 Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), the Company is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Developer represents and warrants to the Company that as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is designated under the Executive Order as a person with whom business may not be transacted by the Company, and that Developer (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

WITNESS:

_____

DEVELOPER

_____

HONOR YOGA MANAGEMENT, LLC

_____

EXHIBIT 1 TO
HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

EXHIBIT 2 TO
HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

Development Schedule/ Development Fee

Developer Agrees to develop and open Honor Yoga studios in the Development Area according to the following schedule:

Development Period	Studios to be Opened During Development Period	Number of Studios to be Open and Operating by end of Development Period

Development Fee: $_____

EXHIBIT 3 TO
HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

Statement of Ownership Interest

Effective Date: This Exhibit 3 is current and complete as of _____, 20__

Developer Owners

1. **Form of Owner**. (Choose (a) or (b))

(a) **Individual Proprietorship**. List individual(s):

_____

_____

_____

(b) **Corporation, Limited Liability Company, or Partnership.** (CIRCLE ONE) You were incorporated or formed on _____, under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name. The following is a list of your directors, if applicable, managers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Manager/Officer	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners**. The following list includes the full name of each person who is one of your owners (as defined in the Multi-Unit Development Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	Percentage/Description of Interest
(a)	_____	_____
(b)	_____	_____
(c)	_____	_____
(d)	_____	_____

FRANCHISEE

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

_____
[Print Name of Franchisee Entity]

By:_____
[signature of person signing on behalf of entity]

Title of Signer:_____

DATED:_____

EXHIBIT 4 TO
HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

GUARANTEE

As an inducement to Honor Yoga Management, LLC (the "Company") to execute the Multi-Unit Development Agreement between the Company and _____ ("Developer") dated _____, 20___ (the "Development Agreement"), the undersigned ("Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Developer's obligations under the Development Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned will immediately make each payment required of Developer under the Development Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Developer for any payment required under the Development Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Development Agreement and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Development Agreement.

The undersigned hereby agree to defend, indemnify, and hold the Company harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Development Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the Developer's covenants contained in Section 8 of the Development Agreement.

This Guarantee shall terminate upon the termination or expiration of the Development Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Development Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder

existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Development Agreement, and shall be interpreted and construed in accordance with Section 14 of the Development Agreement. This Guarantee shall be interpreted and construed under the laws of the State of New Jersey which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 14 of the Development Agreement shall apply to this Guarantee.

Any and all notices required or permitted under this Guarantee shall be in writing, and shall be delivered by any means which affords the sender evidence of delivery or of attempted delivery, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party.

Notices to the Company:

HONOR YOGA MANAGEMENT, LLC
59 Lawrencia Drive
Lawrenceville, New Jersey, 08648
Attn: President

Notices to Guarantors:

_____
_____
_____
_____

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date noted below.

WITNESS:

_____

GUARANTORS:

_____
Name:
Date:

WITNESS:

_____

_____
Name:
Date:

EXHIBIT 5 TO
HONOR YOGA MANAGEMENT, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

CONFIDENTIALITY AGREEMENT
(for trained, salaried employees of Developer)

In consideration of my being a _____ of _____ (the "Developer"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____, doing business as _____ (the "Developer"), has acquired the development rights from Honor Yoga Management, LLC (the "Company") and undertaken the obligation to establish and operate Honor Yoga studios (the "Franchised Businesses") under the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Honor Yoga (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion.

2. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales, site selection and promotional techniques and knowledge of, and experience in, the operation of Honor Yoga (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Developer, the Company and Developer will disclose some or all of the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Confidential Operating Manual and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of Developer and the Franchised Businesses during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other

information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Developer, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Developer under the Development Agreement.

7. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Agreement will cause the Company and the Developer irreparable harm; therefore, I acknowledge and agree that the Developer and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Developer and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Developer and the Company, any claim I have against the Developer or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

8. This Agreement shall be construed under the laws of the State of New Jersey. The only way this Agreement can be changed is in writing signed by both the Developer and me.

Signature:_____

Name:_____

Address:_____

Title:_____

ACKNOWLEDGED BY DEVELOPER

By:_____

Name:_____

Exhibit D

STATE ADDENDA

Honor Yoga
Management, LLC

STATE ADDENDA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement requires that any litigation be conducted in New Jersey. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. The Franchise Agreement requires application of the laws of New Jersey. This provision may not be enforceable under California law.

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

9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE

FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

10. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. OUR WEBSITE, www.honoryoga.com, 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.

12. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. Any restrictions on pricing may not be enforceable under California law.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

FRANCHISOR

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

By:_____
Name:_____
Title:_____

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMTION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE 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. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FOR IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. 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 size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent

conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend,**" and Item 17(m), entitled "**Conditions for franchisor approval or transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in 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 proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

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

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

ATTEST

_____
Witness

FRANCHISOR

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____
Witness

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

The following items must be included within the Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement and shall replace any conflicting language:

Pursuant to Section 200.508 of the Illinois Administrative Rules, the Franchise Agreement and Item 5 of the Franchise Disclosure Document are amended to provide that the initial fees payable by Franchisee shall be deferred until Franchisor has satisfied all of its pre-opening obligations to Franchisee, and Franchisee has commenced doing business. The Illinois Attorney General's Office has imposed this deferral requirement due to the Franchisor's financial condition.

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

Under Illinois law at 200.608, Jurisdiction and Venue, a franchise agreement may not provide for a choice of law of any state other than Illinois. The Summary column of Items 17(v) and (w) of the Disclosure Document are amended to state "Illinois law". The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended accordingly.

Pursuant to Section 27, Periods of Limitation, of the Act, the appropriate items in the Disclosure Document, the Franchise Agreement and the Multi-Unit Development Agreement are amended to provide that any and all claims and actions arising out of or relating to the relationship of Franchisor and Franchisee, operation of the Franchised Business or any agreements executed in connection therewith, brought by you against us, shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

Item 17(g) of the Disclosure Document, and the appropriate sections of the Franchise Agreement and the Multi-Unit Development Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Illinois Addendum dated this _____ day of _____, 20___.

ATTEST

FRANCHISOR

_____
Witness

By:_____
Name:_____
Title:_____

FRANCHISEE

_____
Witness

By:_____
Name:_____
Title:_____

Exhibit F

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Honor Yoga Management, LLC

Operation Manual

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Exhibit G

LIST OF FRANCHISEES

Honor Yoga
Management, LLC

Honor Yoga Management, LLC
List of Franchisees as of December 31, 2017

K&M, LLC
Briarwood Shopping Village
2450 Kuser Rd
Hamilton Township, NJ 08691

Kathy Gigantino
720 Monroe St
Unit E101
Hoboken, NJ 07030

Gratitude Yoga, LLC
123 NJ-33
Manalapan Township, NJ 07726

Cindy Kaserkie
Shannon Cranmore
3224 Rt. 206.
Building D
Mansfield, NJ 08505

New Yoga City, LLC
522 Shoppes Blvd
North Brunswick Township, NJ 08902

Yolk Yoga, LLC
3495 US-1
Suite 120B
Princeton, NJ 08540

Franchise Agreements Signed But Not Opened:
Lee Ann & Jim Evans
220 Loosestrife Ct, #206
Wilmington, NC, 28411
(Anticipated to be open April, 2018)

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

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 **Honor Yoga Management, LLC** ("**Honor Yoga**") offers you a franchise, **Honor Yoga** must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment to us or an affiliate in connection with the proposed franchise sale. New York and Iowa require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (14 calendar days for Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Honor Yoga 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate State agency Identified in Exhibit A.

The Franchisor is **Honor Yoga Management, LLC**, 59 Lawrencia Drive, Lawrenceville, NJ 08648 (609)332-5689.

Issuance Date: April 20, 2018 (Effective dates of this Disclosure Document in states requiring registration can be found on the State Effective Date page).

The name, principal business address and telephone number of the franchise sellers offering the franchise are:

□ Maria Parrella-Turco, 59 Lawrencia Drive, Lawrenceville, NJ. 08648 (609)332-5689.
□ _____

Honor Yoga authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated April 20, 2018 that included the following Exhibits:

Exhibit A - List of State Administrators/Agents for Service of Process
Exhibit B - Franchise Agreement
Exhibit C - Multi-Unit Development Agreement
Exhibit D - State Addenda
Exhibit E - Financial Statements
Exhibit F - Table of Contents-Operations Manual
Exhibit G - List of Franchisees

Dated: _____

_____
Franchisee

_____
Print Name

Please execute and return this document immediately upon receipt via the method prescribed by the Franchisor.

RECEIPT
(RETURN THIS COPY TO US)

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- ☐ _____

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Exhibit E -	Financial Statements
Exhibit F -	Table of Contents-Operations Manual
Exhibit G -	List of Franchisees

Dated: _____

_____
Franchisee

_____
Print Name

Please execute and return this document immediately upon receipt via the method prescribed by the Franchisor.