FRANCHISE DISCLOSURE DOCUMENT

Kalologie Spa Destinations LLC
(A Delaware limited liability company)
5080 North 40th Street, Suite 105
Phoenix, Arizona 85018
Phone: (602) 492-3360
Fax: (602) 606-9902
www.Kalologie.com

We offer franchises to operate a Kalologie 360 Spa that sells retail products and membership-based spa treatment services, including facials, waxing, nails, massage therapy, tanning and brow treatments.

The total estimated initial investment to begin operation of a Kalologie Spa ranges from $193,485 to $499,555. This includes an amount ranging from $44,000 to $49,000 that must be paid to us and our affiliate.

We offer certain franchisees the right and obligation to open multiple Kalologie Spas under the terms of a multi-unit development agreement. If you purchase multi-unit development rights, the total estimated investment to begin operation of your franchise ranges from $193,485 to $499,555 plus an additional amount equal to $17,000 multiplied by the total number of Spas to be opened under the multi-unit development agreement (excluding your first Spa). This includes an amount ranging from $44,000 to $49,000 that must be paid to us and our affiliate, plus an additional amount equal to $17,000 multiplied by the total number of Spas to be opened under the multi-unit development agreement (excluding your first Spa), which amount also must be paid to us.

The disclosure document summarizes certain provisions of your franchise and/or multi-unit agreement and other information in plain English. Read this disclosure document and all 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, us or our affiliate in connection with the proposed franchise. **Note, however, that no government agency has verified the information contained in this document**.

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosure in different forms, contact Kalologie Spa Destinations LLC at 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018 or (602) 492-3360.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. 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 10877-FTC HELP or by writing to the FTC at 600 Pennsylvania Ave., NW, Washington, DC 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.

Date of Issuance: March 28, 2017

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 REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY MEDIATION, ARBITRATION OR LITIGATION IN ARIZONA. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT ARIZONA 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. ALL FRANCHISE OWNERS AND THEIR SPOUSES MUST SIGN A FRANCHISE OWNER AGREEMENT MAKING THE OWNERS AND THEIR SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER AND THEIR SPOUSE AT RISK.

4. WE HAVE GRANTED REGIONAL DEVELOPMENT RIGHTS TO CERTAIN INDIVIDUALS, AS DISCLOSED IN THIS DISCLOSURE DOCUMENT. YOU WILL BE ENTERING INTO A FRANCHISE AGREEMENT WITH US AND NOT THE REGIONAL DEVELOPER AND THEY ARE NOT A PARTY TO YOUR CONTRACT. THE FRANCHISOR WILL BE RESPONSIBLE FOR THE ACTIONS OF THE REGIONAL DEVELOPER UNDER THE FRANCHISE AGREEMENT.

5. ALL FEES REFERENCED IN ITEM 5 OF THIS DISCLOSURE DOCUMENT ARE SUBJECT TO DEFERRAL PURSUANT TO ORDER OF THE STATE OF CALIFORNIA. ACCORDINGLY, YOU WILL PAY NO FEES TO US UNTIL WE HAVE COMPLETED ALL OF OUR MATERIAL PRE-OPENING RESPONSIBILITIES TO YOU AND YOU COMMENCE OPERATING THE FRANCHISED BUSINESS.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: _____, 2017

TABLE OF CONTENTS

ITEM		PAGE
Item 1.	The Franchisor, and any Parents, Predecessors and Affiliates	1
Item 2.	Business Experience	3
Item 3.	Litigation	3
Item 4.	Bankruptcy	4
Item 5.	Initial Fees	4
Item 6.	Other Fees	5
Item 7.	Estimated Initial Investment	8
Item 8.	Restrictions on Sources of Products and Services	10
Item 9.	Franchisee's Obligations	12
Item 10.	Financing	14
Item 11.	Franchisor's Assistance, Advertising, Computer Systems, and Training	14
Item 12.	Territory	23
Item 13.	Trademarks	25
Item 14.	Patents, Copyrights and Proprietary Information	26
Item 15.	Obligation to Participate in the Actual Operation of the Franchise Business	26
Item 16.	Restrictions On What You May Sell	27
Item 17.	Renewal, Termination, Transfer and Dispute Resolution	27
Item 18.	Public Figures	32
Item 19.	Financial Performance Representations	32
Item 20.	Outlets and Franchisee Information	32
Item 21.	Financial Statements	35
Item 22.	Contracts	35
Item 23.	Receipts	35

EXHIBITS

EXHIBIT "A" List of State Administrators
EXHIBIT "B" Agent for Service of Process
EXHIBIT "C" Franchise Agreement
EXHIBIT "D" Multi-Unit Development Agreement
EXHIBIT "E" Table of Contents of Brand Standards Manual
EXHIBIT "F" List of Franchisees
EXHIBIT "G" Financial Statements
EXHIBIT "H" Franchisee Disclosure Questionnaire
EXHIBIT "I" General Release
EXHIBIT "J" Regional Developers
EXHIBIT "K" California Addendum
EXHIBIT "L" Receipts

Item 1. The Franchisor, and any Parents, Predecessors and Affiliates

To simplify the language in this Disclosure Document, "Kalologie," "we," "us," or "our" means Kalologie Spa Destinations LLC, the franchisor. "You" means the entity to which we have granted the right to develop a Kalologie 360 Spa, and includes your owners.

The term "Kalologie 360 Spa" or "Kalologie Spa" refers to the business offered under this Disclosure Document. Your "Spa" or your "Business" refers to the franchised Kalologie Spa you will operate.

Corporate Information

We are a Delaware limited liability company that was formed on June 30, 2010. Our principal business address is 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018 and our telephone number is (602) 492-3360. Our agents for service of process are disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any name other than our legal name Kalologie Spa Destinations LLC and our d/b/a "Kalologie 360 Spas."

Business History

We were formed to develop and operate a franchise system for the Kalologie 360 Spa concept. We first began offering Kalologie 360 Spa franchises in December of 2010. We began offering regional development franchises in September of 2011. Regional development franchises are offered under a separate Franchise Disclosure Document. As of the issuance date of this Disclosure Document, we have awarded a total of 5 regional development franchises. Each regional developer: (i) establishes and operates at least one Kalologie 360 Spa; and (ii) solicits, screens, recruits, develops, services and supports Kalologie 360 Spa franchisees within a defined development territory. As compensation for these services, the regional developer receives a portion of the franchise and royalty fees paid by franchisees located in its development territory. If you purchase a franchise within a territory administered by a regional developer, that regional developer will provide you with certain initial and ongoing support and guidance. We have never offered franchises in any other line of business. We have never directly operated a Kalologie Spa. We are not engaged in any business activities other than administering the Kalologie 360 Spa and regional development franchise system.

Parents, Affiliates and Predecessors

We do not have any predecessors. Our parent company is Kalologie Holdings, Inc., which is a Delaware corporation that was formed on December 21, 2016. Kalologie Holdings, Inc.'s principal place of business address is 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018.

Another parent company of ours is Kalologie LLC, which is a Delaware limited liability company that was formed on August 15, 2006. Kalologie LLC's principal place of business is 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018.

Our affiliate, Kalologie IP LLC, was formed on March 9, 2017. Kalologie IP LLC granted us the right and license to use and sublicense the Kalologie® marks and system. Kalologie IP LLC has never offered franchises in this or any other line of business. Kalologie IP LLC does not provide any products or services to our franchisees, although it does own the Kalologie® marks and system that we sublicense to our franchisees. Kalologie IP LLC has never directly operated a Kalologie Spa.

Our affiliate, Kalologie Labs LLC ("Labs"), was formed on March 7, 2007. Labs' principal place of business is 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018. Labs developed a proprietary line

of Kalologie® products ("Kalologie Products"). Labs continues to develop new Kalologie Products from time to time. All Kalologie Spas must use and sell Kalologie Products. You must purchase your supply of Kalologie Products from Labs or from us. Labs has never directly operated a Kalologie Spa. Labs has never offered franchises in this or any other line of business.

We do not have any affiliates that offer franchises in any other line of business.

Description of the Franchised Business

The Kalologie concept was developed in 2003 by our founders, Tracy Brennan and William Brennan. Their aspiration was to provide high quality aesthetic services and products in a convenient setting.

A typical Kalologie Spa will occupy approximately 2,000 to 3,000 square feet in shopping centers and strip malls. The Spa will accommodate a retail area (approximately 20% of the total square footage), a minimum of 5 treatment rooms, a waiting area and a back office. Each Spa's interior is decorated in a soothing color scheme, including our "Kalologie green."

Kalologie 360 Spas sell retail products as well as certain spa services, including facials, waxing, nails, massage therapy, tanning and brow treatments. Kalologie 360 Spas also sell memberships that entitle members to a specified number of spa treatments at no extra cost, with additional treatments at a reduced cost. Kalologie 360 Spas employ a trained staff of professionals who help clients choose from a selection of skin care and beauty products and obtain spa treatments and customized products. The retail products offered at Spas include Kalologie Products (developed by our affiliate, Labs) as well as a carefully chosen selection of other product lines. We may change the products and services offered at Kalologie 360 Spas from time to time.

The Kalologie membership program allows members to purchase a membership from one Kalologie Spa and receive spa membership services at any other Kalologie Spa. As a result, you must provide spa services to a member who purchased his or her membership from another Kalologie Spa, even though you cannot charge for the service. You must also provide the member with any other discounted services to which the member is entitled under the terms of their membership agreement. Likewise, a member who purchases his or her membership from your Spa may receive services at any other Kalologie Spa for no additional charge (or, if applicable, at discounted prices). At any time, we may develop a franchisee cooperation program that allows for sharing of membership fees among multiple Kalologie Spas that provide membership services to the same member.

All Kalologie 360 Spas operate using a distinct system developed by us and our affiliates (the "System"). The System includes our specific method of operating a Kalologie 360 Spa, which may change from time to time. The operational aspects of a Kalologie 360 Spa are contained within our confidential Brand Standards Manual (the "Manual"). Kalologie Spas are identified by the Kalologie® trade name, service mark and distinctive trade dress, and other trade names, service marks, trademarks, logos and commercial symbols that we may periodically designate (the "Marks").

We only sell franchises to individuals who meet our qualifications. If we sell you a franchise, you must sign a Kalologie 360 Spa Franchise Agreement, the form of which is attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). You are required to operate your Spa in strict compliance with the terms of the Franchise Agreement. You will operate your Spa as an independent business using the Marks, the System and the support, guidance and other methods and materials provided or developed by us.

If your Spa is located within the development area of a regional developer, we have the right to delegate some or all of our obligations under the Franchise Agreement to the regional developer. A list of our current Regional Developers is attached as EXHIBIT "J".

Multi-Unit Development

We offer certain qualified franchisees the right and obligation to open multiple Spas under the terms of a multi-unit development agreement. If we grant you multi-unit development rights, you must sign a multi-unit development agreement, the form of which is attached to this Disclosure Document as EXHIBIT "D" (the "Development Agreement"). The Development Agreement will set a timetable for the development of the Spas (the "Development Schedule") within a defined geographic area (the "Development Area").

Competition

Each Spa will compete with other local and national businesses offering similar retail products and spa services (including facials, waxing, nails, massage therapy, tanning and brows), including health clubs, day spas, beauty salons and other retailers for beauty products. Some of these competitors utilize a membership concept while others do not. Some of these competitive businesses operate through franchises.

Laws and Regulations

You must comply with all federal, state and local laws, regulations and ordinances that apply to the ownership and operation of your Spa. In addition to generally applicable laws that apply to all businesses, such as Federal Wage and Hour Laws, OSHA and the Americans with Disabilities Act, you should familiarize yourself with the laws that some states and municipalities have in place governing retail sales, beauty salons, spas, and cosmetic and aesthetic procedures.

In addition, massage therapy is a highly regulated business. Most states provide certification testing and require state licensing of individual massage therapists. Some states may also have additional licensing for businesses employing massage therapists. Licensing usually involves written tests, and often requires prerequisite course work, as well as documented experience or training. Most states require continuing education and periodic license renewals for massage therapists.

In certain states, "health clubs" are subject to special laws and regulations and some of these laws may apply to your Spa if it is deemed to be a health club. Among other things, these laws and regulations may impose requirements relating to the consumer contracts that your members will sign. The federal Truth in Lending Act may also require you to provide certain disclosures in these consumer contracts to the extent that you offer financing. Your attorney must review the form of membership agreement and other consumer contracts that you use to ensure they comply with the laws of your state.

We strongly urge you to consult with local counsel to determine your obligations under these and other federal, state and local laws before you purchase this franchise.

Item 2. Business Experience

Co-Founder, Chief Executive Officer - William L. Brennan, Jr.

William L. Brennan, Jr. is a co-founder of Kalologie Spa Destinations LLC and has served as our Chief Executive Officer since our inception on June 30, 2010. Mr. Brennan has also served as CEO of certain of our affiliates, including: (i) Kalologie, LLC from August 2006 through the present; (ii) our former

affiliate Kalologie Franchising, LLC from February 2007 through November 2015; and (iii) Kalologie Labs, LLC from March 2007 through the present.

Co-Founder, President - Tracy L. Brennan

Tracy L. Brennan is a co-founder of Kalologie Spa Destinations LLC and has served as our President since our inception on June 30, 2010. She has also served as President of certain of our affiliates, including: (i) Kalologie, LLC from August 2006 through the present; (ii) our former affiliate Kalologie Franchising, LLC from February 2007 through November 2015; and (iii) Kalologie Labs, LLC from March 2007 through the present.

Director – Niv Edward Caviar

Niv Edward Caviar has served as a Director since November 2010. He also served as a Director of our former affiliate Kalologie Franchising, LLC from November 2010 through November 2015.

Regional Developers

The name and business experience of each of our regional developers is disclosed in EXHIBIT "J".

Item 3. Litigation

No litigation is required to be disclosed in this Item.

EXHIBIT "J" to this Disclosure Document includes any litigation that is required to be disclosed with respect to our regional developers.

California law requires additional disclosures related to the information contained in this Item 3. These additional disclosures, if any, appear in EXHIBIT "K" to this Disclosure Document.

Item 4. Bankruptcy

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

EXHIBIT "J" to this Disclosure Document includes any bankruptcy information that is required to be disclosed with respect to our regional developers.

Item 5. Initial Fees

Initial Franchise Fee

The initial franchise fee is our way of recouping some of the costs related to developing the System, qualifying you as a franchisee, granting you a franchise and providing initial training. You must pay us an initial franchise fee of $39,000 in one lump sum when you sign your Franchise Agreement. This fee is uniformly imposed, fully earned upon receipt and is not refundable under any circumstances.

Initial Inventory of Kalologie® Products

Before opening, you must purchase your initial supply of Kalologie Products from us or from our affiliate, Labs. You will use and sell these Kalologie Products at your Spa. We estimate that your initial supply of Kalologie Products will cost between $5,000 and $10,000. The prices charged to franchisees for

Kalologie Products are uniform and nonrefundable. However, Labs may sell Kalologie Products to non-franchised distributors in the United States at prices that are higher than the prices available to Kalologie Spa franchisees.

Multi-Unit Developer

If you sign a Development Agreement, the initial franchise fee for your first Spa is $39,000 and the initial franchise fee for each additional Spa that you commit to develop is $34,000. At the time you sign the Development Agreement, you must pay us a development fee equal to the full initial franchise fee for your first Spa ($39,000) plus 50% of the total discounted initial franchise fees you must pay for each additional Spa that you are required to establish under the Development Agreement. For example, if you sign a Development Agreement to open 3 Spas, your development fee will equal $73,000 ($39,000 + $17,000 + $17,000). At the time you sign a franchise agreement for each additional Spa to be developed, you must pay the remaining $17,000 balance of the initial franchise fee for that unit. The Development Fee is fully earned upon receipt and nonrefundable. However, if the Development Agreement is terminated, you will not be required to pay the remaining $17,000 balance of the initial franchise fee for any unit for which you had not, as of the date of termination, signed a franchise agreement.

Fee Deferral

All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of California. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

Item 6. Other Fees

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee [1]	Up to 5% of Gross Sales	5th day of month for prior month's operations	You must provide us with monthly reports of your Gross Sales. Gross Sales is defined in Note 2.
Marketing Fund Fee [1]	2% of Gross Sales (currently 1% of Gross Sales)	5th day of month for prior month's operations	See Note 3.
Cooperative Marketing Fee [1]	Minimum of 1% of Gross Sales	5th day of month for prior month's operations (or as otherwise determined by the cooperative members)	See Note 4.
Initial Training Fee [1]	$1,000 per person	Before training	We do not charge the Initial Training Fee for the first 4 individuals you send to our initial training program. We anticipate most franchisees will send 4 people to training. You must pay us the Initial Training Fee for each additional person that we train during the term of the franchise.
On-site Assistance Fee [1]	$500 per day plus expenses	10 days after invoice	See Note 5.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Inventory of Kalologie Products [1]	Varies depending on items purchased	10 days after invoice	We will provide you with our current price list after you sign the Franchise Agreement. See Item 8 for additional information regarding these purchases.
Technology Fee [1]	Varies (currently $400)	10 days after invoice	See Note 6.
Fines [1]	Up to $500 per incident	Upon receipt of invoice	Payable if you fail to comply with a mandatory standard or operating procedure and you do not cure the non-compliance within the time period we reasonably require. We will deposit all fines into the marketing fund.
Supplier Review Fee [1]	Our reasonable costs and expenses	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose. We expect these costs to range from $400 to $4,500 but actual costs could greatly exceed this range depending on the product and proposed alternative supplier. See Item 8 for more information.
Renewal Fee [1]	15% of the then current initial franchise fee	60 days before renewal	Also covers renewal training for up to 4 individuals. See Note 7.
Transfer Fee [1]	50% of the then-current initial franchise fee	Before transfer	We must approve all transfers other than certain transfers between existing owners and transfers to a controlled entity. See Note 8.
Late Fee [1]	Lesser of 18% of amount past due or highest rate allowed by applicable law	Upon receipt of invoice	Due only if you fail to make payments in a timely manner.
Audit Fee [1]	Cost of audit	10 days after invoice	Due only if an audit shows an understatement of Gross Sales of 3% or more for any month. You must also pay the past due amount plus any applicable late fee.
Insurance [1]	Actual cost of premiums, plus our costs and expenses	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us.
Indemnification [1]	Will vary with circumstances	10 days after invoice	You must reimburse us if we are sued for claims relating to the operation of your Spa or for damages that we incur due to your breach of the Franchise Agreement (including attorneys' fees).

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Attorneys' Fees and Costs	Will vary with circumstances	Upon demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Franchise Agreement or any other agreement with us or our affiliates.

Notes

[1] All fees are imposed by and are payable to us except that: (i) we may collect the Cooperative Marketing Fee and transfer these funds to the applicable marketing cooperative; and (ii) you may purchase Kalologie Products from our affiliate, Labs. All fees are non-refundable and uniformly imposed on franchisees. However, we do not currently collect the Marketing Fund Fee from franchisees but instead allow them to spend an equivalent amount of funds on local marketing in their territories. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "F"), permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the initial franchise fee) as well as any amounts that you owe to us or our affiliates for the purchase of goods or services. You must deposit all Gross Sales into the bank account and ensure that there are sufficient funds available for withdrawal before each due date. You must pay us all taxes that are imposed upon us or that we are required to collect and pay by reason of the furnishing of products, intangible property (including trademarks) or services to you. In addition to the fees listed in the table above, we may purchase goods in bulk and resell them to you for our cost plus shipping fees and a reasonable markup.

[2] "Gross Sales" means all gross sums collected or billed by you from all goods and services sold or provided from your Spa (whether collectible or not), together with any other revenue or monies derived from your Spa or the goods and service provided at your Spa, and including (i) amounts that third party marketing agencies, such as Groupon, receive from your customers for marketing services and (ii) the proceeds of any business interruption insurance. "Gross Sales" does not include: (i) revenues that you collect from a customer and later refund to that customer; (ii) any sales or use taxes that you pay to a government agency; or (iii) any revenues for products or services provided at your Spa that are paid to another Kalologie Spa under a membership program, unless these revenues are reallocated to you under a franchisee cooperation program.

[3] We will establish and maintain a marketing fund for marketing, advertising and promotional materials, public and consumer relations, publicity, and any other programs that we deem necessary or appropriate to promote the brand. You will have no voting rights pertaining to the administration of the marketing fund, the creation and placement of the marketing materials or the amount of the Marketing Fund Fee. See Item 11 for additional information regarding the marketing fund.

[4] We may establish regional marketing cooperatives for purposes of pooling marketing funds to be used in discrete regions. We may collect the Cooperative Marketing Fees and remit these fees to the applicable cooperative (unless we administer the cooperative ourselves) or you may be required to pay the Cooperative Marketing Fees directly to the cooperative. The amount of the Cooperative Marketing Fee may be adjusted (or temporarily suspended) upon the majority vote of all franchisees within the cooperative. However, the amount of the Cooperative Marketing Fee may not be reduced below 1% of Gross Sales. Any Kalologie Spa that we operate will have the same voting power as third party franchisees. If we own the majority of Kalologie Spas within a marketing cooperative, we will not increase the Cooperative Marketing Fee without the majority vote of all franchisees within the cooperative. All Cooperative Marketing Fees will be uniformly imposed on all franchisees within the advertising cooperative, including any Kalologie Spa that we operate. All Cooperative Marketing Fees that you pay will be credited against your Local Marketing Commitment (defined in Item 11). See Item 11 for additional information regarding marketing cooperatives.

[5] If you request us to do so, we may, but need not, provide on-site assistance at a mutually convenient time. If we agree to do so, you must pay us the On-Site Assistance Fee and reimburse us for all reasonable expenses that we incur in providing the assistance, including travel and living expenses. We may also provide mandatory on-site assistance if you are in material breach of your Franchise Agreement or if your Managing Owner (defined in Item 15) dies or becomes incapacitated, in which case you must pay us the On-Site Assistance Fee and reimburse us for all reasonable expenses that we incur in providing the assistance, including travel and living expenses.

[6] We offer our franchisees reasonable levels of technology support in exchange for the Technology Fee. Depending on the particular issue, we may outsource the support functions to a third party. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may increase the Technology Fee to include all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software that must be used by Kalologie 360 Spa franchisees, in which case you must enter into a license agreement with us and we may increase the Technology Fee to include reasonable initial and ongoing licensing, support and maintenance fees. The Technology Fee is not used to pay for any marketing activities, including those conducted over the Internet or utilizing required technology or software (we can use the marketing fund to pay for these activities). See Item 11 for additional information regarding your computer requirements.

[7] If you purchase multi-unit development rights and you are renewing or transferring a franchise for a Spa other than your first Spa developed under the development agreement, your renewal fee or transfer fee, as applicable, will be based upon the then current discounted initial franchise fee that multi-unit developers must pay for their second Spa developed under a development agreement.

Item 7. Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	**AMOUNT [1]**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Franchise Fee [2]	$39,000	Cash	At time you sign Franchise Agreement	Us
Initial Training Expenses (4 people)	$1,500 to $3,000	Cash	During training	Hotels, restaurants and airlines
Lease Deposit + 3 Months' Rent [3]	$15,000 to $50,000	Cash	Lease signing and then monthly	Landlord
Leasehold Improvements, including Signage [4]	$54,100 to $250,200	Cash	Before opening	General contractor and architect
Furniture & Equipment [5]	$27,450 to $39,235	Cash	Before opening	Suppliers
Technology Expenses [6]	$12,060 to $27,875	Cash	Before opening	Suppliers
Initial Product Inventory [7]	$10,500 to $18,745	Cash	Before opening	Suppliers and us (or our affiliate)
Grand Opening Marketing [8]	$10,000 to $15,000	Cash	Before and after opening	Newspaper, Yellow Pages, ad printers, etc.
Insurance (3 Months) [9]	$3,000 to $5,000	Cash	Before opening	Insurance company
Utility Deposits [10]	$3,500 to $8,000	Cash	Before opening	Utility companies
Licenses & Permits [11]	$175 to $1,000	Cash	Before opening	Government agencies
Entity Formation [12]	$200 to $1,000	Cash	Before opening	Government agencies

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	**AMOUNT** [1]	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Legal and Accounting Fees [13]	$2,000 to $11,500	Cash	Per contract	Attorneys and lawyers
Additional Funds (3 month period after opening) [14]	$15,000 to $30,000	Cash	Initial 3 months of operation	Suppliers, employees and us
Total Estimated Initial Investment [15]	$193,485 to $499,555 (if you sign a Development Agreement, your estimated initial investment will increase by an amount equal to $17,000 multiplied by the total number of Spas you are required to open, excluding your first Spa)			

Notes

1 We do not offer direct or indirect financing for any of these items. None of the fees payable to us are refundable. We are unaware of any fees payable to third party suppliers that are refundable, although some landlords refund security deposits at the end of the lease if the tenant does not default.

2 If you sign a Development Agreement, the initial franchise fee for your first Spa will be $39,000 and the initial franchise fee for all additional Spas to be opened under the Development Agreement will be $34,000. See Item 5 for additional information.

3 This estimate assumes you will lease, rather than purchase, the premises for your Spa. Typically the first and last months' rent of the primary lease term are required in advance. The prepaid rent is usually non-refundable, but that will ultimately be determined by the terms of the lease. These amounts are based on an average size of 2,000 to 3,000 square feet. Rental amounts will vary greatly depending upon location, market conditions, and similar factors.

4 Since leased space is most common, this amount estimates your costs associated with building out the Spa, including retention of an architect and contractor, completion of layout designs and building plans, and installation of signage.

5 This estimate is the cost of furniture and equipment necessary to operate a Spa. The estimated costs include price, delivery and installation of furniture and equipment, including desks, chairs, phones, beds, esthetician and massage therapy equipment, office supplies and other miscellaneous items.

6 This estimate is the cost of office equipment necessary to operate your Spa, including computers (with broadband access), monitors, printer, and fax machine. The estimated cost is based on the upfront purchase of equipment, but you may choose to lease it, in which case your initial investment will decrease. The estimate also includes the cost of software used in the operation of the Spa, including customized POS report system and scheduling and retention software.

7 This estimate includes retail and professional products for use in the provision of services and for resale to customers during the first 3 months of operation. A portion of this will be paid to us or our affiliate for proprietary Kalologie Products, as further discussed in Item 5.

8 You must spend a minimum of $10,000 to promote the grand opening of your Spa. This amount must be spent no later than your first 120 days after opening. We anticipate some franchisees will spend more than the $10,000 minimum. See Item 11 for additional information on your grand opening and other minimum local marketing obligations and expenditures.

9 This estimate is the cost of business liability and workmen's compensation insurance required to operate a Spa. Your costs may be increased if your landlord or local laws require greater and/or additional coverage.

[10] Includes potential deposits for electricity, water, gas, telephone and other utilities.

[11] Certain states may require that you file and post a bond if your Spa is deemed a health spa or health club. It is your responsibility to verify whether your state requires such a bond.

[12] You must form an entity to be the franchisee. Your owners may sign the Franchise Agreement in their individual capacities as long as they assign the Franchise Agreement to an entity that is 100% owned by them before your Spa opens for business.

[13] This represents initial legal and accounting fees to set up your business and have your attorney review the Franchise Agreement.

[14] These expenses include estimated expenditures necessary to operate the Spa during the first 3 months of operation, including payroll costs, product inventory purchases, fees paid to us (excluding fees based on a percentage of Gross Sales), utilities, ordinary maintenance, marketing (excluding your minimum grand opening expenditures, which are separately disclosed in the table) and other expenses. Payments for your initial 3 months of rent and insurance are separately disclosed in the table. Many of these expenses will be ordinary and recurring throughout the course of the Spa's operation.

[15] These figures are estimates based on the past experience of our franchisees in opening and operating Kalologie 360 Spas. You may have additional expenses starting your Spa. Your costs depend on a variety of factors, including: the area of the country in which your Spa is located; your management skill, experience and business acumen; local economic conditions; the local prevailing wage rate; competition; and sales level reached during the initial period. You may incur start-up expenses greater than these estimates and you may need additional operating funds. We strongly recommend that you have independent estimates on your anticipated cost to construct, develop, open and operate your Spa.

Item 8. Restrictions on Sources of Products and Services

Source Restricted Purchases and Leases Generally

We require that you purchase or lease certain "source restricted" goods and services for the construction, development and ongoing operation of your Spa. By "source restricted," we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual. We will notify you within 30 days of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual, bulletins, or other means of communication.

Specifications

Our specifications may include minimum standards for quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range and other related specifications. We consider these specifications to be of critical importance to the success of the System and, accordingly, we have researched certain suppliers of these items and have found them to meet our specifications. The Manual lists these specifications and suppliers. We do not otherwise issue specifications to franchisees.

Supplier Criteria

Our criteria for evaluating suppliers includes, among other things:

- Ability to produce the products, services, supplies or equipment to meet both our standards and specifications for quality and uniformity and our clients' expectations;
- Production and delivery capabilities and ability to meet supply commitments;
- Integrity of ownership (to ensure that its association with us will not be inconsistent with our image or damage our goodwill);
- Financial stability;
- The negotiation of a mutually satisfactory license to protect our intellectual property; and
- Technical support in the case of specialized equipment, computer systems and/or automation.

Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you want to purchase or lease a source restricted item from a non-approved supplier that you believe meets our minimum standards, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within 90 days after we receive your request for approval plus all additional information and samples that we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then current criteria. We may charge you the Supplier Review Fee disclosed in Item 6 to cover our costs in reviewing a proposed supplier and testing the products.

Current Source Restricted Items

Currently, we require that you purchase or lease the following goods that must meet our specifications: (i) décor items (specific paint color, lighting, glass shelving); (ii) signage (interior and exterior); (iii) furniture; (iv) treatment room chairs; (v) music; (vi) aprons / lab coats; (vii) office equipment; (viii) spa equipment and supplies; (ix) technology (see Item 11 for information about your computer system); (x) inventory and other retail items sold and/or used at your Spa; (xi) marketing materials; and (xii) insurance policies. You must purchase all of these items only from approved or designated suppliers, with the exception of your insurance policies. See Section 17.1 of the Franchise Agreement for a list of the insurance policies you must purchase and our minimum requirements for the insurance companies you may use.

We estimate that between 80% and 90% of the total purchases and leases that will be required to establish your Business and between 60% and 70% of your ongoing operating expenses will consist of source restricted goods or services.

Purchase Agreements

We currently have arrangements with certain product manufacturers for retail products we authorize for sale at Kalologie Spas. In some instances, customers may only purchase these products at Kalologie Spas or other select retailers. Kalologie franchisees may also receive beneficial pricing from these manufacturers based on the volume of purchases by all Kalologie Spas. As the number of Spas increases, we hope to make these arrangements with other approved and designated suppliers for the benefit of all franchisees. We will supply you with information about any of these arrangements when and if they are made. We have not negotiated any other purchase agreements with suppliers for the benefit of franchisees. There are no purchasing cooperatives although we reserve the right to establish one or more

purchasing cooperatives in the future. We do not provide material benefits to franchisees based on their purchases of particular products or services or use of particular suppliers.

Franchisor and Affiliate Revenues from Source Restricted Purchases

You are required to purchase all Kalologie branded products exclusively from us or from our affiliate, Labs. These are currently the only items for which we or our affiliate is an approved or designated supplier, although we reserve the right to designate ourselves or our affiliates as approved or designated suppliers for other items in the future. There are no other approved or designated suppliers in which any of our officers owns an interest. We may receive rebates, payments or other material benefits from approved and designated suppliers based on franchisee purchases, although it is not our current practice to do so. We are not aware of any rebates received by our regional developers or their affiliates as a result of required franchisee leases or purchases of goods and services.

During the fiscal year ended December 31, 2016, Labs received a total of $114,913.04 in revenues based on purchases made by Kalologie franchisees. The source of this information is a financial accounting document prepared using QuickBooks.

During the 2016 fiscal year, we did not generate any revenue as a result of franchisee purchases or leases from us or other designated or approved suppliers.

Item 9. Franchisee's Obligations

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

OBLIGATION	SECTIONS IN AGREEMENTS FRANCHISE AGREEMENT ("FA") DEVELOPMENT AGREEMENT ("DA")	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Section 7.1 & 7.2	Item 7 & 11
	DA: Section 6	
b. Pre-opening purchases/leases	FA: Section 7.3, 12.4 & 17.1	Item 5 , 7, 8 & 11
	DA: Not Applicable	
c. Site development and other pre-opening requirements	FA: Section 7.3 & 7.4	Item 6, 7 & 11
	DA: Not Applicable	
d. Initial and ongoing training	FA: Section 5.1, 5.2 & 5.3	Item 6 & 11
	DA: Not Applicable	
e. Opening	FA: Section 7.4	Item 11
	DA: Not Applicable	
f. Fees	FA: Section 4.2, 5.1, 5.2, 5.3, 6.5, 11.1, 11.4, 12.6, 12.10, 15, 17.1, 18.2 & 21.2	Item 5 & 6
	DA: Section 4.2	
g. Compliance with standards and policies/Operating Manuals	FA: Section 6.1, 7.1, 7.3, 11.3, 12, 14 & 19.1	Item 11
	DA: Not Applicable	

OBLIGATION	SECTIONS IN AGREEMENTS FRANCHISE AGREEMENT ("FA") DEVELOPMENT AGREEMENT ("DA")	DISCLOSURE DOCUMENT ITEM
h. Trademarks and proprietary information	FA: Section 19	Item 13 & 14
	DA: Not Applicable	
i. Restrictions on products/services offered	FA: Section 12.3	Item 16
	DA: Not Applicable	
j. Warranty and client service requirements	FA: Section 12.9	Not Applicable
	DA: Not Applicable	
k. Territorial development and sales quotas	FA: Not Applicable	Item 12
	DA: Section 2	
l. Ongoing product/service purchases	FA: Section 12.4	Item 8
	DA: Not Applicable	
m. Maintenance, appearance and remodeling requirements	FA: Section 12.5 & 12.7	Item 11
	DA: Not Applicable	
n. Insurance	FA: Section 17.1	Item 6 & 7
	DA: Not Applicable	
o. Advertising	FA: Section 11	Item 6, 7 & 11
	DA: Not Applicable	
p. Indemnification	FA: Section 20	Item 6
	DA: Section 14	
q. Owner's participation/ management/staffing	FA: Section 8	Item 11 & 15
	DA: Section 5	
r. Records/reports	FA: Section 17.2 & 17.3	Item 6
	DA: Section 13	
s. Inspections/audits	FA: Section 18	Item 6 & 11
	DA: Not Applicable	
t. Transfer	FA: Section 21	Item 17
	DA: Section 8	
u. Renewal	FA: Section 4	Item 17
	DA: Section 3	
v. Post termination obligations	FA: Section 23	Item 17
	DA: Section 11	
w. Non-competition covenants	FA: Section 16	Item 17
	DA: Section 11	
x. Dispute resolution	FA: Section 24	Item 17
	DA: Section 18	
y. Franchise Owner Agreement	FA: Section 10	Item 15
	DA: Section 5.2	

Item 10. Financing

We do not offer direct or indirect financing, nor do we guarantee your lease or other obligations. While not obligated to do so, we may, in our sole discretion, introduce you to third-party financing sources that may, if you meet their qualifications, supply financing options for items required as part of your initial investment in a Spa.

Item 11. Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, we need not provide any assistance to you.

Pre-Opening Assistance

Before you open your Spa, we will:

1. License you the Marks necessary to begin operating your Spa. (Section 2 – Franchise Agreement)

2. Approve the location, build-out and design of your Spa. See Section below entitled "Site Selection" and "Site Development" for additional information. (Sections 7.1, 7.3 & 7.4 – Franchise Agreement)

3. Review and approve the terms of your lease. See Section below entitled "Site Lease" for additional information. (Section 7.2 – Franchise Agreement)

4. Provide certain assistance relating to the design and construction of your Spa. See Section below entitled "Site Development" for additional information. (Section 6.2 – Franchise Agreement)

5. Loan you 1 copy of the Manual, which will help you establish and operate your Spa. We will also provide you with our Jumpstart Manual, which must be completed before you attend the initial training program. See Section below entitled "Manual" for additional information. (Section 6.1 – Franchise Agreement)

6. Provide you with written specifications for the goods and services you must purchase to establish your Spa, as well as a written list of approved and/or designated suppliers for purposes of acquiring these goods and services. We do not deliver or install any of the items that you are required to purchase, except that we or our affiliate Labs will deliver your initial supply of Kalologie Products. See Item 5, Item 6 and Item 8 for additional information regarding your purchase of these goods and services. (Section 12.2 – Franchise Agreement)

7. Set up your Spa's local online advertising program using our distinct methodologies. (Section 11.2 – Franchise Agreement)

8. Provide an initial training program. See Section below entitled "Initial Training Program" for additional information. (Section 5.1 – Franchise Agreement)

Post-Opening Assistance

During the operation of the Spa, we will:

1. Give you ongoing guidance and recommendations on ways to improve the marketing and operation of your Spa. (Section 6.4 – Franchise Agreement)

2. Provide periodic training programs. See Section below entitled "Ongoing Training" for additional information. (Section 5.2 – Franchise Agreement)

3. Maintain an Internet Website that will include a list of all of the Kalologie Spa franchisees that are in good standing with us. We may modify the content of and/or discontinue this Website at any time in our sole discretion. We may provide a link from our Website to a separate page customized with your Spa's information. (Section 6.7 – Franchise Agreement)

4. Maintain an intranet site for all franchisees to access, which may include a library of educational videos concerning products and services offered at Kalologie Spas, sample mailings and other marketing/promotional materials and ideas. (Section 6.8 – Franchise Agreement)

5. Provide technical support for the software and technology we require you to use. We may choose to provide this support ourselves or outsource it to a third party. (Section 6.5 – Franchise Agreement).

6. Establish and implement the marketing fund. See Section below entitled "Marketing Fund" for additional information. (Section 11.1 – Franchise Agreement)

7. On a periodic basis, evaluate your Spa and its operations and staff to ensure you are complying with our System. (Section 6.4 & 18.1 – Franchise Agreement)

During the operation of your Spa, we may, but need not:

1. Hold periodic national conferences to discuss business and operational issues affecting Kalologie Spa franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. We may also hold periodic local or regional conferences. Attendance at these conferences is mandatory, although we will not charge you a fee and we will not require that you attend more than 1 national conference during any calendar year. (Section 5.4 – Franchise Agreement)

2. Upon your request, provide on-site assistance at a mutually convenient time. If we agree to do so, you must pay us the On-Site Assistance Fee disclosed in Item 6 and reimburse us for our costs. (Section 5.3 – Franchise Agreement)

3. Establish a franchise advisory council to provide us with suggestions to improve the System. See Section below entitled "Advisory Council" for additional information. (Section 13 – Franchise Agreement)

4. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. See Item 6 and Item 8 for additional information. (Section 6.9 – Franchise Agreement)

Site Selection (Section 7.1 – Franchise Agreement)

You must identify a site for your Spa that is located within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement. The premises must conform to our minimum site selection criteria. At minimum, the site must be 2,000 to 3,000 square feet, with approximately 20% of the space devoted to retail, 65% devoted to treatment rooms, and 15% for back office.

We must approve the site you select. In reviewing a proposed site, we will consider factors such as grade of commercial space, whether there are adequate areas for signage and parking and demographics of surrounding communities. You must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site. We will give you a site selection package that will outline the process and the information you must provide to us. We will use our best efforts to approve or disapprove a proposed site within 15 business days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our approval within the 15-day period. Our approval of a site will be evidenced by our completion and execution of the Site Selection Addendum (ATTACHMENT "C" to the Franchise Agreement).

Site Lease (Section 7.2 – Franchise Agreement)

If you will lease the premises for your Spa, you must use your best efforts to ensure your landlord signs the Lease Addendum that is attached to the Franchise Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may require that you find a new site for your Spa. We must also approve the terms of your lease.

You must find an approved site and enter into an approved lease or purchase agreement for your site within 120 days after signing the Franchise Agreement. If you fail to do so, we may terminate your Franchise Agreement.

Site Development (Section 6.2 & 7.3 – Franchise Agreement)

After you purchase or lease your approved site, you must construct and equip the premises to the specifications contained in the Manual. You must also install the equipment, fixtures, signs and other items that we require. We will provide you with a set of prototype guidelines and drawings for the buildout of a typical Spa. These plans and guidelines are for informational purposes only and are not to be relied upon by you in the construction and/or buildout of your Spa. We will also provide you with design boards that you must follow for the interior of the Spa. We will provide contact information for an approved architect who can assist you in customizing these prototype plans. We must approve all final layout designs, building plans, finish schedules and signage.

You must remodel and make all improvements and alterations to your Spa that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There are no limitations to the cost or frequency of these remodeling obligations, although we will not require you to complete any significant remodeling unless we uniformly require all Kalologie 360 Spas to complete the same or substantially similar remodeling (including Kalologie 360 Spas owned by us and our affiliates). You may not remodel or significantly alter your premises without our prior approval.

Manual (Section 6.1, 12.2 & 26.8 – Franchise Agreement)

We will lend you our Manual in text or electronic form for the term of your Franchise Agreement. The Manual may include, among other things, (i) a description of the authorized goods and services that you may offer at your Spa; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Kalologie 360 Spas; (iii) mandatory reporting, insurance and marketing requirements; (iv) mandatory and suggested specifications for your Spa; and (v) a written list of goods and services (or specifications for goods and services) you must purchase for the construction, development and operation of your Spa and a list of any designated or approved suppliers for these goods or services. Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered

by our franchisees. We can modify the Manual at any time. All mandatory provisions contained in the Manual are binding on you. The Manual is confidential and remains our property. We may modify the Manual upon 30 day's prior notice, but the modification(s) will not alter your status or fundamental rights under the Franchise Agreement.

We will also provide you with a copy of our Jumpstart Manual. You must complete the Jumpstart Manual to our satisfaction according to the schedule in the Manual before we provide the initial training program.

The Manual contains a total of 261 pages and the Jumpstart Manual contains a total of 145 pages. A copy of the Table of Contents to the Manual and the Jumpstart Manual is attached to this Disclosure Document as EXHIBIT "E".

Marketing Fund (Section 11.1 – Franchise Agreement)

We will establish and maintain a marketing fund that will be used for regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, publicity, and any other programs that we deem necessary or appropriate. The marketing fund may also be used to pay for the creation of marketing materials that our franchisees may use for local marketing purposes.

Marketing fund fees will be kept in a separate account and revenues received will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the marketing fund and its advertising programs (which may include, without limitation: conducting market research, preparing and conducting television, radio, magazine, billboard, Internet, newspaper and other media programs and activities and employing advertising agencies to assist therewith, collecting and accounting for contributions to the marketing fund, and paying for the preparation and distribution of marketing materials and financial accountings of the marketing fund). None of the marketing fund fees will be used for advertisements principally directed at selling additional franchises. All funds deposited into the marketing fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of funds in the marketing fund may be invested and we may lend money to the marketing fund if there is a deficit. See Item 6 for additional information regarding the marketing fund fee.

We will deposit into the marketing fund all: (i) marketing fund fees paid by you and other franchisees; and (ii) fines paid by you and other franchisees. The marketing fund fee is discussed in Item 6. Any company-owned or affiliate-owned Spa will be required to contribute to the marketing fund on the same basis as new Kalologie 360 Spa franchisees. We have no other obligation to expend our own funds or resources for any marketing activities in your area.

During the fiscal year ended December 31, 2016, we spent the marketing fund fees in the following manner: 75% for production; 10% for media placement; 15% for administrative expenses; and 0% for other purposes.

Our administration of the marketing fund is intended to maximize general public recognition and patronage of the Kalologie system for the benefit of us and all Kalologie 360 Spa franchisees and we will use our best efforts to apportion advertising to obtain the greatest benefit for all franchisees. We will direct and have complete control and discretion over all advertising programs, including the creative concepts, materials, endorsements and media used for the programs, and the placement and allocation of the programs. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the marketing fund. The marketing fund will not be a trust and we will have no fiduciary obligations with respect to our administration of the marketing fund. An

unaudited financial accounting of the operations of the marketing fund will be prepared annually and made available to you upon request.

Local Advertising (Section 11.2 & 11.3 – Franchise Agreement)

You must spend a minimum of $10,000 to promote the grand opening of your Spa. You must follow our initial advertising plan for the grand opening of the Spa and its first 120 days of operation.

In addition to your grand opening commitment, you must spend at least 4% of your Gross Sales on local advertising to promote your Spa (your "Local Marketing Commitment"). Any Cooperative Marketing Fees that you pay will be credited against your Local Marketing Commitment. Any grand opening marketing expenditures you incur after opening will also be credited against your Local Marketing Commitment. You must participate at your own expense in all advertising, promotional and marketing programs that we require. You must send us monthly reports detailing your expenditures on local advertising.

You will also have an opportunity to create advertising for your own use, provided we approve it in advance. You may not use any advertising materials that have not been approved by us. You must submit to us any advertising materials that you prepare or modify and we will have 10 business days to review and either approve or reject the materials. Our failure to approve any advertising materials within the 10 day period will constitute our disapproval of the materials. See Item 7 for additional information regarding advertising and marketing materials and the costs associated with such materials.

We will set up and maintain an online advertising program for you using our methodology. You must send us periodic reports of the results of your online advertising program. We may terminate the online advertising program upon 90 days prior notice. Except for this online program and your customized Webpage that we provide, we do not allow our franchisees to maintain their own Websites or market their Spas on the Internet. Therefore, you may not maintain a World Wide Website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network or social media site, except for the online marketing program that we provide. If we change our policy at a later date to allow franchisees to maintain their own Websites or market on the Internet, you may do so only if you comply with all of the Website and Internet requirements that we specify. In that case, we may require that you sign an amendment to the Franchise Agreement that will govern your ability to maintain a Website and/or market on the Internet.

Marketing Cooperatives (Section 11.4 – Franchise Agreement)

We may, but need not, form one or more marketing cooperatives for the benefit of all Spas located within a particular region. If your franchise is located within a region subject to a marketing cooperative, you will be required to pay the cooperative marketing fee described in Item 6. We have the right to determine the composition of all geographic territories and market areas for the implementation of each cooperative. Generally, the boundaries of a cooperative will coincide with zip codes or municipal boundaries or they may be defined by maps or street boundaries.

If we implement a marketing cooperative in a particular region, we have the right to establish an advertising council to self-administer the cooperative. You must participate in the council according to the council's rules and procedures and you agree to abide by the council's decisions. Alternatively, we may administer the cooperative ourselves. Marketing cooperatives are not required to operate from written governing documents or prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to franchisees within the cooperative upon request. We reserve the right to form, change, merge or terminate marketing cooperatives at any time.

Advisory Council (Section 13 – Franchise Agreement)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions from the advisory council in good faith, but we would not be bound by any such suggestions. The advisory council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council to communicate with us on matters raised by the council. You would have the right to be a member of the advisory council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counterproductive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Spa operated by us or our affiliates would also be a member of the Advisory Council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Initial Training Program (Section 5.1 & 6.3 – Franchise Agreement)

Overview

We will provide a 1 week initial training program for up to 4 individuals at no additional charge. You must pay us the Initial Training Fee disclosed in Item 6 for every other person that attends our initial training program beyond the 4 trainees who may attend at no additional charge. The initial trainees must include your Managing Owner, General Manager (defined in Item 15) and any other members of your professional staff that we specify, including your massage therapists and estheticians. The initial training program consists of 2 components: (i) management training; and (ii) operations training. We will also provide an additional 1 week of on-site training before opening. Some of the trainees are only required to complete certain portions of the training program while others must complete the entire program. We can modify the training program in our discretion based upon our subjective assessment of the skills, abilities and prior experience of each franchisee's owners and employees.

Corporate training will take place at our headquarters in Phoenix, Arizona or at any other location that we designate. On rare occasion, we may provide corporate training at the franchisee's Spa if there are good reasons to do so (for example, if the franchisee cannot take a week off to travel due to construction commitments). We would not charge any extra fee or require you to reimburse us for our travel and living expenses if we agree to provide corporate training at your Spa. At any time, we may cease to provide corporate training at franchisees' Spas.

Currently, we intend to offer the initial training program as frequently as we deem necessary, but no more often than once per calendar quarter. See Item 6 and Item 7 for a discussion of costs and expenses associated with the initial training program.

Management Training

The management training component of our initial training program consists of the following:

TRAINING PROGRAM

MANAGEMENT TRAINING			
SUBJECT	**HOURS OF CLASSROOM TRAINING**	**HOURS ON THE JOB TRAINING**	**LOCATION**

MANAGEMENT TRAINING			
SUBJECT	**HOURS OF CLASSROOM TRAINING**	**HOURS ON THE JOB TRAINING**	**LOCATION**
Orientation	1	0	Phoenix
Kalologie Philosophy	1	0	Phoenix
Treatments	3	0	Phoenix
Products	3	0	Phoenix
Unit Management	5	0	Phoenix
Human Resources and Staffing	2	0	Phoenix
Insurance	1	0	Phoenix
Point of Sale Software	5	0	Phoenix
Financial Reporting	2	0	Phoenix
Credit Card Processing	1	0	Phoenix
Marketing and Promotion	4	0	Phoenix
Client Sales	4	0	Phoenix
Practice Sessions	0	8	Phoenix

The training materials for management training will consist of the Manual and live instruction. You will not be charged an additional fee for any of the training materials.

Operations Training

The operations training component of our initial training program consists of the following:

TRAINING PROGRAM

OPERATIONS TRAINING			
SUBJECT	**HOURS OF CLASSROOM TRAINING**	**HOURS ON THE JOB TRAINING**	**LOCATION**
Esthetic Services	8	0	Phoenix
Massage Services	8	0	Phoenix
Skin Rejuvenation Treatments	8	0	Phoenix

The training materials for operations training will consist of the Manual and live instruction. You will not be charged an additional fee for any of the training materials. However, you are responsible for all travel and living expenses for your owners and employees who attend the initial training program. See Item 7 for additional information.

On-Site Training

After your trainees successfully complete the management training and operations training, we will provide an additional 1 week of on-site training at your Spa before opening.

Instructors

The instructors include William Brennan (who will provide instruction on center management), Tracy Brennan (who will provide instruction on center management and beauty products), Rita Rayis (who will provide esthetician training) and possibly representatives from certain suppliers to provide instruction relating to the products sold by their company.

William Brennan is our co-founder and has more than 11 years of experience in the field, including serving as CEO of our affiliates, Kalologie Franchising from 2007 until November 2015, Kalologie LLC since 2006, Labs since 2007 and Method Skincare LLC from 2003 through 2010. He has been part of the Kalologie system since it was founded in 2003.

Tracy Brennan is also our co-founder and she has more than 11 years of experience in the field, including serving as President of our affiliates, Kalologie Franchising from 2007 until November 2015, Kalologie LLC since 2006, Labs since 2007 and Method Skincare LLC from 2003 through 2010. She has been part of the Kalologie system since it was founded in 2003.

Rita Rayis joined us in October of 2012 as our esthetician. She has more than 10 years of experience in the field, including being employed as (i) an Educator for Dermalogica from 2009 through 2010 and (ii) Lead Esthetician for Hand & Stone from July 2010 through October 2012. She graduated from D'armi Esthetics University of Scottsdale in August of 2006.

For further information on William Brennan and Tracy Brennan, see Item 2.

Successful Completion of Training

The initial trainees must complete the initial training program to our satisfaction before you may open your Spa. Failure to successfully complete any phase of the required training programs could lead to the need to retrain, at your expense, a delay in your Spa's opening and the possible termination of the Franchise Agreement.

Ongoing Training (Section 5.2, 5.3 & 6.4 – Franchise Agreement)

In order to maintain the uniformity and high standard of goods and services provided by Kalologie Spas or to change these goods and services, we may provide periodic refresher or advanced training programs. At a minimum, we will require your Managing Owner and General Manager to successfully complete a renewal training course as a condition to the renewal of your Franchise Agreement. We may also provide mandatory additional training if we determine that you are not complying with our System standards. Attendance at these training programs is mandatory. You may also request that we provide on-site training from time to time. We are not obligated to provide additional on-site training. We will not charge a fee for any mandatory refresher or advanced training. However, we may charge the On-Site Assistance Fee disclosed in Item 6 and you must reimburse us for our travel and living expenses if we provide on-site training, either upon your request or because you are not complying with our System standards. You are responsible for all food, travel and lodging expenses that your owners and employees incur while attending training.

Computer System (Section 12.4, 12.5, 12.6, 17.3 & 18.1 – Franchise Agreement)

You are required to purchase a computer system (your "Computer System") that consists of the following items: 3 computers and monitors; 1 laser printer; fax machine; 1 wireless router; Point-of-sale and scheduling software; and Quickbooks Premier 2010 (we will provide customized accounts for configuration). You must also subscribe to a high-speed Internet connection with a static IP address and maintain a dedicated email account. It is your responsibility, within the limits of your Internet service

provider, to ensure that your computers are connected to the Internet at all times to allow us to monitor your computers in real time.

The Computer System will generally be used to process sales transactions, schedule appointments, organize and store customer information, generate business and operational reports and communicate with us electronically. Your Computer System will collect customer information, credit card information (encrypted) and operational data regarding your business operations. We will have independent unlimited access to the data collected on your computer system.

We estimate the cost of your Computer System will range from $1,000 to $4,000. We will provide reasonable levels of basic technology support in exchange for the Technology Fee. We may outsource these support functions to third parties. You must pay a monthly fee (which we anticipate will not exceed $400 per month during the 2016 calendar year) to the supplier of the POS system software. In exchange for this fee, the supplier will provide ongoing maintenance, repairs, and possibly upgrades and updates, for your POS system software. Except as discussed above: (i) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your Computer System; and (ii) there are no optional or required maintenance, updating, upgrading or support contracts relating to your Computer System.

You must maintain the Computer System in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. However, we will not require that you spend more than $4,000 per year (averaged over the duration of the term) for any such updates or upgrades. We reserve the right to change the software or technology that you must use or add new software or technology at any time. If we deem it reasonably necessary in the future to upgrade the technology used as part of the System, we reserve the right to pass through, on a pro rata basis to all Spas (including company-operated locations), any future technology development costs incurred by us as a result of an upgrade. See Item 6 for a discussion of the fees we may charge for the software and technology you must use.

Opening Requirements (Section 7.4 – Franchise Agreement)

You may not open your Business before: (i) successful completion of the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; (iv) we provide our written approval of the construction, build-out and layout of your Spa; and (v) your individual owners assign the Franchise Agreement to an entity wholly owned by the owners (if the owners originally signed the Franchise Agreement in their individual capacities).

We anticipate that a typical franchisee will open his or her Kalologie Spa within 6 to 9 months after signing the Franchise Agreement. Some of the factors that may affect this time are identification of a suitable location, lease negotiation, financing, the extent to which an existing location must be upgraded or remodeled, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations. Unless we agree to the contrary, your Spa must be opened within 1 year after you sign the Franchise Agreement. Your failure to open within the 1-year period constitutes an event of default under your Franchise Agreement. For multi-Unit developers, each Spa must be opened by the scheduled opening date listed in the Development Schedule, regardless of when the Franchise Agreement for that Spa is signed.

Delegation of Obligations (Section 21.1 – Franchise Agreement)

We may delegate any of our obligations to provide you with the assistance described above to 1 or more third parties (including any affiliate of ours and including our regional developers). There are no restrictions on our ability to do so.

Item 12. Territory

Location of Your Spa

Each Franchise Agreement grants you the right to operate a single Spa at a single location that must be approved by us in advance. You will be required to identify a location for your Spa within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement. Our approval shall be evidenced by the execution of Section B of ATTACHMENT "B" by you and us. See Item 11 for additional information regarding site selection.

You may relocate your Spa with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new Spa within the Site Selection Area described in ATTACHMENT "B" to your Franchise Agreement (excluding any territory granted to another franchisee); (ii) comply with all of our then current site selection and development requirements; and (iii) open your new Spa and resume operations within 30 days after closing your prior facility. If your Spa is destroyed due to an event of force majeure, we will give you a longer period of time to complete the relocation process as long as you pay us a monthly royalty fee throughout the entire relocation process equal to your average monthly royalty fee for the prior 6 month period (or your period of operations if your Spa was open less than 6 months).

Your Exclusive Territory

You will receive a territory that will be identified in the Site Selection Addendum that you and we will sign (your "Territory). We will designate the boundaries of your Territory based upon the area's total population, number of professionals and other relevant demographics. Because each location is different, the territory for each Spa will be different. A typical exclusive territory will consist of an average population of 150,000 people (and a minimum of 30,000 people), inclusive of workplace population figures. We may define the boundaries of your Territory in any way we choose, including by map, municipal boundaries, zip codes, etc.

Your Territory will be exclusive, subject to the limitations described below with respect to Alternative Channels of Distribution and Acquisitions (each defined below). By "exclusive," we mean that we will not operate or authorize a third party to operate a Kalologie Spa using our Marks that is physically located within your Territory during the term of your Franchise Agreement. Other Kalologie franchisees may advertise within your Territory, although their advertising must be primarily directed towards customers within their exclusive territory.

Limitations on Your Exclusive Rights

We reserve the right to sell or license others to sell competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales of products or services made to customers while present in a Kalologie Spa. Examples of Alternative Channels of Distribution include: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as beauty stores, grocery stores or department stores; and (iii) sales made at wholesale. Sales through Alternative Channels of Distribution are excluded from your territorial rights. This means that we may sell or license a third

party to sell competitive or identical goods or services through Alternative Channels of Distribution (whether under the Marks or different trademarks) anywhere within your Territory. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Kalologie Spa franchises operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your Territory, and if this occurs, you will not be entitled to any compensation for sales made by the business.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through alternative channels of distribution, although we will allow you to market your Spa on the Internet using the online marketing program that we set up and administer. You may advertise within the exclusive territories of other Kalologie Spa franchisees, although your advertising must be primarily directed towards customers within your Territory. Your marketing activities are also subject to the additional restrictions described in Item 11 under the Section entitled "Local Advertising." There are no other restrictions on your right to solicit customers, whether from inside or outside of your Territory.

Minimum Performance Requirements

Your territorial exclusivity does not depend on achieving a certain sales volume, market penetration, or other contingency.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered at a Kalologie Spa. However, we reserve the right to do so in the future.

Additional Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises. However, if you sign a Development Agreement, you will have the right to open and operate multiple franchises as further discussed below.

Multi-Unit Development Rights

If you sign a Development Agreement, we will grant you an exclusive Development Area in which to establish Spas according to the Development Schedule. The Development Area and Development Schedule are derived based on our mutual agreement after taking into consideration the demographics in the area, your financial means and our view of the potential for Spa development in the market. While the Development Agreement is in effect, we will not operate or authorize a third party to operate a Kalologie 360 Spa using our Marks that is physically located within the Development Area (other than Spas opened by you). We also reserve the right to conduct the same activities in the Development Area as we are

allowed to conduct in your Territory under the Franchise Agreement (see Section above entitled "Limitations on Your Exclusive Rights").

If you fail to meet your Development Schedule, we may terminate your Development Agreement or your exclusive rights to the Development Area, in which case we may operate or grant franchises to third parties to operate Kalologie 360 Spas within your Development Area (but not within any exclusive Territory granted to you under a Franchise Agreement that remains in effect). In addition, a default under any Franchise Agreement will constitute a default under the Development Agreement, but your default under the Development Agreement will not, by itself, constitute a default under any existing Franchise Agreement.

Item 13. Trademarks

Under the Franchise Agreement, we will grant you the non-exclusive right and license to operate a Kalologie 360 Spa using the System and using the Marks under certain terms and conditions.

Our affiliate, Kalologie IP LLC, applied to register the following trademark on the Principal Register at the United States Patent and Trademark Office based on actual use ("USPTO"):

Mark	Serial Number	Application Date
KALOLOGIE	87/387,343	March 27, 2017

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

Kalologie IP LLC has also established certain common law rights to the Marks by virtue of its (and its licensed affiliates') continuous, exclusive and extensive use of the Marks.

Kalologie IP LLC has licensed to us the right to use and license others to use the Marks relating to the offer and grant of franchised Kalologie Spas in the United States. We signed an Intellectual Property License Agreement (the "License Agreement") with Kalologie IP LLC on March 28, 2017 granting us this license. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. Kalologie IP LLC is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent or if we and Kalologie IP LLC mutually agree to terminate the License Agreement. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

We grant you the right to operate a franchise under the name "KALOLOGIE" and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks, and logotypes used to identify your Spa or the products or services sold at your Spa. We may change the trademarks you may use from time to time (including by discontinuing use of the Marks listed in this Item 13). If this happens, we have no obligation to reimburse you for your costs of compliance (e.g., changing brochures, business cards, etc.).

You must follow our rules when using the Marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Kalologie name relating to the sale of any product or service that is not previously authorized by us in writing.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Kalologie IP LLC's right to the Marks.

Except as disclosed above, we are not required under the Franchise Agreement to: (i) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (ii) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks.

Item 14. Patents, Copyrights and Proprietary Information

There are no patents or pending patent applications that are material to the operation of a Kalologie 360 Spa. We consider certain of our treatment methods used in the System, and the formulations of Kalologie®-brand products, to be proprietary trade secrets, protectable under common law and applicable state law. We also claim common law copyrights to the Manual, operational and training materials, and other proprietary materials that we and our affiliates create specifically for use with the System, including our online advertising program, advertising and promotional materials, all materials presented to prospective clients and customers, and printed materials and forms used by your Spa. The Manual and other proprietary materials have not been registered with any copyright office. All ideas, improvements, inventions, marketing materials, and other concepts you develop relating to the operation of your Business will be owned by us.

The Manual contains systems, techniques and procedures used in the development, operation and advertising of a Kalologie Spa. The Franchise Agreement grants you a license to use the Manual and proprietary materials for the term of the Franchise Agreement and any renewal term. You must return the Manual and all proprietary materials upon expiration or earlier termination of the Franchise Agreement.

You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements that are known by us at this time.

Item 15. Obligation to Participate in the Actual Operation of the Franchise Business

The Franchisee must be an entity formed for the sole purpose of operating the Spa. Your owners may sign the Franchise Agreement in their individual capacities as long as they assign the Franchise Agreement to an entity that they own before your Spa opens. One of your owners, owning at least 25% of your issued and outstanding equity interests on a fully diluted basis, must serve as your "Managing Owner." The Managing Owner must be responsible for the oversight and operation of your Spa. At a minimum, the Managing Owner must: (i) successfully complete the initial training program and all mandatory refresher or advanced training programs; (ii) ensure your Spa is operated in accordance with the Franchise

Agreement and the Manual; (iii) submit an initial and annual business plan for your Spa, consistent with our template and suggested guidelines; (iv) ensure that we receive all periodic reports required by the Franchise Agreement or the Manual; (v) attend our annual review meeting; (vi) attend all mandatory franchisee meetings; and (vii) be accountable for site selection, construction, remodeling and all financial components of your Spa. However, the Managing Owner is not required to dedicate his or her full time efforts to the business.

You must hire a general manager to assist the Managing Owner with the daily on-premises supervision and operation of your Spa (a "General Manager"). The General Manager must: (i) be approved by us in our commercially reasonable discretion; (ii) meet all of our minimum qualifications for General Managers; (iii) successfully complete the initial training program and all mandatory refresher or advanced training programs; and (iv) sign a Brand Protection Agreement, the form of which is attached to the Franchise Agreement as ATTACHMENT "G" (a "Brand Protection Agreement"). The Managing Owner must assume responsibility for the on-premises supervision and operation of your Spa if the General Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement General Manager. Your General Manager does not need to own an equity interest in the franchise or the entity that is the franchisee. You may also hire assistant managers to assist with the management and operation of your Spa.

Each of your owners (and anyone else we may reasonably designate) and the spouse of each owner must sign a Franchise Owner Agreement. Our current form of Franchise Owner Agreement is attached to the Franchise Agreement as ATTACHMENT "E". All of your employees and other agents or representatives who may have access to our confidential information must sign a Confidentiality Agreement. Our current form of Confidentiality Agreement is attached to the Franchise Agreement as ATTACHMENT "H".

Item 16. Restrictions On What You May Sell

We must approve all goods and services that you offer and sell at your Spa. You must offer all goods and services that we require except as prohibited by local law or as we may otherwise agree. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell at your Spa at any time in our sole discretion, and you must comply with any such change. We may require you to offer any non-medical spa or beauty-related services that we specify from time to time, including those not currently offered at a Kalologie Spa. For example, we could require that you offer hair and nail services. We may identify the list of required and authorized products and services in the Manual. You may use the Spa's premises only for operation of the Spa and for no other purpose.

Item 17. Renewal, Termination, Transfer and Dispute Resolution

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

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENTS**	**SUMMARY**
a. Length of the franchise term	FA: Section 4.1	Term is equal to 10 years.
	DA: Section 3	Opening of last Spa under Development Schedule.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENTS**	**SUMMARY**
b. Renewal or extension of the term	FA: Section 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term will be 5 years, for a total maximum term of 20 years.
	DA: Section 3	If we deem additional development desirable, and if you are in full compliance with the Development Agreement, we will give you right of first refusal for any further development rights upon termination of initial term.
c. Requirements for you to renew or extend	FA: Section 4.1 & 4.2	You must: (i) not be in default; (ii) give us timely notice; (iii) sign our then current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, Brand Protection Agreement, etc.); (iv) sign a general release; (v) pay the Renewal Fee; (vi) remodel or upgrade your Spa to comply with our then-current standards and specifications; (vii) complete renewal training; and (viii) maintain possession of your Spa under your lease. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	DA: Not Applicable	You may not renew or extend.
d. Termination by you	FA: Section 22.1	You can terminate only if we fail to cure a material default within the cure period.
	DA: Not Applicable	You may not terminate.
e. Termination by us without cause	FA: Not Applicable	We may not terminate without cause.
	DA: Not Applicable	We may not terminate without cause.
f. Termination by us with cause	FA: Section 22.2 & 22.3	We can terminate only if you default or if you and we mutually agree to terminate.
	DA: Section 7	We can terminate only if you default.
g. "Cause" defined - curable defaults	FA: Section 22.3	You have 30 days to cure any default, other than defaults described below under "non-curable defaults."
	DA: Section 7	You have 30 days to cure any default, other than defaults described below under "non-curable defaults."

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENTS**	**SUMMARY**
h. "Cause" defined - non-curable defaults	FA: Section 22.2	The following defaults cannot be cured: (i) failure to find approved site, secure lease or open in timely manner; (ii) insolvency, bankruptcy or seizure of assets; (iii) abandonment of franchise; (iv) failure to maintain required license or permit; (v) conviction of certain types of crimes or subject of certain administrative actions; (vi) failure to comply with material law; (vii) commission of act that may adversely affect reputation of System or Marks; (viii) health or safety hazards; (ix) material misrepresentations; (x) failure to pay us or affiliate within 5 days after demand; (xi) 2nd underreporting of any amount due by at least 3%; (xii) unauthorized transfers; (xiii) unauthorized use of intellectual property; (xiv) termination of your lease due to your defaults; (xv) violation of brand protection covenant (including Brand Protection Agreements); breach of Franchise Owner Agreement by owner or spouse; or (xvi) termination of any other agreement between you and us or an affiliate due to your default (other than termination of a Development Agreement).
	DA: Section 7	The following defaults cannot be cured: (i) failure to comply with development schedule; (ii) insolvency, bankruptcy or seizure of assets; (iii) failure to maintain required license or permit; (iv) conviction of certain types of crimes or subject of certain administrative actions; (v) failure to comply with material law; (vi) commission of act that may adversely affect reputation of System or Marks; (vii) material misrepresentations; (viii) failure to pay us or affiliate within 5 days after demand; (ix) unauthorized transfers; (x) violation of brand protection covenant (including Brand Protection Agreements); breach of Franchise Owner Agreement by owner or spouse; or (xi) termination of any other agreement between you and us (including franchise agreements) or an affiliate due to your default.
i. Your obligations on termination/non-renewal	FA: Section 23.1	Obligations include: cease use of intellectual property; complete deidentification; return of Manual and all branded materials; assignment of telephone numbers, listings and domain names; assignment of customer information, agreements and accounts; cancellation of fictitious names; and payment of amounts due (also see "r", below).
	DA: Not Applicable	
j. Assignment of contract by us	FA: Section 21.1	No restriction on our right to assign.
	DA: Section 8.1	No restriction on our right to assign.
k. "Transfer" by you – definition	FA: Section 21.2 & Attachment A (definition of "Transfer")	Includes transfer of contract or assets, or ownership change.
	DA: Section 8.2	Includes transfer of contract or assets, or ownership change.

THE FRANCHISE RELATIONSHIP			
	PROVISION	**SECTIONS IN AGREEMENTS**	**SUMMARY**
l.	Our approval of transfer by you	FA: Section 21.2, 21.3 & Attachment A (definition of "Permitted Transfer")	If certain conditions are met, your owners may transfer to a newly-formed entity that they own without our approval and your existing owners may transfer ownership interests among themselves without our approval (except for Managing Owner). We have the right to approve all other transfers but will not unreasonably withhold approval.
		DA: Section 8.2(b)	If certain conditions are met, your owners may transfer to a newly-formed entity that they own without our approval and your existing owners may transfer ownership interests among themselves without our approval (except for Managing Owner). We have the right to approve all other transfers but will not unreasonably withhold approval.
m.	Conditions for our approval of transfer	FA: Section 21.2	Transferee must meet our qualifications, successfully complete training (or commit to do so) and pay Initial Training Fee, obtain all required licenses and permits and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must be in compliance with Franchise Agreement, assign your lease, if applicable, remodel the Spa to current specifications (or obtain commitment from transferee to do so), pay us the Transfer Fee and sign a general release and subordination agreement. We must notify you that we do not intend to exercise our right of first refusal.
		DA: Section 8.2	Transferee must meet our qualifications, take assignment of all existing Franchise Agreements, sign a new development agreement for the remainder of the term (or at our option, take assignment of existing development agreement). You must be in compliance with Development Agreement and all Franchise Agreements, pay us transfer fee for each developed and undeveloped franchise, and sign a general release. We must notify you that we do not intend to exercise our right of first refusal
n.	Our right of first refusal to acquire your business	FA: Section 21.5	We have the right to match any bona fide, arms-length offer for your business.
		DA: Section 8.2(f)	We have the right to match any bona fide, arms-length offer for your business.
o.	Our option to purchase your business	FA: Section 23.2	We have the option to purchase your Spa at the expiration or termination of the Franchise Agreement.
		DA: Not Applicable	
p.	Your death or disability	FA: Section 21.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. Upon death or disability of Managing Owner, we may designate manager to operate the Spa prior to transfer and charge you the On-Site Assistance Fee.
		DA: Not Applicable	

THE FRANCHISE RELATIONSHIP			
	PROVISION	**SECTIONS IN AGREEMENTS**	**SUMMARY**
q.	Non-competition covenants during the term of the franchise	FA: Section 16.2 & 16.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants.
		DA: Section 11.2 & 11.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants.
r.	Non competition covenants after the franchise is terminated or expires	FA: Section 16.2, 16.4 & 23.1	No involvement for 2 years in competing business within 25 miles of your Spa or any other Kalologie Spa; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.
		DA: Section 11.2 & 11.4	No involvement for 2 years in competing business within Development Area or within 25 mile radius of any Spa (including those operated by you and other franchisees); comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.
s.	Modification of the agreement	FA: Section 26.3 & 26.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
		DA: Section 12 & 19	Requires writing signed by both parties (except for unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t.	Integration/merger clause	FA: Section 26.8	Only the terms of the Franchise Agreement and attachments to Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim any representations we made in this Disclosure Document.
		DA: Section 12	Only the terms of the Development Agreement and attachments to Development Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Development Agreement may not be enforceable. Nothing in the Development Agreement or in any related agreement is intended to disclaim any representations we made in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	FA: Section 24	All disputes must be mediated and then arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants (except as otherwise disclosed in EXHIBIT "K" to this Disclosure Document).
		DA: Section 18	All disputes must be mediated and then arbitrated before litigation, except for certain disputes involving compliance with restrictive covenants (except as otherwise disclosed in EXHIBIT "K" to this Disclosure Document).

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENTS**	**SUMMARY**
v. Choice of forum	FA: Section 24	All mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises (except as otherwise disclosed in EXHIBIT "K" to this Disclosure Document).
	DA: Section §XVII	All mediation, arbitration and litigation must take place in county where we maintain our principal place of business (currently, Maricopa County, Arizona) at time dispute arises (except as otherwise disclosed in EXHIBIT "K" to this Disclosure Document).
w. Choice of law	FA: Section 26.1	Arizona law (except as otherwise disclosed in EXHIBIT "K" to this Disclosure Document).
	DA: Section XVI	Arizona law (except as otherwise disclosed in EXHIBIT "K" to this Disclosure Document).

California law requires additional disclosures related to the information contained in this Item 17. These additional disclosures appear in EXHIBIT "K" to this Disclosure Document.

Item 18. Public Figures

Our co-founder, Tracy Brennan, is a leading resource in the skin care industry and is often sought for interviews and public appearances. Ms. Brennan will be promoting the offer of Kalologie franchises, but she will not receive any additional fee particular to this service. We currently do not use any other public figure to promote Kalologie Spas, although we reserve the right to do so in the future.

Item 19. Financial Performance Representations

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting William Brennan, CEO, Kalologie Spa Destinations LLC at 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018 or (602) 492-3360, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. Outlets and Franchisee Information

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2014 TO 2016				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2014	3	6	+3
	2015	6	9	+3
	2016	9	9	0
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	3	6	+3
	2015	6	9	+3
	2016	9	9	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2014 TO 2016		
State	**Year**	**Number of Transfers**
Arizona	2014	0
	2015	0
	2016	1
California	2014	0
	2015	0
	2016	1
Total	2014	0
	2015	0
	2016	2

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2014 TO 2016								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Arizona	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
California	2014	2	3	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	0	5
Colorado	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Texas	2014	0	0	0	0	0	0	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2014 TO 2016								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
	2015	0	2	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Totals	2014	3	3	0	0	0	0	6
	2015	6	3	0	0	0	0	9
	2016	9	0	0	0	0	0	9

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2014 TO 2016							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Totals	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

TABLE 5 – PROJECTED OPENINGS AS OF DECEMBER 31, 2016			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Arizona	0	0	1
California	0	1	0
Nevada	0	0	1
Texas	2	2	0
Total	2	3	2

Notes to Tables:

1. Our fiscal year ends on December 31st. All references to years in these tables refer to December 31 of that year. The outlets listed in these tables only refer to outlets that are open on the relevant date.

2. The transfers listed in Table 2 only refer to outlets that were transferred after opening. No franchisees transferred their franchise agreements for unopened outlets in 2014, 2015 or 2016.

3. The transactions listed in Table 3 only refer to franchisees that left the system after opening their outlet. No franchisees left the system prior to opening in 2014, 2015 or 2016.

4. The outlets listed in the 2nd column of Table 4 ("Franchise Agreements Signed But Outlet Not Opened") include all franchise agreements that were signed for unopened outlets as of December 31, 2016. The outlets listed in the 3rd column ("Projected New Franchised Outlets in the Next Fiscal Year") include all outlets that we expect to open during the current fiscal year, including any outlets listed in the 2nd column that we expect to open this fiscal year.

A list of all current Kalologie 360 Spa franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2016. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every Kalologie 360 Spa franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our 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.**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our system. There are no (i) trademark-specific franchisee organization associated with the franchise system being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Disclosure Document.

Item 21. Financial Statements

Audited financial statements for the years ending December 31, 2016, December 31, 2015 and December 31, 2014 are attached to this disclosure document as EXHIBIT "G".

Item 22. Contracts

Attached to this Disclosure Document (or the Franchise Agreement or Development Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Multi-Unit Development Agreement
EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I"	General Release
EXHIBIT "K"	California Addendum

Attachments to Franchise Agreement

ATTACHMENT "C"	Site Selection Addendum
ATTACHMENT "D"	Lease Addendum
ATTACHMENT "E"	Franchise Owner Agreement
ATTACHMENT "F"	ACH Authorization Form
ATTACHMENT "G"	Brand Protection Agreement
ATTACHMENT "H"	Confidentiality Agreement

Item 23. Receipts

The last two pages of this Disclosure Document are detachable duplicate Receipts that serve as an acknowledgement of your receipt of a copy of this Disclosure Document, one of which must be returned to us. If the Receipt or any other pages or Exhibits are missing from your copy, please contact us immediately.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677 **HAWAII** Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 Agents for Service of Process: Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 **ILLINOIS** Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 **INDIANA** Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	**MARYLAND** Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360 **MICHIGAN** Franchise Administrator Consumer Protection Division 670 Law Building Lansing, MI 48913 (517) 373-7117 **MINNESOTA** Department of Commerce Commissioner of Commerce 85 Seventh Place East, #500 St. Paul, MN 55101-3165 (651) 296-4026 **NEW YORK** New York Attorney General Investor Protection & Securities Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8236 **NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-4712 **RHODE ISLAND** Department of Franchise Regulation 1511 Pontiac Avenue John O. Pastore Complex Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527	**SOUTH DAKOTA** Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823 **VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1st Floor (service of process) 9th Floor (administrator) 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051 **WASHINGTON** Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 **WISCONSIN** Department of Financial Institutions Division of Securities 345 West Washington Avenue 4th Floor Madison, WI 53703 (608) 266-3364

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, #750
Los Angeles, California 90013

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]

KALOLOGIE 360 SPA

FRANCHISE AGREEMENT

TABLE OF CONTENTS

1. DEFINITIONS 1
2. GRANT OF FRANCHISE 1
3. TERRITORIAL RIGHTS AND LIMITATIONS 1
4. TERM AND RENEWAL 1
5. TRAINING AND FRANCHISEE MEETINGS 2
6. OTHER FRANCHISOR ASSISTANCE. 2
7. ESTABLISHING YOUR SPA 3
8. MANAGEMENT AND STAFFING. 5
9. FRANCHISEE AS ENTITY 6
10. FRANCHISE OWNER AGREEMENT 6
11. ADVERTISING & MARKETING. 6
12. OPERATING STANDARDS. 8
13. FRANCHISE ADVISORY COUNCIL 10
14. MEMBERSHIP PROGRAM 10
15. FEES 10
16. BRAND PROTECTION COVENANTS. 11
17. YOUR OTHER RESPONSIBILITIES 12
18. INSPECTION AND AUDIT 13
19. INTELLECTUAL PROPERTY 14
20. INDEMNITY 15
21. TRANSFERS 15
22. TERMINATION 17
23. POST-TERM OBLIGATIONS. 18
24. DISPUTE RESOLUTION 20
25. YOUR REPRESENTATIONS 21
26. GENERAL PROVISIONS 21

ATTACHMENTS

ATTACHMENT "A"	Definitions
ATTACHMENT "B"	Site Selection Area
ATTACHMENT "C"	Site Selection Addendum
ATTACHMENT "D"	Lease Addendum
ATTACHMENT "E"	Franchise Owner Agreement
ATTACHMENT "F"	ACH Authorization Form
ATTACHMENT "G"	Brand Protection Agreement
ATTACHMENT "H"	Confidentiality Agreement

KALOLOGIE 360 SPA FRANCHISE AGREEMENT

This Kalologie 360 Spa Franchise Agreement (this "Agreement") is entered into this ___ day of _____, 201__ (the "Effective Date") between Kalologie Spa Destinations LLC, a Delaware limited liability company ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "A". For capitalized terms that are defined in the body of this Agreement, ATTACHMENT "A" lists the Sections of this Agreement in which such terms are defined.

2. GRANT OF FRANCHISE. We hereby grant you a license to own and operate a Kalologie 360 Spa (your "Business" or your "Spa") using our Intellectual Property from a single location that we approve. You will sell approved retail products at your Spa and provide various spa services that we approve from time to time, including facials, waxing, nails, massage therapy, tanning and brow treatments. Your Spa will utilize the membership program that we prescribe from time to time, as further discussed in Section 14. We reserve all rights not expressly granted to you.

3. TERRITORIAL RIGHTS AND LIMITATIONS. We will grant you an exclusive territory (your "Territory") that will include a minimum of 30,000 people. After you find an approved site for your Spa, we will identify the boundaries of your Territory in the Site Selection Addendum that is attached to this Agreement as ATTACHMENT "C". By exclusive, we mean that we and our affiliates will not operate, or grant a franchise or license to a third party to operate, a Kalologie Spa that is physically located within your Territory during the Term, except as otherwise provided in this Section with respect to Alternative Channels of Distribution and Acquisitions. We and our affiliates reserve the right to: (i) sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Territory; and (ii) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your Territory.

4. TERM AND RENEWAL.

4.1. Generally. The initial term of this Agreement will begin on the Effective Date and expire ten (10) years thereafter (the "Term"). If this Agreement is the initial franchise agreement for your Spa, you may enter into a maximum of two (2) successor franchise agreements (each, a "Successor Agreement") as long as you meet the conditions for renewal specified below. The Successor Agreement shall be the current form of franchise agreement that we use in granting Kalologie 360 Spa franchises as of the expiration of the Term or renewal term, as applicable. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement. Each renewal term will be five (5) years, for a maximum total term of 20 years. You will have no further right to operate your Spa following the expiration of the final renewal term unless we grant you another franchise in our sole discretion. If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement as well as your remaining renewal rights, if any.

4.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 270 days before the expiration of the Term or renewal term, as applicable; (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) sign the Successor Agreement and all ancillary documents that we require franchisees to sign; (iv) sign a General Release; (v) in lieu of an initial franchise fee, pay us a renewal fee equal to 15% of our then current initial franchise fee (if you are a multi-unit developer and the Successor Agreement is for your second or subsequent Spa developed under the development agreement, the renewal fee will be 15% of our then current discounted initial franchise fee we offer to multi-unit developers for their second spa); (vi) remodel the exterior and interior of your facility to comply with our then

current standards and specifications; (vii) have the right under your lease to maintain possession of your premises for the duration of the renewal term; (viii) complete a refresher training program; and (ix) take any additional action that we reasonably require. The requirements listed in clauses (iii) through (viii) must be completed at least 60 days before the expiration of the Term or renewal term, as applicable.

4.3. Interim Term. If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

Except as otherwise permitted by this Section 4, you have no right to continue to operate your Business following the expiration of the Term.

5. TRAINING AND FRANCHISEE MEETINGS

5.1. Initial Training Program. The Managing Owner, your General Manager and all of your employees that we specify must attend and successfully complete our initial training program before you open your Spa. Initial training may take place at any location we designate. We will train four (4) trainees at no additional charge, but you must pay us $1,000 (the "Initial Training Fee") for each additional person that we train. We may charge a separate Initial Training Fee for any individual who must retake the program after failing to successfully complete training during his or her prior attempt. The Initial Training Fee is due before training begins. You must complete our Jumpstart Manual to our satisfaction before attending the initial training program.

5.2. Periodic Training. From time to time, we may offer system-wide refresher or advanced training courses. Attendance at these training programs is mandatory. We will not charge you a fee for any mandatory refresher or advanced training course.

5.3. On-Site Training. If we agree to provide any on-site training or assistance at your Spa, you agree to pay us a fee of $500 for each day we are at your Spa (the "On-site Assistance Fee") and reimburse us for all reasonable travel, meals, lodging and other expenses that we incur in providing the on-site assistance training or assistance. These amounts are due ten (10) days after invoicing.

5.4. Franchisee Conferences. We may hold periodic national, regional or local conferences to discuss various business issues and operational and general business concerns affecting Kalologie 360 Spa franchisees. Attendance at these conferences is mandatory. We will not require attendance at more than one (1) national conference during any calendar year. We will not charge you a fee to attend.

5.5. Expenses. You are responsible for all food, lodging and travel costs that your Owners and employees incur while attending any training program or conference.

6. OTHER FRANCHISOR ASSISTANCE.

6.1. Manual. During the Term, we will lend you our confidential Brand Standards Manual (the "Manual") in text or electronic form. The Manual will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **Construction Assistance**. We will provide you with a set of prototype guidelines for the buildout of a typical Kalologie Spa. We will also provide you with design boards that you must follow for the interior of your Spa. These plans and guidelines are for informational purposes only and may not be relied upon in the construction or buildout of your Spa. We will provide the name of an approved architect who can assist you in customizing our prototype plans for your Spa. If you choose to hire this architect, you are responsible for paying the architect all required fees.

6.3. **Opening Assistance.** We will send a representative to your Spa for a minimum of five (5) days to assist you with the opening of your Spa and provide on-site training. We will not charge you the On-Site Assistance Fee for this assistance and you are not required to reimburse us for our travel and living expenses.

6.4. **General Guidance.** Based upon our periodic inspections of your Spa or reports that you submit to us, we will provide our guidance and recommendations on ways to improve the marketing and/or operation of your Spa. If an inspection or report reveals that you are not operating your Spa in compliance with the System and our standards, we may provide mandatory on-site assistance until the non-compliance issue is resolved, as determined by us in our commercially reasonable judgment. If we provide any such on-site assistance, you agree to pay us the On-Site Assistance Fee and reimburse us for all reasonable travel, meals, lodging and other expenses that we incur in providing the on-site assistance. From time to time, you may contact us by phone or e-mail if you have questions or need advice regarding the operation of your Spa. We will provide reasonable levels of guidance for no additional charge.

6.5. **Technology Support.** We will provide reasonable levels of technology support for the software and technology that we require you to use. You agree to pay us a monthly technology fee equal to $400 (the "Technology Fee") in exchange for this support. The Technology Fee is subject to increase in accordance with Section 12.6. The Technology Fee is due ten (10) days after invoicing. We may outsource the technology support functions to a third party depending on the particular issue. The Technology Fee is not used to pay for marketing activities conducted over the Internet or utilizing required technology or software.

6.6. **Marketing Assistance.** As further described in Section 11.1 and Section 11.2, we will administer the marketing fund and provide you with other marketing assistance during the Term.

6.7. **Website.** We will maintain an Internet Website for Kalologie franchisees that will include the information about your Spa that we deem appropriate. We may modify the content of and/or discontinue the Website at any time in our sole discretion. We will also provide you with your own Webpage that is customized for your Spa for the duration of the Term. We will own the Webpage but allow you to use it during the Term. All of the content on your Webpage must be approved by us in accordance with Section 11.3(d).

6.8. **Intranet.** We will maintain an intranet site for all franchisees to access, which may include a library of educational videos concerning products and services offered at Kalologie Spas, sample mailings and other marketing/promotional materials and ideas.

6.9. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and Kalologie Spa franchisees. If we succeed in negotiating a purchase agreement, we will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices that we negotiate (subject to any rebates the supplier pays to us). We may also purchase certain items from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.

6.10. **Kalologie Products.** We and our affiliates may, but need not, develop new Kalologie branded products that may be used and/or sold by Kalologie Spas. You agree to maintain a reasonable inventory of these items at your Spa at all times.

7. ESTABLISHING YOUR SPA

7.1. **Site Selection**. You agree to locate and obtain our approval of the premises from which you will operate your Spa. The premises must be located within the geographic area identified in ATTACHMENT "B" (the "Site Selection Area") and must conform to our minimum site selection criteria. We will give you a site selection package that will outline the process and the information you must provide to us. At a minimum, you must send us a complete site report (containing the demographic, commercial and other information, photographs and video tapes that we may reasonably require) for your proposed site and follow the site selection review and approval process specified in the Manual. We have the right to accept or reject all proposed sites in our commercially reasonable judgment. We will use our best efforts to approve or disapprove a proposed site within 15 business days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 15-day period. Our written approval shall be evidenced by our completion and execution of the Site Selection Addendum that is attached to this Agreement as ATTACHMENT "C". You understand that our approval of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Kalologie Spa. Our approval of the site indicates only that we believe the site meets our minimum criteria.

7.2. **Lease**. If you will lease the premises for your Spa, we must review and approve the terms of your lease before you sign it. Our review and approval of your lease is not a legal review and does not ensure the reasonableness of its terms. You must also cause your landlord to sign the Lease Addendum that is attached to this Agreement as ATTACHMENT "D". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement, we have the right to disapprove of your lease in our commercially reasonable judgment, in which case you must find a new site for your Spa. If we sign a Site Selection Addendum approving your proposed location but you fail to cause your landlord to sign an approved lease and Lease Addendum, the Site Selection Addendum for that location shall be null and void and you must find another site. You must sign an approved lease (or if you purchase the premises, sign a purchase agreement) for your approved premises within 120 days after the Effective Date. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

7.3. **Construction.** After you purchase or sign the lease for your premises, you must, at your sole expense, construct and equip the premises to the specifications contained in the Manual and purchase (or lease) and install the equipment, fixtures, signs and other items that we require. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the franchise. You must hire an architect to develop, or at a minimum, review and approve your plans for the construction and buildout of your facility. You must provide us with periodic progress reports upon our request, which may require you to confirm that construction is proceeding on schedule and in accordance with the approved final plans and all applicable laws. We will provide the assistance described in Section 6.2. We must approve all final layout designs, building plans, finish schedules and signage.

7.4. **Opening**. You must open your Spa to the public within 360 days after the Effective Date. You may not open your Spa before: (i) your Owners and employees successfully complete the initial training program; (ii) you purchase all required insurance; (iii) you obtain all required licenses, permits and other governmental approvals; (iv) we provide our written approval of the construction, build-out and layout of your Spa; and (v) your Owners assign this Agreement to an Entity wholly owned by the Owners (if the Owners originally signed this Agreement in their individual capacities). You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a pre-opening inspection of your Spa and you agree to make any changes we require before opening. **BY VIRTUE OF OPENING YOUR BUSINESS, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.**

7.5. **Relocation.** You may relocate your Spa with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (i) locate your new Spa within the Site Selection Area (excluding any area within a territory granted to another franchisee); (ii) comply with Sections 7.1 through Section 7.4 of this Agreement with respect to your new Spa (excluding the 360-day opening period); and (iii) open your new Spa and resume operations within 30 days after closing your prior facility. However, if you must

relocate due to the destruction of your original Spa due to an event of force majeure and you cannot reasonably open your new location within 30 days after the destruction of your prior facility, we may allow you a longer period of time to complete the relocation process and resume operations (such period of time not to exceed 180 days after destruction of your prior facility), but only if you pay us a monthly royalty fee throughout the relocation process that is equal to your average monthly royalty fee for the six (6) month period preceding the destruction of your original facility (or such shorter period of time that your Spa has been open if less than six (6) months).

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You acknowledge that a major requirement for the success of your Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. At a minimum, the Managing Owner must: (i) successfully complete the initial training program and all mandatory refresher or advanced training programs; (ii) ensure that the Spa is operated in accordance with this Agreement and the Manual; (iii) submit an initial and annual business plan for your Business, consistent with our template and suggested guidelines; (iv) ensure we receive all periodic reports required by this Agreement or the Manual; (v) attend our annual review meeting; (vi) attend all mandatory franchisee meetings; and (vii) be accountable for site selection, construction, remodeling and all financial components of the Spa. Any substitute Managing Owner that we approve after opening must successfully complete the initial training program pursuant to Section 5.1 and you must pay us the Initial Training Fee.

8.2. General Managers. You must hire a manager to assist the Managing Owner with the daily on-premises supervision and operation of your Spa (a "General Manager"). The General Manager must: (i) be approved by us in our commercially reasonable discretion; (ii) meet all of the minimum qualifications for General Managers; (iii) successfully complete the initial training program and all mandatory refresher or advance training programs; and (iv) sign a Brand Protection Agreement. The Managing Owner must assume responsibility for the on-premises supervision and operation of your Spa if the General Manager is unable to perform his or her duties due to death, disability, termination of employment, or for any other reason, until such time that you obtain a suitable replacement General Manager. You must ensure that the Managing Owner and General Manager provide reasonable levels of on-site supervision and management of your Spa.

8.3. Employees. You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may must hire, train, and supervise employees to assist you with the proper operation of the Spa. You must employ (or hire on an independent contractor basis) massage therapists, estheticians and other professional staff necessary to provide Kalologie Spa services. You must ensure that all of your professional staff maintain all required licenses, certifications or other credentials that are necessary to provide the Kalologie Spa services. You must pay all wages, commissions, benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day to day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment related decisions, including employee selection and promotion, hours worked, rates of pay and other benefits, work assignments, training and working conditions. We will not provide you any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-the-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

9. FRANCHISEE AS ENTITY. The Owners must form an Entity to be the "franchisee" under this Agreement. If the Entity did not initially sign this Agreement, the Owners must assign this Agreement to the Entity before your Spa opens for business. You agree to provide us with a list of all of the Entity's Owners. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Stating (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the laws of the state of its formation or incorporation.

10. FRANCHISE OWNER AGREEMENT. All Owners (whether direct or indirect) and their spouses must sign a Franchise Owner Agreement, the current form of which is attached as ATTACHMENT "E".

11. ADVERTISING & MARKETING.

11.1. Marketing Fund.

(a) Administration. Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System and the Marks, we will establish and maintain a marketing fund. The marketing fund will be used for marketing, advertising, sales promotion and promotional materials, public and consumer relations, publicity, and any other programs that we deem necessary or appropriate ("Marketing Campaigns"). We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to any Marketing Campaign. We will not use marketing fund fees to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead as we may incur in activities reasonably related to the administration of the marketing fund and the Marketing Campaigns (which may include, without limitation: conducting market research, preparing and conducting television, radio, magazine, billboard, newspaper and other media programs and activities and employing advertising agencies, collecting and accounting for contributions to the marketing fund, and paying for the preparation and distribution of financial accountings and marketing materials). Any marketing that we conduct over the Internet or utilizing other technology will be paid for by the marketing fund and not the Technology Fee. Any surplus of funds in the marketing fund may be invested and we may lend money to the marketing fund if there is a deficit. The marketing fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the marketing fund. A financial accounting of the operations of the marketing fund, including deposits into and disbursements from the marketing fund, will be prepared annually and made available to you upon request.

(b) Contributions. On the fifth (5^{th}) day of each month, you must pay us a marketing fund fee in the amount we specify (not to exceed 2% of your Gross Sales). We will deposit into the marketing fund all: (i) marketing fund fees paid by you and other Kalologie 360 Spa franchisees and; (ii) fines paid by you and other franchisees. Any Kalologie 360 Spa owned by us or our affiliate will be required to contribute to the marketing fund on the same basis as new Kalologie 360 Spa franchisees. We have no other obligation to expend our own funds or resources for any Marketing Campaign.

11.2. Marketing Assistance From Us. We will provide you with our template for your marketing plan. You must use this template to develop a marketing plan for your Business, which you must revise and submit to us on a quarterly basis or at such other times that we specify. We may create and make available to you advertising and other marketing materials for your purchase. We may use the marketing fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third party suppliers who will create the advertising or marketing materials (or templates for marketing materials) for your purchase. We will set up and maintain an online advertising program for you using our methodology. You must send us periodic reports of the results of your online advertising program. We may terminate this online advertising program at any time upon 90 days' prior written notice. We will provide reasonable marketing consulting, guidance and support

throughout the Term as long as your usage does not become excessive as determined by us in our sole discretion.

11.3. Your Marketing Activities.

(a) Generally. In addition to your required contribution to the marketing fund, you must spend, on a monthly basis, at least 4% of your Gross Sales on local advertising to promote your Business (your "Local Marketing Commitment"). We will review your marketing expenditures on a quarterly basis to determine if you have satisfied your Local Marketing Commitment. Any cooperative marketing fees that you pay pursuant to Section 11.4 and any expenditures you make after opening to promote your grand opening pursuant to Section 11.3(b) will be credited against your Local Marketing Commitment for the month in which such payments were made. We must approve all such advertising in accordance with Section 11.3(d). You agree to participate at your own expense in all advertising, promotional and marketing programs that we require, including any advertising cooperative that we establish pursuant to Section 11.4.

(b) Grand Opening. During the initial period ending 120 days after opening, you must spend a total of at least $10,000 on advertising and other marketing activities to promote your Business. We may specify the manner in which you must spend these funds in the Manual. We must approve all such advertising in accordance with Section 11.3(d).

(c) Standards for Advertising. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all federal, state and local laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You may promote your Business in territories granted to other franchisees, but your marketing must be primarily directed at customers within your Territory.

(d) Approval of Advertising. Before you use them, we must approve all advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared or approved and you modify). We will be deemed to have disapproved the materials if we fail to issue our approval within ten (10) business days after receipt. You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove).

(e) Online Marketing. Except for the online advertising program that we establish for you pursuant to Section 11.2 and the customized webpage that we provide pursuant to Section 6.7, you may not maintain your own Websites or market your Spa on the Internet or on any social media site or through any other electronic, mobile or digital device, method or system. Specifically, you may not maintain a World Wide Website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet or any other public computer network (including social network services and social media sites such as Facebook, Twitter and MySpace) in connection with your Spa. If we change our policy at a later date to allow franchisees to maintain their own separate Websites or conduct their own marketing on the Internet, you may do so only if you comply with all of the Website and Internet requirements that we specify. In that case, we may require that you sign an amendment to this Agreement that will govern your ability to maintain a Website and/or market on the Internet.

11.4. Marketing Cooperative. We have the right, but not the obligation, to create one or more marketing cooperatives for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. We have the right to: (i) determine the composition of all geographic territories and market areas for each marketing cooperative; and (ii) require that you participate in any marketing cooperative if and when established by us. If we implement a marketing cooperative, we may establish an advertising council to self-administer the cooperative. You must participate in the council according to the council's rules and procedures and you must abide by the council's decisions. Alternatively, we may administer the marketing cooperative ourselves. We reserve the right to form, change, merge or dissolve marketing cooperatives in our discretion. You must pay the monthly cooperative marketing fee established by us or the council, as applicable, which will be due on the fifth (5^{th}) day of each month for the prior month's

operations or such other day specified by the council. The initial cooperative marketing fee shall be equal to 1% of Gross Sales. Upon the majority vote of all franchisees within the cooperative, the amount of the cooperative marketing fee may be adjusted (or temporarily suspended) but in no event may the amount be less than 1% of Gross Sales. If we or an affiliate of ours operate a majority of the Kalologie Spas within the cooperative, we will increase the cooperative marketing fee only with the consent of the majority of all other franchisees within the cooperative. We may collect all cooperative marketing fees and pay them to the applicable cooperative unless we administer the cooperative ourselves. Alternatively, we may require you to pay the cooperative marketing fees directly to the cooperative.

12. OPERATING STANDARDS.

12.1. **Generally.** You agree to operate your Business: (i) in a manner that will promote the goodwill of the Marks; and (ii) in full compliance with our standards and all other terms of this Agreement and the Manual.

12.2. **Brand Standards Manual**. You agree to establish and operate your Business in accordance with the Manual. The Manual may contain, among other things: (i) a description of the authorized goods and services that you may offer at your Business; (ii) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Kalologie 360 Spa franchisees; (iii) mandatory reporting, insurance and marketing requirements; (iv) mandatory and suggested specifications for your Spa; and (v) a written list of goods and services (or specifications for goods and services) you must purchase for the construction, development and operation of your Spa and a list of any designated or approved suppliers for these goods or services. The Brand Standards Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. The modifications will become binding 30 days after we send you notice of the modification. All mandatory provisions contained in the Manual (whether they are included now or in the future) are binding on you.

12.3. **Authorized Goods and Services.** You agree to offer all goods and services that we require from time to time in our commercially reasonable discretion unless you are prohibited by applicable law from offering any such goods or services. You may not offer any other goods or services at your Spa without our prior written permission. You may not use your Spa or permit your Spa to be used for any purpose other than offering the goods and services that we authorize. We may, without obligation to do so, add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of one or more goods or services shall not constitute a termination of the franchise or this Agreement.

12.4. **Suppliers and Purchasing.** You agree to purchase or lease all products, supplies, equipment, services and other items specified in the Manual from time to time. If required by the Manual, you agree to purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate). You acknowledge that our right to specify the suppliers that you may use is necessary and desirable so that we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development, construction and ongoing operation of Kalologie 360 Spas, maintain the confidentiality of our trade secrets, obtain discounted prices for our franchisees if we are reasonably able to do so, and protect the reputation and goodwill associated with the System and the Marks. If we receive rebates or other financial consideration from these suppliers based upon franchisee purchases, we have no obligation to pass these amounts on to you or to use them for your benefit. If you want us to approve a supplier that you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 90 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 90-day period. You must pay us, within ten (10) days after invoicing, a supplier review fee equal to our costs and expenses that we incur in reviewing a proposed supplier.

12.5. Equipment Maintenance and Changes. You agree to maintain all of your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. You acknowledge that our ability to require franchisees to make significant changes to their equipment is critical to our ability to administer and change the System and you agree to comply with any such required change within the time period that we reasonably prescribe. However, we will not require you to spend more than $4,000 per year (averaged over the duration of the Term) to upgrade or update your computer system and/or software to conform to new specifications.

12.6. Software and Technology. We may change the software and/or technology you must use at any time. We may also develop proprietary software or technology that must be used by Kalologie franchisees. If this occurs, you agree to enter into a license agreement with us (or an affiliate of ours) and pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which you may utilize this software or technology. We also reserve the right to enter into a master software or technology license agreement with a third party licensor and then sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We may pass through all software and technology development costs to our franchisees on a pro-rate basis. All fees and costs referenced in this Section shall be added to and considered part of the Technology Fee described in Section 6.5.

12.7. Remodeling and Maintenance. You agree to remodel and make all improvements and alterations to your Spa that we reasonably require from time to time to reflect our then-current image, appearance and facility specifications. There is no limitation on the cost or frequency of any remodeling that we may require as long as we require all Kalologie 360 Spas (including those operated by us and our affiliates) to undertake substantially similar remodeling obligations. You may not remodel or significantly alter your premises without our prior written approval, which will not be unreasonably withheld. However we will not be required to approve any proposed remodeling or alteration if the same would not conform to our then-current specifications, standards or image requirements. You agree to maintain your Spa facility in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (i) thorough cleaning, repainting, redecorating of the interior and exterior of the Spa facility at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (ii) interior and exterior repair of the Spa facility as needed. You agree to comply with any maintenance, cleaning or facility upkeep schedule that we prescribe from time to time.

12.8. Hours of Operation. We may specify the days and minimum hours of operation during which your Spa must be open for business. You must establish specific hours of operation and submit those hours to us for approval.

12.9. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

12.10. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a failure to comply with our standards or operating procedures and you fail to correct the non-compliance within the period of time that we require, then, in addition to any other remedies available to us under this Agreement, we may impose a fine of up to $500 per occurrence, which is due upon demand. We shall not be deemed to have waived our right to terminate this Agreement by imposing a fine, and we may terminate this Agreement if you fail to cure the noncompliance immediately after the imposition of the fine.

13. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We will consider all suggestions from the advisory council in good faith, but we are not bound by any such suggestions. The advisory council will be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of representatives of the advisory council who will communicate with us on matters raised by the advisory council. You will have the right to be a member of the advisory council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counterproductive manner, as determined by us in our discretion. As a member, you will be entitled to all voting rights and privileges granted to other members of the council. Each member will be granted one vote on all matters on which members are authorized to vote.

14. MEMBERSHIP PROGRAM. You agree to participate in any membership program that we require from time to time. Our current membership program entitles members to a specified number of non-medical treatments at no extra cost with additional non-medical treatments at a reduced cost. The membership program allows members to purchase a membership from one Kalologie Spa and receive membership services at any other Kalologie Spa. As a result, you must provide spa services to a member who purchased his or her membership from another Kalologie Spa, even though you cannot charge for the service. You must also provide the member with any other discounted services or products to which the member is entitled under the terms of their membership agreement (including charging the reciprocity rates that we may establish from time to time). At any time, we may develop a franchisee cooperation program that allows for sharing of membership fees among multiple Kalologie Spas that provide membership services to the same member. We may implement new software to monitor sales and allocate payments to the Kalologie Spa where services are provided. You agree to comply with all policies and procedures that we specify from time to time relating to customers who obtain spa services from multiple Kalologie Spas as part of a membership purchase. You agree to comply with all policies, procedures and rules that we specify from time to time for the membership program. You agree to take our form of membership agreement to your lawyer to ensure that it complies with state and local laws. You must obtain our approval of any changes proposed by your lawyer before you begin using the membership agreement.

15. FEES

15.1. Initial Franchise Fee. You agree to pay us a $39,000 initial franchise fee in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed. If you have signed a multi-unit development agreement and this Agreement is for your second or subsequent Spa, the initial franchise fee is $34,000 (or such other initial franchise fee specified in your development agreement if different than $34,000). If you paid a portion of the initial franchise when you signed the multi-unit development agreement, you must pay the remaining balance at the time you sign this Agreement.

15.2. Royalty Fee. On the fifth (5^{th}) day of each month, you agree to pay us a royalty fee equal to 5% of your Gross Sales from the prior month of operation.

15.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this Section 14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based upon goods or services that you sell or based upon goods or services that we furnish to you (other than income taxes that we pay based on amounts that you pay us under this Agreement).

15.4. Late Fee. If any sums due under this Agreement have not been received by us when due (or there are insufficient funds in your Account to cover any sums owed to us when due) then, in addition to those sums, you must pay us interest on the amounts past due at the rate equal to the lesser of 18% per annum (pro rated on a daily basis), or the highest rate permitted by your State's law. If no due date has been specified by us, then interest begins to run ten (10) days after we bill you. We will not impose a late fee for any amounts paid pursuant to Section 15.5 if, but only to the extent that, sufficient funds were available in your Account to be

applied towards the payments at the time the payments became due and payable. However, we may impose a late fee for any amounts that we are unable to reasonably determine due to your failure to furnish us with a report required by Section 17.3 within the required period of time or record sales in a timely manner, in which case we may assess a late fee on the entire amount that was due and payable. You acknowledge that this Section 15.4 shall not constitute our agreement to accept the late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Business.

15.5. Method of Payment. You must complete and send us an ACH Authorization Form allowing us to electronically debit a banking account that you designate (your "Account") for: (i) all fees payable to us pursuant to this Agreement (other than the initial franchise fee); and (ii) any amounts that you owe to us or any of our affiliates for the purchase of goods or services. We will debit your Account for these payments on or after the due date. Our current form of ACH Authorization Form is attached to this Agreement as ATTACHMENT "F". You must sign and deliver to us any other documents that we or your bank may require to authorize us to debit your Account for these amounts. You must deposit into the Account all revenues that you generate from the operation of your Spa. You must make sufficient funds available for withdrawal by electronic transfer before each due date. If there are insufficient funds in your Account to cover all amounts that you owe, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to Section 15.4.

15.6. Application of Payments. We have sole discretion to apply any payments from you to any past due indebtedness of yours or in any other manner we feel appropriate.

16. BRAND PROTECTION COVENANTS.

16.1. Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our franchise system.

16.2. Our Know-how. You agree: (i) you will not use the Know-how in any business or capacity other than the operation of your Spa pursuant to this Agreement; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement.

16.3. Unfair Competition During Term. You agree not to unfairly compete with us during the Term or any renewal term by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

16.4. Unfair Competition After Term. During the Post-Term Restricted Period, you agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to customers who are located within, the Restricted Territory. If

you engage in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period shall be extended by the period of time during which you engaged in the Prohibited Activity.

16.5. Managers, Employees and Others Associated with You. All of your General Managers must sign and send us a Brand Protection Agreement before they attend any training. You must ensure that all of your other employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Business who may have access to our Know-how sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that the individuals referenced in this Section comply with the terms of the Brand Protection Agreements and Confidentiality Agreements and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Brand Protection Agreement or Confidentiality Agreement, including reasonable attorneys' fees and court costs.

16.6. Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Kalologie Spa franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Spa; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 16 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

16.7. Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 16 will cause substantial and irreparable damage to us and/or other Kalologie Spa franchisees for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 16 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 16.

17. YOUR OTHER RESPONSIBILITIES

17.1. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Spa, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost; (ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Spa, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (iii) errors and omission insurance, containing minimum liability protection of $1,000,000 combined single limit per occurrence, and $2,000,000 in the aggregate; (iv) worker's compensation insurance and employer's liability insurance as required by law; and (v) any other insurance that we specify in the Manual from time to time. You agree to provide us with proof of coverage on demand. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the state in which your Spa is located. All insurance policies must: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive ten (10) days prior written notice of the termination,

expiration, cancellation or modification of the policy. If any of your policies fail to meet this criteria, then we may disapprove the policy and you must immediately find additional coverage with an alternative carrier satisfactory to us. Upon ten (10) days notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional types of insurance at any time, including excess liability (umbrella) insurance, to reflect inflation, identification of special risks, changes in law or standards or liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain any required insurance coverage, we have the right to obtain the coverage on your behalf (which right shall be at our option and in addition to our other rights and remedies in this Agreement), and you must promptly sign all applications and other forms and instruments required to obtain the insurance and pay to us, within ten (10) days after invoicing, all costs and premiums that we incur.

17.2. Books and Records. You agree to prepare and maintain at your Spa facility for at least seven (7) years after their preparation, complete and accurate books, records, accounts and tax returns pertaining to your Business. You must send us copies of your books and records within seven (7) days of our request.

17.3. Reports. No later than the fifth (5^{th}) day of each month, you must prepare and provide to us monthly statements of: (i) your Gross Sales and expenses for the prior month's operations; and (ii) your expenditures on local advertising required by Section 11.3 that were incurred during the prior month (which must be accompanied by copies of receipts for such expenditures). You also agree to prepare all other reports that we require in the form and manner that we require. You agree to send us a copy of any report required by this Section upon request. If we require that you purchase a computer and/or automated cash management system that allows us to electronically retrieve information concerning your sales transactions, you agree that we will have the right to electronically poll your computer and/or automated cash management system to retrieve and compile information regarding the operation of your Business at any time and without notice.

17.4. Financial Statements. Within 60 days after the end of each calendar year, you must prepare a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. Annual financial statements must be: (i) prepared in accordance with generally accepted accounting procedures; (ii) compiled by an independent certified public accountant; (iii) verified and signed by the Managing Owner certifying to us that the information is true, complete, and accurate; and (iv) submitted in any format that we reasonably require. We have the right to require that your financial statements be audited by an independent certified public accountant. You agree to send us a copy of any financial statement required by this Section upon request. You authorize us to disclose the financial statements, reports, and operating data to prospective franchisees, regulatory agencies and others at our discretion, provided the disclosure is not prohibited by applicable law.

17.5. Legal Compliance. You must secure and maintain in force all required licenses, permits and regulatory approvals for the operation of your Business, secure and maintain any bond required by applicable law, and operate and manage your Business in full compliance with all applicable laws, ordinances, rules and regulations. You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, writ, injunction, disciplinary action, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation of your Business or your financial condition. You must immediately deliver to us a copy of any inspection report, warning, certificate or rating by any governmental agency involving any health or safety law, rule or regulation that reflects your failure to fully comply with the law, rule or regulation.

18. INSPECTION AND AUDIT

18.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter your Spa facility, evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include, among other things, monitoring your provision of services, sampling and testing retail products and contacting your landlord, employees and clients. We may also inspect your Spa through a "mystery shopper" program. We may conduct our evaluation at any time and without prior

notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

18.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement of your Gross Sales or any amount that you owe us, you agree to immediately pay to us any additional fees that you owe us together with any late fee payable pursuant to Section 15.4. Any audit will be performed at our cost and expense unless the audit (i) is necessitated by your failure to provide the information requested or to preserve records or file reports as required by this Agreement or (ii) reveals an understatement of any amount due to us by at least three percent (3%), in which case you agree to reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due ten (10) days after invoicing.

19. INTELLECTUAL PROPERTY

19.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we and our affiliates are the sole and exclusive owners of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement; and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Spa during the Term pursuant to, and only in compliance with, this Agreement, the Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our and our affiliates' rights. You agree to comply with all provisions of the Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property.

19.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole and absolute discretion, including by changing the Marks, the System, the Copyrights or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days. You waive all claims arising from or relating to any change, modification, substitution or discontinuation of the Intellectual Property and we will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

19.3. Use of Marks. You agree to use the Marks as the sole identification of your Spa; provided, however that you must identify yourself as the independent owner of your Spa in the manner that we prescribe. You may not use any Marks in any modified form or as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you by this Agreement). You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

19.4. Use of Know-how. We will disclose the Know-how to you in the initial training program, the Manual, and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Spa. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Spa during the Term.

19.5. **Improvements**. If you conceive of or develop any improvements or additions to the services or products offered by, or the method of operation of, a Kalologie 360 Spa, or any advertising or promotional ideas related to a Kalologie 360 Spa (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we or our affiliates authorize to operate a Kalologie Spa franchise, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees develop that we authorize for general use in connection with the operation of a Kalologie Spa.

19.6. **Notification of Infringements and Claims**. You must immediately notify us of any: (i) apparent infringement of any of the Intellectual Property; (ii) challenge to your use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, Patent and Trademark Office proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, Patent and Trademark Office proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property.

20. **INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you and/or any of the Indemnified Parties arising from the marketing, use or operation of your Spa or your performance and/or breach of any of your obligations under this Agreement. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within ten (10) days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

21. TRANSFERS

21.1. **By Us**. This Agreement and the franchise is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

21.2. **By You**. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, aptitude and financial resources to own and operate a Kalologie 360 Spa franchise and otherwise meets all of our then applicable standards for franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program (and the transferee has paid us the Initial Training Fee for each new person who must attend training);

(iv) your landlord consents to your assignment of the lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area (excluding any area within a territory granted to another franchisee);

(v) the transferee and its owners and employees, to the extent necessary, have obtained all licenses and permits required by applicable law in order to own and operate the Spa;

(vi) the transferee and its owners sign our then current form of franchise agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;

(vii) you or the transferee pay us a transfer fee equal to 50% of our then current initial franchise fee to defray expenses that we incur in connection with the Transfer (if you are a multi-unit developer and you are transferring your second or subsequent Spa developed under the development agreement, the transfer fee will be 50% of our then current discounted initial franchise fee we offer to multi-unit developers for their second spa);

(viii) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(ix) you enter into an agreement with us to subordinate the transferee's obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement;

(x) we do not elect to exercise our right of first refusal described in Section 21.5; and

(xi) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

21.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must give us at least ten (10) days prior written notice. You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

21.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 180 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 21.2. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

21.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain a bona fide, signed written offer from the fully disclosed purchaser and submit an exact copy of the offer to us. We will have 30 days after receipt of the offer to decide whether we will purchase the interest in your Business or the ownership interest in you for the same price and upon the same terms contained in the offer (however, we may substitute cash for any form of payment proposed in the offer). If we notify you that we intend to purchase the interest within the 30-day period, you or the Owner, as applicable, must sell the interest to us. We will have at least an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you as the seller of the assets or the Owner as the seller of the ownership interest or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to and on the terms of the offer, subject to the requirements of Section 21.2 (including our approval of the transferee). However, if the sale to the purchaser is not completed within 120 days after delivery of the offer to us, or there is a material change in the terms of the sale, we will again have the right of first refusal specified in this Section. Our right of first refusal in this Section shall not apply to any Permitted Transfer.

22. TERMINATION

22.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 23 and all other obligations that survive the expiration or termination of this Agreement.

22.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if you fail to secure a fully executed lease and Lease Addendum (or if applicable, purchase agreement) for an approved site within the time period required by Section 7.2;

(ii) if you fail to open your Spa within the time period required by Section 7.4;

(iii) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(iv) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your Business, and it is not discharged within five (5) days of the levy;

(v) if you abandon or fail to operate your Spa for three (3) consecutive business days, unless the failure is due to an event of force majeure or another reason that we approve;

(vi) if a regulatory authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business, even if you or the Owner still maintain appeal rights;

(vii) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary

action or (c) fails to comply with any material federal, state or local law or regulation applicable to your Business;

(viii) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(ix) if you manage or operate your Spa in a manner that presents a health or safety hazard to your customers, employees or the public;

(x) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(xi) if you fail to pay any amount owed to us or an affiliate of ours within five (5) days after receipt of a demand for payment;

(xii) if you underreport any amount owed to us by at least three percent (3%), after having already committed a similar breach that had been cured in accordance with Section 22.3;

(xiii) if you make an unauthorized Transfer;

(xiv) if you make an unauthorized use of the Intellectual Property;

(xv) if you breach any of the restrictive covenants described in Section 16;

(xvi) if any Owner, or the spouse of any Owner, breaches a Franchise Owner Agreement;

(xvii) if the lease for your premises is terminated due to your default; or

(xviii) if we terminate any other agreement between you and us (except for a multi-unit development agreement) or if any affiliate of ours terminates any agreement between you and the affiliate (other than a multi-unit development agreement) because of your default.

22.3. Additional Conditions of Termination. In addition to our termination rights in Section 22.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Manual) or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period. If we deliver a notice of default to you pursuant to this Section 22.3, we may suspend performance of any of our obligations under this Agreement until you fully cure the breach.

22.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

23. POST-TERM OBLIGATIONS.

23.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease using the Intellectual Property;

(ii) pay us all amounts that you owe us;

(iii) comply with all covenants described in Section 16 and in the Brand Protection Agreements that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) return all copies of the Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a Kalologie 360 Spa, unless we allow you to transfer such items to an approved transferee;

(v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

(vi) assign all customer contracts to us (unless we allow you to transfer those contracts to an approved transferee);

(vii) make such modifications and alterations to the premises that are necessary or that we require to prevent any association between us or the System and any business subsequently operated by you or any third party at the premises; provided, however, that this subsection shall not apply if your franchise is transferred to an approved transferee or if we exercise our right to purchase your entire Business;

(viii) notify all telephone companies, listing agencies and domain name registration companies (collectively, the "Agencies") of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

23.2. Right to Purchase Facility and Assets.

(a) Generally. Upon the termination or expiration of this Agreement, we shall have the right, but not the obligation, to purchase your Spa and/or its assets at fair market value as ascertained by an independent business appraiser. If we elect to exercise this option, the date of determination of the fair market value shall be the effective date of the termination or expiration of the Agreement (the "Appraisal Date"). We will notify you of the specific items that we wish to purchase (the "Acquired Assets"). We may also require that you assign your lease to us at no additional charge.

(b) Selecting Qualified Appraisers. You and we each shall appoint an appraiser with experience appraising businesses comparable to your Spa in the United States (a "Qualified Appraiser"). This appointment of the appraisers shall be made within 30 days after the Appraisal Date by giving written notice to the other party of the name and address of the Qualified Appraiser. If either of us fails to appoint a Qualified Appraiser within the 30-day period, the appraisal shall be made by the sole Qualified Appraiser appointed within that period. If each of us shall have appointed a Qualified Appraiser within the 30-day period, then within 30 days after that the two (2) Qualified Appraisers shall appoint a third (3rd) Qualified Appraiser. If the two (2) Qualified Appraisers fail to agree on the appointment of a third (3rd) Qualified Appraiser within the 30-day period, then a third (3rd) Qualified Appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either us or you. Nothing in this provision shall prohibit us and you from jointly approving a single appraiser, nor shall it obligate us or you to do so.

(c) Information for Appraisal. You must furnish to the Qualified Appraisers a copy of your current financial statements, as well as your financial statements for the prior three (3) years (or the period of

time that you have operated your Spa, if less than three (3) years), together with the work papers and other financial information or other documents or information that the Qualified Appraisers may request. The Qualified Appraisers shall take into account the other information and factors that they deem relevant, but the Qualified Appraisers shall be instructed that there shall be no consideration of goodwill in the determination of fair market value.

(d) Appraisal Process. Within 60 days after the appointment of the third Qualified Appraiser, the three (3) Qualified Appraisers shall appraise the Appraised Assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) Qualified Appraisers agree on a single value, then they shall issue a joint report and the Appraised Value shall be the value determined by the agreement of the three (3) Qualified Appraisers. If two (2) of the three (3) Qualified Appraisers agree on a single value, these two (2) Qualified Appraisers shall issue a joint report, and the dissenting Qualified Appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) Qualified Appraisers who shall agree shall be the Appraised Value. If none of the Qualified Appraisers are able to agree on a single value, each Qualified Appraiser shall issue a report setting forth the value determined by him or her, and the average of the two values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any Qualified Appraiser, each Qualified Appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any Qualified Appraiser is made with knowledge of the values determined by the other Qualified Appraisers. If there shall be only a single Qualified Appraiser (because you or we failed to appoint a Qualified Appraiser within the time provided), then the Appraised Value shall be the value determined by the single Qualified Appraiser.

(e) Cost of Appraisal. You and we shall equally bear the cost of the appraisal.

(f) Closing. Once the Appraised Value has been determined, we will have at least 60 days to prepare for the closing. We will be entitled to receive from you all customary representations and warranties given by you as the seller of the Acquired Assets and you must transfer good and clean title to the Acquired Assets, subject to any exceptions agreed to by us. We may deduct from the Appraised Value all amounts owed to us and our affiliates under this Agreement, any promissory note, and any other agreement between you and us or between you and our affiliates.

24. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to arbitration. If the Dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties will submit the dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Notwithstanding the foregoing, any Dispute that involves an alleged breach of Section 16 or Section 19 will not be subject to mediation or arbitration unless otherwise agreed to by both parties, and either party may immediately file a lawsuit in accordance with this Section with respect to any alleged breach of Section 16 or Section 19. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona) and the parties irrevocably waive any objection to such venue. If we or you must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you breach any term of this Agreement or any other agreement with us or an affiliate of ours, you agree to reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to the commencement of any dispute resolution proceedings. **UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 16 OR SECTION 19) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ARBITRATION (OR IF PERMITTED, LITIGATION) WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO**

THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

25. YOUR REPRESENTATIONS. YOU HEREBY REPRESENT THAT: (i) YOU HAVE NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, EXCEPT FOR ANY INFORMATION DISCLOSED IN THE FRANCHISE DISCLOSURE DOCUMENT; (ii) YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATIONS BY US OR ANY OF OUR OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES OR REPRESENTATIVES ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT; (iii) YOU RECEIVED (1) AN EXACT COPY OF THIS AGREEMENT AND ITS ATTACHMENTS AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT IS EXECUTED; AND (2) OUR FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF (A) TEN (10) BUSINESS DAYS BEFORE YOU SIGNED A BINDING AGREEMENT OR PAID ANY MONEY TO US OR OUR AFFILIATES OR (B) AT SUCH EARLIER TIME IN THE SALES PROCESS THAT YOU REQUESTED A COPY; (iv) YOU ARE AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISEES OF OURS MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT AND CONSEQUENTLY THAT OUR OBLIGATIONS AND RIGHTS WITH RESPECT TO OUR VARIOUS FRANCHISEES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES; AND (v) YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS, MAKING THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES, EFFORTS AND JUDGMENTS, AND THE SERVICES OF YOU AND THOSE YOU EMPLOY.

26. GENERAL PROVISIONS

26.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

26.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

26.3. Severability and Substitution. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and

unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

26.4. Waivers. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (i) any custom or practice of the parties at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other Kalologie franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

26.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

26.6. Force Majeure. Except as otherwise provided in Section 7.5, neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.

26.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 17.1 and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 17.1 and Section 20, respectively.

26.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 12.2 AND SECTION 26.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement or any related agreement is intended to disclaim any of the representations we made in the Franchise Disclosure

Document that we furnished to you. If anything in this Agreement is inconsistent with any terms contained within the California Addendum signed concurrently with this Agreement, the terms in the California Addendum will control.

26.9. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

26.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.

26.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, Section 14, Section 16, Section 18, Section 20, Section 23, Section 24 and Section 26.

26.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

26.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

26.14. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

26.15. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon ten (10) business days prior written notice):

YOU:	As set forth below your signature on this Agreement
US:	Kalologie Spa Destinations LLC 5080 North 40th Street, Suite 105 Phoenix, Arizona 85018 Attention: Chief Executive Officer
WITH A COPY TO:	Daniel Warshawsky Warshawsky Seltzer, PLLC 9943 East Bell Road

Scottsdale, Arizona 85260

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by fax, email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

[Signature page follows]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Kalologie Spa Destinations LLC, a Delaware limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

Principal Business Address:

_____
_____
_____
_____

ATTACHMENT "A"

TO KALOLOGIE FRANCHISE AGREEMENT

DEFINITIONS

"Account" is defined in Section 15.5.

"Acquired Assets" is defined in Section 23.2.

"Acquisition" means either (i) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise or (ii) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"Agencies" is defined in Section 23.1(viii).

"Agreement" is defined in the Introductory Paragraph.

"Alternative Channels of Distribution" means all channels of distribution other than retail sales of products or services made to customers while present in a Kalologie Spa, including, but not limited to: (i) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (ii) sales through retail stores that do not operate under the Marks, such as beauty stores, grocery stores or department stores; and (iii) sales made at wholesale.

"Appraisal Date" is defined in Section 23.2.

"Appraised Value" is defined in Section 23.2.

"Brand Protection Agreement" means our form of Brand Protection Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "G".

"Business" is defined in Section 2.

"Claim" or *"Claims"* means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries.

"Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that derives at least 50% of its revenues from the sale of all or any combination of the following: beauty, aesthetic and/or spa-related services and products, such as facial services or related products; waxing services or related products; massage therapy services or related products; tanning services or related products; nail care services or related products; hair care services or related products; skin care services or related products; beauty products; and/or memberships for the purchase of all or any of the foregoing services or products.

"Confidentiality Agreement" means our form of Confidentiality Agreement, the most current form of which is attached to this Agreement as ATTACHMENT "H".

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we and our affiliates allow Kalologie Spa franchisees to use, sell or display in connection with the marketing and/or operation of a Kalologie Spa, whether now in existence or created in the future.

"Dispute" is defined in Section 24.

"Effective Date" is defined in the Introductory Paragraph.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"General Manager" is defined in Section 8.2.

"General Release" means our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

"Gross Sales" means all gross sums collected or billed by you from all goods and services sold or provided in connection with your Spa (whether collectible or not), together with any other revenue or monies derived in connection with your Spa or the goods and service provided at your Spa, including the proceeds of any business interruption insurance. Gross Sales includes amounts that third party marketing agencies or other companies (such as Groupon) receive from your customers for marketing services. "Gross Sales" does not include: (i) revenues that you collect from a customer and later refund to that customer; (ii) any sales or use taxes that you pay to a government agency; or (iii) any revenues for products or services provided at your Business that are paid to another Kalologie Spa pursuant to the membership program, except to the extent any such amounts are subsequently paid to you under a revenue reallocation program.

"Improvements" is defined in Section 19.5.

"Indemnified Party" or *"Indemnified Parties"* means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

"Initial Training Fee" is defined in Section 5.1.

"Intellectual Property" means, collectively or individually, the Marks, Copyrights, Know-how and System.

"Interim Term" is defined in Section 4.3.

"Kalologie 360 Spa" or "Kalologie Spa" means a spa of the type operated pursuant to this Agreement.

"Know-how" means all of our and our affiliates' trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Kalologie Spa, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Losses and Expenses" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

"Managing Owner" means the Owner that you designate and we approve who is primarily responsible for the management, supervision and operation of your Spa and who holds a minimum 25% ownership interest in the franchise (or in you if you are an Entity).

"Manual" is defined in Section 6.1.

"Marketing Campaign" is defined in Section 11.1(a).

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Kalologie Spa, including "KALOLOGIE" and any other trademarks, service marks or trade names that we designate for use by a Kalologie 360 Spa. The term "Marks" also includes any distinctive trade dress associated with a Kalologie 360 Spa or the products sold at a Kalologie 360 Spa.

"On-Site Assistance Fee" is defined in Section 5.3.

"Owner" or *"Owners"* means any individual who owns a direct or indirect ownership interest in the franchise or the Entity that is the franchisee under this Agreement. "Owner" includes both passive and active owners.

"Permitted Transfer" means: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner; and/or (ii) a Transfer to a

newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Post-Term Restricted Period" means a period of two (2) years after the termination, expiration or Transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means a period of one (1) year after the termination, expiration or Transfer of this Agreement.

"Prohibited Activities" is defined in Section 16.3.

"Qualified Appraiser" is defined in Section 23.2.

"Restricted Territory" means the geographic area within: (i) a 25 mile radius from your Spa (and including your Spa itself); and (ii) a 25 mile radius from all other Kalologie Spas that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 25 mile radius from your Kalologie Spa (and including your Spa itself).

"Site Selection Area" is defined in Sections 7.1.

"Spa" is defined in Section 2.

"Successor Agreement" is defined in Section 4.1.

"System" means the distinct system for the operation of a Kalologie Spa, the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs, products, techniques and procedures, confidential brand standards manual and operating system.

"Technology Fee" is defined in Section 6.5.

"Term" is defined in Section 4.1.

"Territory" is defined in Section 3.

"Transfer" means any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the franchise (or any interest therein), the Business (or any portion thereof) or an ownership interest in an Entity that is the franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

"We" or "us" is defined in the Introductory Paragraph.

"You" is defined in the Introductory Paragraph.

ATTACHMENT "B"

TO KALOLOGIE FRANCHISE AGREEMENT

SITE SELECTION AREA

The Site Selection Area referenced in the Franchise Agreement shall consist of the following geographic area:

_____

_____

_____

ATTACHMENT "C"

TO KALOLOGIE FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

SITE SELECTION ADDENDUM

THIS ADDENDUM is made this ____ day of _____, 201___, by and between Kalologie Spa Destinations LLC ("we" or "us") _____ ("you").

WHEREAS, you and we are parties to a Franchise Agreement dated _____, 201___, pursuant to which we granted you the right and license to operate a franchised Kalologie 360 Spa (the "Spa") using the System and Marks; and

WHEREAS, you have selected and presented a site to us that we have confirmed meets our minimum specifications.

NOW, THEREFORE, the parties hereto, intending to be bound, agree as follows:

1. Location. The approved location of the Spa (the "Location") within the Site Selection Area is as follows:

_____
_____
_____

(Attach additional sheets as necessary)

The Location shall constitute the approved site referred to in Section 7.1 of the Franchise Agreement.

2. Territory. The Territory referred to in Section 2 of the Franchise Agreement shall be:

_____
_____
_____

(Attach additional sheets or maps, as necessary)

To the extent the Territory is defined by geographic boundaries, roadways and the like, the description shall mean such boundaries, roadways, etc. as exist on the date we sign this Site Selection Addendum.

3. Your Representations and Warranties. You represent and warrant that you have negotiated and signed a contingent contract, option or other commitment for the purchase or lease of the Location for the Spa, a copy of which has been provided to us, and you warrant and represent as follows with respect to any lease:

a. That the initial term of the lease, or the initial term together with any renewal terms (for which rent shall be set forth in the lease), shall be for not less than ten (10) years; and

b. That you have obtained or will obtain a fully executed Lease Addendum (in the form attached to the Franchise Agreement) from the landlord (and it's mortgagee, as the case may be).

4. Failure to Sign Approved Lease and Lease Addendum. If the landlord of the Location does not sign (i) a lease that we have approved and (ii) the mandatory Lease Addendum (in the form attached to the Franchise Agreement), you must find an approved substitute location for your Spa within the Site Selection Area and this Site Selection Addendum shall automatically become null and void.

5. Miscellaneous.

a. All capitalized terms not defined herein shall have the meaning given to them in the Franchise Agreement.

b. This Site Selection Addendum constitutes an integral part of the Franchise Agreement, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first above written.

US:

Kalologie Spa Destinations LLC, a Delaware limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

YOU (If you are not an entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

ATTACHMENT "D"

TO KALOLOGIE FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

Lease Addendum

THIS AGREEMENT dated this ___ day of _____, 201__ among Kalologie Spa Destinations LLC, a Delaware limited liability company, with principal offices at 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018 (the "Franchisor"), _____, a(n)_____, with principal offices located at _____ (the "Landlord"), and _____, a(n)_____, with principal offices located at _____ (the "Tenant/Franchisee").

Introduction

A. On _____, the Tenant/Franchisee and the Franchisor entered a Kalologie 360 Spa Franchise Agreement (the "Franchise Agreement"). Under the Franchise Agreement, the Franchisor granted the Tenant/Franchisee the right, and the Tenant/Franchisee undertook the duty, to operate a franchised Kalologie 360 Spa (the "Franchised Business") at the Premises (defined below).

B. Simultaneously with entering this Agreement, the Landlord and the Tenant/Franchisee are entering a lease agreement (the "Lease"). Under the Lease, the Tenant/Franchisee leases the premises described in Exhibit "A" (the "Premises").

C. To protect the Franchisor's rights and interests under the Franchise Agreement, the Landlord grants certain rights to the Franchisor under the Lease as set forth below.

Agreement

The parties, therefore, agree as follows:

1. Notices. At the same time such notices are sent to the Tenant/Franchisee, the Landlord must provide the Franchisor with copies of all written notices of default that it sends to the Tenant/Franchisee. The Landlord agrees to send such copies by first-class mail, postage prepaid, to the Franchisor at its address set forth above or such other address as the Franchisor may notify the Landlord in writing.

2. Right to Cure. If the Tenant/Franchisee defaults under the Lease, the Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. Furthermore, in such event, the Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining the Landlord's or Franchisee's consent. The Franchisor may thereafter assign the Lease to an another Kalologie 360 Spa franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold or delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

3. Right to Assign. At any time (including, without limitation, upon the expiration or sooner termination of the Franchise Agreement) without the Landlord's prior consent, the Tenant/Franchisee may assign the Lease to the Franchisor. In such event, the Franchisor may thereafter assign the Lease to another Kalologie franchisee or to an entity owned and/or controlled by the Franchisor. If it does, the Franchisor must first obtain the Landlord's written approval of the assignee. The Landlord, however, must neither unreasonably withhold or delay its approval thereof. The Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

4. Right of First Refusal. The Landlord agrees that upon the expiration or termination of the Lease, the Franchisor shall have the first right of refusal to lease the Premises as the new tenant.

5. Expiration or Termination of Franchise Agreement. The Landlord agrees that the expiration (without renewal) or termination of the Franchise Agreement shall constitute a default under the Lease, giving the Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant/Franchisee's interests under the Lease in accordance with Section 2 above.

6. Acknowledgement of Rights. The Landlord acknowledges the Franchisor's rights under the Franchise Agreement to enter the Premises to: (i) make any modifications or alterations necessary in the Franchisor's sole discretion to protect its franchise system and its trademarks without being guilty of trespass or any other tort or crime; and (ii) remove any trade fixtures, interior or exterior signs and other items bearing the Franchisor's trademarks or service marks or trade dress upon the expiration (without renewal) or termination of the Franchise Agreement.

7. Modification of Lease. Without the Franchisor's prior written consent, the Landlord and the Tenant/Franchisee may not amend, modify, supplement, terminate, renew or extend the Lease.

8. Miscellaneous.

a. In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.

b. All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.

c. The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.

d. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page is binding upon any party so confirming or telecopying.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed the date and year first above written.

FRANCHISOR:

Kalologie Spa Destinations LLC, a Delaware limited liability company

By:_____
Name:_____
Its:_____

LANDLORD:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

TENANT/FRANCHISEE:

_____, (a)n _____
_____

By:_____
Name:_____
Its:_____

ATTACHMENT "E"

TO KALOLOGIE FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (i) each of the undersigned owners of Franchisee (defined below); and (ii) the spouse of each such owner, in favor of Kalologie Spa Destinations LLC, a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"*Competitive Business*" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that derives at least 50% of its revenues from the sale of all or any combination of the following: beauty, aesthetic and/or spa-related services and products, such as facial services or related products; waxing services or related products; massage therapy services or related products; tanning services or related products; nail care services or related products; hair care services or related products; skin care services or related products; beauty products; and/or memberships for the purchase of all or any of the foregoing services or products.

"*Copyrights*" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we and our affiliates allow Kalologie Spa franchisees to use, sell or display in connection with the marketing and/or operation of a Kalologie Spa, whether now in existence or created in the future.

"*Franchise Agreement*" means the Kalologie 360 Spa Franchise Agreement executed by Franchisee with an effective date of _____.

"*Franchised Business*" means the Kalologie 360 Spa operated by Franchisee pursuant to the Franchise Agreement.

"*Franchisee*" means _____.

"*Improvements*" means any additions, modifications or improvements to (i) the goods or services offered at a Kalologie 360 Spa, (ii) the method of operation of a Kalologie 360 Spa or (iii) any marketing or promotional ideas relating to a Kalologie 360 Spa, whether developed by you, Franchisee or any other person.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how, System and Improvements.

"*Know-how*" means all of our and our affiliates' trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Kalologie Spa, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"*Manual*" means our confidential brand standards manual for the operation of a Kalologie 360 Spa.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Kalologie Spa, including "KALOLOGIE" and any other trademarks, service marks or trade names that we designate for use by a Kalologie 360 Spa. The term "Marks" also includes any distinctive trade dress associated with a Kalologie 360 Spa or the products sold at a Kalologie 360 Spa.

"*Prohibited Activities*" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to Owner or to any other person that is not then a franchisee of ours.

"*Restricted Period*" means the two (2) year period after the earliest to occur of the following: (i) the

termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period after the earliest to occur of the following: (i) the termination or expiration of the Franchise Agreement; (ii) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (iii) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

"*Restricted Territory*" means the geographic area within: (i) a 25 mile radius from Franchisee's Spa (and including Franchisee's Spa itself); and (ii) a 25 mile radius from all other Kalologie Spas that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 25 mile radius from Franchisee's Kalologie Spa (and including Franchisee's Spa itself).

"*System*" means the distinct system for the operation of a Kalologie Spa, the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs, products, techniques and procedures, confidential brand standards manual and operating system.

2. Background. In your capacity as an owner of Franchisee, or the spouse of an owner of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with the terms of this Agreement In order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an owner of Franchisee or your spouse is an owner of Franchisee, as applicable. You further agree that you will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are an owner of Franchisee or while your spouse is an owner of Franchisee, as applicable, by engaging in any Prohibited Activities.

(c) Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that

your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

(d) Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

(e) Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 3 of this Agreement to ensure that the terms and covenants are enforceable under applicable law

(f) Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Kalologie 360 Spa franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. If you are an owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee except in accordance with the terms and conditions set forth in Section 21 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against

Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. Dispute Resolution. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**

7. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party in relating to an alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "F"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	☐ Checking ☐ Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes Kalologie Spa Destinations LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature:_____ Date:_____

Name:_____

Its:_____

Federal Tax ID Number:_____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "G"

TO KALOLOGIE FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT

[See Attached]

Brand Protection Agreement

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Kalologie Spa Destinations LLC, a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

   "Competitive Business" means any business competitive with us (or competitive with any of our affiliates or our franchisees) that derives at least 50% of its revenues from the sale of all or any combination of the following: beauty, aesthetic and/or spa-related services and products, such as facial services or related products; waxing services or related products; massage therapy services or related products; tanning services or related products; nail care services or related products; hair care services or related products; skin care services or related products; beauty products; and/or memberships for the purchase of all or any of the foregoing services or products.

   "Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we and our affiliates allow Kalologie Spa franchisees to use, sell or display in connection with the marketing and/or operation of a Kalologie Spa, whether now in existence or created in the future.

   "Franchisee" means any Kalologie Spa franchisee for whom you are a general manager.

   "Intellectual Property" means, collectively or individually, the Marks, Copyrights, Know-how and System.

   "Kalologie 360 Spa" or *"Kalologie Spa"* means a spa of the type operated by Franchisee under the System.

   "Know-how" means all of our and our affiliates' trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Kalologie Spa, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

   "Manual" means the confidential brand standards manual for the operation of a Kalologie 360 Spa.

   "Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Kalologie Spa, including "KALOLOGIE," any distinctive trade dress that identifies a Kalologie Spa or the products sold by a Kalologie Spa, and any other trademarks, service marks or trade names that we designate for use by a Kalologie Spa.

   "Prohibited Activities" means any or all of the following: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

   "Restricted Period" means the two (2) year period immediately following such time that you cease to be a general manager of Franchisee; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means the one (1) year period immediately following such time that you cease to be a general manager of Franchisee.

   "Restricted Territory" means the geographic area within: (i) a 25 mile radius from each Kalologie Spa operated by any Franchisee (and including the Spa itself); and (ii) a 25 mile radius from all other Kalologie Spas that are operating or under construction as of the date you sign this Agreement and remain in operation or under construction during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be

enforceable, then the "Restricted Territory" means the geographic area within a 25 mile radius from each Kalologie Spa operated by any Franchisee (and including the Spa itself).

"System" means the distinct system for the operation of a Kalologie Spa, the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs, products, techniques and procedures, confidential brand standards manual and operating system.

2. Background. You are a general manager of one or more Kalologie Spas operated by Franchisee. As a result of this relationship, you may gain knowledge of the System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Kalologie Spa operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a general manager of any Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for a Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us or our affiliates while you are a general manager of any Franchisee by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us or our affiliates during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Kalologie Spas for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the

bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in Arizona shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

[Signature Page Follows]

This Brand Protection Agreement is executed as of the date or dates set forth below.

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

ATTACHMENT "H"

TO KALOLOGIE FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

Confidentiality Agreement

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Kalologie Spa Destinations LLC, a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"Copyrights" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we and our affiliates allow Kalologie Spa franchisees to use, sell or display in connection with the marketing and/or operation of a Kalologie Spa, whether now in existence or created in the future.

"Franchisee" means the Kalologie Spa franchisee for whom you are an officer, director, employee or independent contractor.

"Intellectual Property" means, collectively or individually, the Marks, Copyrights, Know-how and System.

"Kalologie 360 Spa" or *"Kalologie Spa"* means a spa of the type operated by Franchisee under the System.

"Know-how" means all of our and our affiliates' trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Kalologie Spa, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

"Manual" means our confidential brand standards manual for the operation of a Kalologie Spa.

"Marks" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Kalologie Spa, including "KALOLOGIE," any distinctive trade dress that identifies a Kalologie Spa or the products sold by a Kalologie Spa, and any other trademarks, service marks or trade names that we designate for use by a Kalologie Spa.

"System" means the distinct system for the operation of a Kalologie Spa, the distinctive characteristics of which include logo, trade secrets, concept, style, proprietary programs, products, techniques and procedures, confidential brand standards manual and operating system.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this relationship, you may gain knowledge of the System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Kalologie Spa operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee.

4. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

5. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Kalologie Spas for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

6. Miscellaneous.

(e) If we hire an attorney or file suit against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

(f) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in Arizona shall have jurisdiction over any legal proceedings arising out of this Agreement.

(g) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

This Confidentiality Agreement is executed as of the date set forth below.

RESTRICTED PARTY

By: _____

Name: _____

Date: _____

By signing below, I hereby affirm that I witnessed the person named above execute this Agreement on the date set forth below his or her name.

WITNESS

By: _____

Name: _____

Date: _____

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

[See Attached]

KALOLOGIE 360 SPA

MULTI-UNIT DEVELOPMENT AGREEMENT

TABLE OF CONTENTS

1. Grant……..1
2. Development Schedule……1
3. Term; Additional Development Rights……2
4. Individual Franchise Agreements and Development Fee……2
5. Managing Owner and Developer Entities……3
6. Location of Spas……3
7. Default and Termination; Modification of Rights……3
8. Assignment……4
9. Force Majeure……6
10. Confidentiality……..……..6
11. Brand Covenants……6
12. Entire Agreement……..8
13. Reports……..……..8
14. Relationship of the Parties and Indemnification……8
15. Compliance with Applicable Laws……9
16. Successors and Assigns……9
17. Applicable Law……..9
18. Dispute Resolution……9
19. Severability and Substitution ……10
20. Time is of the Essence……10
21. Receipt of Documents……10
22. Notice ……..……10
23. Covenant of Good Faith……11
24. Acknowledgements……11

ATTACHMENTS

ATTACHMENT "A" Development Area
ATTACHMENT "B" Development Fee

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into this _____ of _____, 201__ (the "Effective Date"), by and between KALOLOGIE SPA DESTINATIONS LLC, a Delaware limited liability company, ("Kalologie," "Franchisor," "we" or "us"), _____, a _____ ("Developer" or "you") and _____ (collectively the "Owners" and, each individually, an "Owner"). Capitalized terms not specifically defined herein shall have the meanings given to them in the form of Kalologie Spa Franchise Agreement executed concurrently with this Agreement.

1. GRANT.

1.1 Subject to the terms and conditions of this Agreement, we grant you the right and obligation to develop, construct, operate and manage the Kalologie 360 Spas referred to in the Development Schedule (defined in Section 2) solely within the geographic area described in Attachment A (the "Development Area"). The rights granted to you under this Section 1.1 will terminate upon the earlier to occur of: (i) the expiration of the term of this Agreement; (ii) the termination of this Agreement pursuant to Section 7; or (iii) the transfer of this Agreement by you pursuant to Section 8. You have no rights, and this Agreement does not grant you any rights, to use our System or our Marks except pursuant to the terms of a Kalologie 360 Spa franchise agreement executed pursuant to this Agreement.

1.2 If you comply with the terms of this Agreement, the Development Schedule and the individual franchise agreement for each Spa, then we will not operate or authorize a third party to operate a Kalologie 360 Spa that is physically located within the Development Area. We reserve the right to: (i) sell, or grant franchises or licenses to third parties to sell, competitive or identical goods or services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in your Development Area; and (ii) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within your Development Area.

1.3 This Agreement is not a franchise agreement, and you do not have the right to use the Marks or System in any manner by virtue hereof. Each Spa will be governed by the individual franchise agreement executed by you and us for such Spa.

2. DEVELOPMENT SCHEDULE. You agree to establish, open and continuously operate the following number of Kalologie 360 Spas (which includes the initial Spa to be opened pursuant to the franchise agreement executed concurrently with this Agreement) in strict accordance with the following development schedule (the "Development Schedule") and the requirements of this Agreement and each Kalologie 360 Spa franchise agreement executed in connection with each such Spa:

PERIOD ELAPSED FROM EFFECTIVE DATE	CUMULATIVE NUMBER OF SPAS FOR WHICH FRANCHISE AGREEMENTS ARE SIGNED	CUMULATIVE NUMBER OF SPAS OPEN
0 months	1 (signed concurrently with this Agreement)	0
_____ months	_____	_____
_____ months	_____	_____
_____ months	_____	_____
_____ months	_____	_____
_____ months	_____	_____

We may, in our sole and absolute discretion, and subject to the limitations described in Section 9, extend the time periods listed in the Development Schedule, but only if you can demonstrate to our reasonable satisfaction that you have used your best efforts to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or financial inability.

3. TERM; ADDITIONAL DEVELOPMENT RIGHTS. Unless sooner terminated pursuant to Section 7, the term of this Agreement shall commence on the Effective Date and expire when the last Spa to be developed hereunder is open for business. If you develop and open all of the Spas that you are required to develop under the Development Schedule and you have not defaulted on any of your obligations under this Agreement or any franchise agreement, we will grant you a right of first refusal for any further development rights within the Development Area. We have no obligation to grant you any additional development rights if: (i) we determine, in our sole and absolute discretion, that the Development Area cannot support additional Kalologie 360 Spas; and/or (ii) you and we are unable to agree upon a new development schedule. If we grant you additional development rights, you must sign our then current form of multi-unit development agreement.

4. INDIVIDUAL FRANCHISE AGREEMENTS & DEVELOPMENT FEE.

4.1. With respect to each Spa to be developed under this Agreement, you shall enter into an individual franchise agreement ("Franchise Agreement") on or before the earlier of (i) the date on which you propose a site for the Spa or (ii) the date on which you are required to sign a franchise agreement for the Spa under the Development Schedule, except that the franchise agreement for the first Spa to be developed shall be executed simultaneously with this Agreement. Unless we decide otherwise, each franchise agreement that you sign must be our then current form of franchise agreement we use as of the date you sign the franchise agreement.

4.2 The initial franchise fee for your first Spa is $39,000 and the initial franchise fee for each additional Spa you develop pursuant to this Agreement is $34,000. You must pay us, in one lump sum upon execution of this Agreement, a development fee equal to 100% of the initial franchise fee for the first Spa referenced in the Development Schedule and 50% of the aggregate initial franchise fees for all additional Spas referenced in the Development Schedule. The amount of your development fee is listed in Attachment B. The balance of the initial franchise fee attributable to each additional Spa to be developed must be paid when you sign a franchise agreement for that Spa. The entire development fee is deemed fully earned upon receipt and is non-refundable. If we terminate this Agreement, you are not

required to pay the 50% remaining balance of any initial franchise fees for any Spas for which you have not signed a franchise agreement.

5. MANAGING OWNER AND DEVELOPER ENTITIES.

5.1 Your Managing Owner will be personally responsible for your activities during the term of this Agreement, and will devote a reasonable amount of effort and time to the development of the Spas pursuant to this Agreement. **By signing the Agreement, each Owner agrees to be personally bound by all of its terms.**

5.2 You shall have the right to form separate entities to enter into each franchise agreement provided that: (i) the individuals holding the ownership interests, and their percentage interests, in each such entity must be the same individuals holding ownership interests, with the same percentage interests, in the entity that is the Developer under this Agreement; and (ii) each such entity guarantees the performance of all other entities formed under the authority of this Section 5.2.

6. LOCATION OF SPAS. Each Spa must be located in the Development Area, subject to our approval of the site pursuant to the terms of the applicable franchise agreement. Your establishment of any proposed site prior to receipt of our approval shall be your sole risk and responsibility and shall not obligate us in any way to approve the site. OUR CONFIRMATION OF A PROPOSED SITE DOES NOT IN ANY WAY CONSTITUTE A WARRANTY OR REPRESENTATION BY US AS TO THE SUITABILITY OF SUCH SITE FOR THE LOCATION OF A SPA.

7. DEFAULT AND TERMINATION; MODIFICATION OF RIGHTS.

7.1 We may, in our sole discretion, terminate this Agreement upon five (5) days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

(i) if you fail to comply with the Development Schedule and the failure is not caused by an event of force majeure as described in Section 9;

(ii) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(iii) if your business, or a substantial portion of the assets associated with your business, are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor; or a final judgment against you remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in your business, and it is not discharged within five (5) days of the levy;

(iv) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material federal, state or local law or regulation applicable to your business;

(v) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;

(vi) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the multi-unit development rights;

(vii) if you fail to pay any amount owed to us or an affiliate of ours within five (5) days after receipt of a demand for payment;

(viii) if you or an Owner makes an unauthorized Transfer;

(ix) if you breach any of the restrictive covenants described in Section 16;

(x) if an Owner or the spouse of an Owner breaches any of the restrictive covenants in a Franchise Owner Agreement;

(xi) if we terminate any other agreement between you and us (including any franchise agreement or regional development agreement) or if any affiliate of ours terminates any agreement between you and the affiliate because of your default.

7.2 In addition to our termination rights in Section 7.1, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement or any other agreement with us, unless such default is cured, as determined by us in our sole discretion, within such 30-day notice period.

7.3 If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

7.4 Upon the occurrence of any default listed in Section 7.1 or upon your failure to cure any default listed in Section 7.2 within the permitted cure period, we may have the option in our sole and absolute discretion to do any of the following: (i) terminate this Agreement; (ii) unilaterally modify your Development Schedule to reduce the number of Spas you are permitted to develop; or (iii) terminate all exclusivity and territorial protections associated with the Development Area (other than any exclusivity and territorial protections granted under a valid franchise agreement that remains in good standing).

8. ASSIGNMENT.

8.1 By Franchisor. We have the absolute right to transfer or assign all or any part of our rights or obligations hereunder to any person or legal entity that assumes our obligations under this Agreement.

8.2 By Developer.

(a) You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you and are granted in reliance upon your and the Owners' personal qualifications. You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development rights hereunder.

(b) If your Owners sign this Agreement in their individual capacities, they may, without our approval, assign this Agreement to a newly established entity for which the Owners collectively own and control 100% of the ownership interests and voting power. In addition, an Owner who is not the Managing Owner may, without our approval, transfer his or her ownership interests to another Owner who was an approved Owner prior to such transfer. You must give us at least ten (10) days prior written notice of any transfer permitted by this Section 8.2(b). You and the Owners (and the transferee) agree to sign all documents that we reasonably request to effectuate and document any transfer permitted by this Section 8.2(b). Any transfer permitted by this Subsection 8.2(b) will not be subject to the conditions described in Section 8.2(e).

(c) Except as specifically permitted by Section 8.2(b) above, neither you nor any Owner shall, without our prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in you; provided, however, our consent may, in our sole discretion, be subject to any or all of the conditions in Section 8.2(e), below, with respect to any transferee and owner of an interest in such transferee. Any such proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without our prior written consent, shall be void and constitute a material default of this Agreement.

(d) Your assignment, transfer or other disposition of a Spa within the Development Area will be governed by the franchise agreement for such Spa.

(e) Subject to the other provisions of Section 8 herein, if you or an Owner wishes to sell, transfer or otherwise assign this Agreement or any interest in this Agreement or in you, you shall notify us, and we may approve or disapprove the same in our commercially reasonable discretion. You are not permitted to transfer less than all of your remaining development rights. In addition, we may require any or all of the following as conditions of our approval:

i. You and each of your designees, as applicable, shall transfer to any such transferee all of the franchise agreements entered into pursuant to this Agreement as of the date of such transfer in accordance with the terms of such franchise agreements (which may require the execution of our then-current form of franchise agreement in lieu of an assignment).

ii. All of your accrued monetary obligations and all other outstanding obligations to us, our affiliates and suppliers must be fully paid and satisfied.

iii. You and your designee and each of your affiliates, Owners, officers and directors must not be in default of any provision of any franchise agreement, any amendments thereof or successors thereto, or any other agreement between you and us, our subsidiaries or affiliates.

iv. You and your designee and each of your affiliates, Owners, officers and directors must execute a general release, the consideration for which shall be the approval of the transfer, in a form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, Owners and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

v. The transferee must enter into a new multi-unit development agreement with us, in our then-current form and must assume and agree to discharge all of your obligations under the relevant franchise agreements and the transferee's Owners, individually, shall guarantee the performance of all such obligations in writing in a form satisfactory to us.

vi. The transferee must demonstrate to our satisfaction that the transferee meets our then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to develop and operate the Spas (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial criteria required of new developers and has sufficient equity capital to develop and operate the Spas.

vii. You and your designees must remain liable for all direct and indirect obligations to us in connection with the Spas prior to the effective date of transfer and will continue to remain responsible for all obligations that survive the termination, expiration or transfer of the franchise agreements, including, without limitation, the brand protection covenants and your

indemnification obligations, and shall execute any and all instruments reasonably requested by us to evidence such liability.

viii. You and your designees shall remit to us, at the time of the transfer, transfer fees that may be required by each franchise agreement involved in the transfer. For each Spa you are obligated to open under the Development Schedule and for which you had not, as of the date of the transfer, signed a franchise agreement, you agree to pay us the transfer fee that we charge under our then current form of franchise agreement.

(f) If you or any Owner shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in you, you or such Owner shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall notify us in writing of each such offer. We shall have the right and option, exercisable within a period of 30 days from the date of delivery of such offer, by written notice to you or such Owner, to purchase the rights under this Agreement or such ownership interest for the price and on the terms and conditions contained in such purchaser's offer. If we do not exercise our right of first refusal, you or such Owner may complete the sale, subject to our reasonable approval of the purchaser and all other conditions set forth in this Section 8.2, provided that, if such sale is not completed within 120 days after delivery of such offer to us, we shall again have the right of first refusal herein provided. In the event that you or an Owner wishes to publicly offer its securities, the public offering shall be subject to our approval, such approval to not be unreasonably withheld.

9. FORCE MAJEURE. In the event that you are unable to comply with the Development Schedule with respect to any Spa due to strike, riot, civil disorder, war, failure to supply, fire, natural catastrophe or other similar events beyond your control (other than your financial inability to meet the terms of this Agreement), then we shall extend the Development Schedule for that Spa for a reasonable period of time, which in no event may exceed 90 days.

10. CONFIDENTIALITY. You and each Owner agree that all terms of this Agreement shall remain confidential and you and each Owner shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without our prior written consent. It is agreed and understood that you may disclose the terms of this Agreement to your professional advisors and lenders.

11. RESTRICTIVE COVENANTS.

11.1 Reason for Covenants. You acknowledge that the Intellectual Property and the training and assistance that we provide pursuant to the franchise agreements would not be acquired except through implementation of this Agreement and the franchise agreements. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire franchise system because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the System. Accordingly, you and the Owners agree to comply with the covenants described in this Section (as well as any restrictive covenants imposed under a franchise agreement or Franchise Owner Agreement) to protect the Intellectual Property and our franchise system.

11.2 Our Know-how. You agree: (i) you will not use the Know-how in any business or capacity other than the operation of the Spas pursuant to this Agreement and the franchise agreements; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately upon the expiration, termination or transfer of the franchise agreements. For purposes of this Agreement, "Know-how" includes all "Know-how" as defined in the

franchise agreement(s) together with any other confidential information and trade secrets that we may provide to you in your capacity as a multi-unit developer.

11.3 Unfair Competition During Term. You agree not to unfairly compete with us during the term of this Agreement or the term of any franchise agreement by engaging in any of the following activities ("Prohibited Activities"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or (iii) inducing (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

11.4 Unfair Competition After Term. You agree not to engage in any Prohibited Activities for the duration of the Post-Term Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to customers who are located within, the Development Area. If you engage in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period shall be extended by the period of time during which you engaged in the Prohibited Activity. For purposes of this Section, "Post-Term Restricted Period" means a period of two (2) years after the termination, expiration or transfer of this Agreement; provided, however, that if a court of competent jurisdiction determines that the two-year Post-Term Restricted Period is too long to be enforceable, then the "Post-Term Restricted Period" means a period of one (1) year after the termination, expiration or transfer of this Agreement. You acknowledge and agree that you must also comply with all restrictive covenants contained in the franchise agreements, including restrictive covenants that apply beyond the expiration of the Post-Term Restricted Period described in this Section. Nothing in this Agreement is intended to in any way limit the scope of any restrictive covenant contained in any franchise agreement or any Franchise Owner Agreement.

11.5 Owners, Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your business who may have access to our Know-how sign and send us a Confidentiality Agreement (in the form attached to our most current form of franchise agreement) before having access to our Know-how. You must use your best efforts to ensure that the individuals referenced in this Section comply with the terms of the Confidentiality Agreements and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Confidentiality Agreement, including reasonable attorneys' fees and court costs.

11.6 Covenants Reasonable. You and the Owners acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other Kalologie Spa multi-unit developers and franchisees benefits you and the Owners in that it prevents others from unfairly competing with your Spas; and (iii) you and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 11 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

11.7 Breach of Covenants. You and the Owners agree that failure to comply with the terms of this Section 11 will cause substantial and irreparable damage to us and/or other Kalologie Spa franchisees and multi-unit developers for which there is no adequate remedy at law. Therefore, you and the Owners agree that any violation of the terms of this Section 11 will entitle us to injunctive relief. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and

other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement and/or any franchise agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you or an Owner may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Section 11.

12. ENTIRE AGREEMENT. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 7 AND SECTION 19, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Where this Agreement and any franchise agreement between the parties conflict with respect to training, the amount or payment terms of any fees or the date by which each Spa is to be opened, the terms of this Agreement shall govern. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement or in any related agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. that is furnished to you. If there is any inconsistency between the terms of this Agreement and the terms of the California Addendum executed in connection with this Agreement, the California Addendum will control.

13. REPORTS. You will provide us with an initial business and marketing plan for the development and operation of the Spas within 60 days of the Effective Date. You will also provide us an annual business and marketing plan no later than November 30 for each upcoming calendar year during the term of this Agreement. You agree to provide to us such other reports as we may reasonably require from time to time regarding the progress of the development of Spas hereunder. These requirements shall be in addition to any reporting requirements contained in the franchise agreements.

14. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION. You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a multi-unit developer licensed by us and the independent owner of your business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted

against you and/or any of the Indemnified Parties arising from the activities conducted in connection with this Agreement and/or breach of any of your obligations under this Agreement. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within ten (10) days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

15. COMPLIANCE WITH APPLICABLE LAWS. You shall develop all Spas in the Development Area in accordance and compliance with all applicable federal, state and local statutes, laws, ordinances and regulations and you agree to promptly pay all financial obligations incurred in connection therewith.

16. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, assigns and personal representatives.

17. APPLICABLE LAW. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the relationship between the parties shall be governed by the laws of the State of Arizona (without reference to its principles of conflicts of law), but any law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

18. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the development rights or the relationship between the parties (a "Dispute") to mediation before a mutually-agreeable mediator prior to arbitration. If the Dispute is not resolved by mediation within 30 days after either party makes a demand for mediation, the parties will submit the dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Notwithstanding the foregoing, any Dispute that involves an alleged breach of Section 11 will not be subject to mediation or arbitration unless otherwise agreed to by both parties, and either party may immediately file a lawsuit in accordance with this Section with respect to any alleged breach of Section 11. All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona) and the parties irrevocably waive any objection to such venue. If we or you must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. **UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 11) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR ARBITRATION (OR IF PERMITTED, LITIGATION) WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO ARBITRATE OR LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.**

19. SEVERABILITY AND SUBSTITUTION. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and

binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

20. TIME IS OF THE ESSENCE. Time shall be of the essence for all purposes of this Agreement.

21. RECEIPT OF DOCUMENTS. You acknowledge receipt of the Franchise Disclosure Document, multi-unit development agreement, franchise agreement, and other contracts related to this transaction at least ten (10) business days prior to execution hereof or payment of any monies. You further acknowledge receipt of this Agreement, with all material terms completed, at least five (5) business days prior to execution hereof or payment of any monies.

22. NOTICE. All notices given under this Agreement must be in writing, delivered by hand, telegram or first class mail, to the following addresses (which may be changed upon ten (10) business days prior written notice):

YOU: _____
_____
_____

US: Kalologie Spa Destinations LLC
5080 North 40th Street, Suite 105
Phoenix, Arizona 85018
Attention: Chief Executive Officer

WITH A COPY TO: Daniel Warshawsky
Warshawsky Seltzer, PLLC
9943 East Bell Road
Scottsdale, Arizona 85260

OWNERS:

_____
_____
_____

_____
_____
_____

_____
_____
_____

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by telegraph or comparable electronic or computer system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

23. COVENANT OF GOOD FAITH. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or

obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

24. <u>ACKNOWLEDGEMENTS</u>.

(a) You acknowledge and recognize that different terms and conditions, including different fee structures may pertain to different multi-unit development agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that we do not represent that all multi-unit development agreements or franchise agreements are or will be identical.

(b) You and each Owner represents to us that you have the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of your obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of yours or of any Owner.

(c) You acknowledge and accept the following: YOUR SUCCESS IN DEVELOPING, MANAGING AND OPERATING MULTIPLE SPAS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, YOUR INDEPENDENT BUSINESS ABILITY. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE SPAS RESTS SOLELY WITH YOU. YOU HAVE NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY US TO INDUCE YOU TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN. WE HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO YOU AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER YOUR BUSINESS. YOU ACKNOWLEDGE AND AGREE THAT YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

[Signature Page Follows]

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

FRANCHISOR:

Kalologie Spa Destinations LLC, a Delaware limited liability company

By:_____
Name:_____
Its:_____

YOU (If you are an entity):

_____,
a(n)_____

By:_____
Name:_____
Its:_____

OWNERS:

***By signing below, each individual owner of a direct or indirect interest in the developer entity or the franchise agrees to be bound by all of the terms and conditions of the Development Agreement.**

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

ATTACHMENT A
TO DEVELOPMENT AGREEMENT

DESCRIPTION OF THE DEVELOPMENT AREA

ATTACHMENT B
TO DEVELOPMENT AGREEMENT

DEVELOPMENT FEE

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]

KALOLOGIE FRANCHISE OPERATIONS MANUAL

TABLE OF CONTENTS

I. Operations Manual (Total of 261 pages)

Preface for Manual (9 pages)

A. *INTRODUCTION (24 pages)*

B. *PRE-OPENING PROCEDURES (32 pages)*

C. *PERSONNEL (75 pages)*

D. *OPERATION PROCEDURES (60 pages)*

E. *SALES PROCEDURES (18 pages)*

F. *TREATMENT PROCEDURES (22 pages)*

G. *MARKETING AND ADVERTISING (21 pages)*

APPENDIX: CONSENT FORMS

APPENDIX: FORMS

II. Jumpstart Manual (Total of 145 pages)

INTRODUCTION (2 pages)

1. *CORPORATE OFFICE (3 pages)*
2. *NEW FRANCHISEES (5 pages)*
3. *BUSINESS ENTITY (13 pages)*
4. *OPERATIONS (13 pages)*
5. *GOALS (4 pages)*

6. *COMPETITION (3 pages)*

7. *FINANCES (11 pages)*

8. *HIRING (25 pages)*

9. *MARKETING (23 pages)*

10. *OFFICE SUPPLIES (5 pages)*

11. *TRAINING (5 pages)*

12. *THE WEB (4 pages)*

13. *VENDORS (1 page)*

14. *SITE SELECTION AND BUILD-OUT (6 pages)*

15. *CONCLUSION (1 page)*

EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

KALOLOGIE 360 SPA FRANCHISEES				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Arizona*	Chandler	604 West Warner Road, Suite E201 Chandler, Arizona 85225	602-882-1202	Stacia Watters
Arizona*	Scottsdale	6107 N. Scottsdale Road, Suite 103 Scottsdale, Arizona 85250	480-788-2560	Rene Kyl
California	Beverly Hills	9090 Burton Way Beverly Hills, California 90211	310-205-0573	Anita Neumann
California**	Ladera Ranch	25642 Crown Valley Parkway, Suite D-1 Ladera Ranch, California 92694	949-388-2360	Crystal Clark
California**	Ladera Ranch	25642 Crown Valley Parkway, Ste. D-1 Ladera Ranch, CA 92694	949-388-2360	Regina Piehl
California	Los Angeles	11924 San Vincente Boulevard, Los Angeles, California 90049	310-382-0027	Anita Neumann
California	Studio City	12204 Ventura Boulevard Studio City, California 91604	818-435-4499	Julian Girod
California	Thousand Oaks	2200 E. Thousand Oaks Blvd. Thousand Oaks, California 91362	805-852-1111	Anita Neumann
Colorado	Highlands Ranch	9557 South University Boulevard Highlands Ranch, Colorado 80126	303-647-4282	Scott Gardner
North Carolina***	Newport	1171 Nine Foot Road Newport, North Carolina 78570	252-223-3788	Joe Esmail
Texas****	Austin	1100 South Lamar Suite, 2120 Austin, Texas 78704	512-233-0252	Wedad Jaber
Texas	Sugarland	15890 Southwest Freeway Suite 200 Sugar Land, Texas 77478	281-265-0880	Sudha Ravi

* Stacia Watters transferred this outlet to Rene Kyl, and this transfer was not effective until 2017. For purposes of this exhibit, Stacia Watters remains listed since she was still a franchisee as of December 31, 2016 and Rene Kyl has been added since she is currently operating the outlet. Stacia Watters' Franchise Agreement was terminated in 2017.

** Crystal Clark transferred this outlet to Regina Piehl, and this transfer was not effective until 2017. For purposes of this exhibit, Crystal Clark remains listed since she was still a franchisee as of December 31, 2016 and Regina Piehl has been added since she is currently operating the outlet. We anticipate that Crystal Clark's Franchise Agreement will be terminated in 2017.

*** This franchisee signed a Franchise Agreement for a location that was not open as of December 31, 2016.

**** This franchisee signed 3 Franchise Agreements but only 1 location was open as of December 31, 2016.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

KALOLOGIE 360 SPA FRANCHISEES			
State	**City**	**Current Business Phone or Last Known Home Phone**	**Owner Name(s)**
None			

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

KALOLOGIE SPA DESTINATIONS LLC

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

AccountEdge LLC

Issued: March 23, 2017

KALOLOGIE SPA DESTINATIONS LLC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

Audited Financial Statements

Independent Auditors' Report 1

Balance Sheet 2

Income Statement 3

Statement of Cash Flows 4

Notes to Financial Statements 5

AccountEdge LLC **79 Madison Avenue, 7th Floor, New York, NY 10016**

INDEPENDENT AUDITORS' REPORT

Board of Directors
KALOLOGIE SPA DESTINATIONS LLC
5080 North 40th St, Suite 105
Phoenix, AZ 85018

We have audited the accompanying balance sheet of the KALOLOGIE SPA DESTINATIONS LLC (KSD) as of December 31, 2016, and the related income statement and statement of cash flows for the year ended December 31, 2016. These financial statements are the responsibility of KSD's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSD as of December 31, 2016, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

AccountEdge LLC
New York, NY
March 23, 2017

KALOLOGIE SPA DESTINATIONS LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2016, 2015, AND 2014

	2016	2015	2014
ASSETS			
CURRENT ASSETS			
Cash	2,221	2,063	1,000
Checking/Savings	751	2,420	57,861
Total Current Assets	2,972	4,483	58,861
Accounts Receivable		141,510	130,000
Total Accounts Receivable	6,356	141,510	130,000
Total Current Assets	9,327	145,993	188,861
Fixed Assets			
Goodwill	60,000	60,000	-
Total Fixed Assets	60,000	60,000	-
Other Assets			
FDD	21,524	11,839	11,839
Total Other Assets	21,524	11,839	11,839
TOTAL ASSETS	**90,852**	**217,832**	**200,700**
LIABILITIES & EQUITY			
LIABILITIES:			
Current Liabilities			
Accounts Payable	1,283	1,946	862
Total Current Liabilities	1,283	1,946	862
TOTAL LIABILITIES	**1,283**	**1,946**	**862**
EQUITY:			
Members Equity	84,887	177,262	164,748
Opening Balance Equity	1,000	1,000	1,000
Net Income	3,682	37,624	34,090
Total Equity	**89,568**	**215,886**	**199,838**
TOTAL LIABILTIES & EQUITY	**90,851**	**217,832**	**200,700**

KALOLOGIE SPA DESTINATIONS LLC
INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	12/31/16	12/31/15	12/31/14
REVENUE	$ 126,793	$ 111,924	$ 157,735
EXPENSES			
Advertising	3770	3,702	2,026
Automobile Expenses	46	-	188
Bank Service Charges	1036	163	67
Business Licenses and Permits	803	2,044	1,300
Computer and Internet Expenses	798	2,280	1,127
Meals & Entertainment	3645	2,545	1,020
Miscellaneous Expense	0	-	187
Office Expenses	572	224	-
Office Supplies	70	213	850
Overhead Contribution	81475	16,000	36,000
Payroll Expenses	0	10,500	17,496
Postage & Delivery	28	32	-
Professional Fees	19909	33,310	59,806
RD Fees	3598	918	-
Rent	6222	-	-
Travel Expense	1139	2,369	3,578
Total Expenses	123,111	74,300	123,645
NET INCOME	$ 3,682	$ 37,624	$ 34,090

KALOLOGIE SPA DESTINATIONS LLC
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 3,682	$ 37,624	$ 34,090
Accounts Receivable	5,155	(10,407)	
Accounts Payable	(662)	1,084	862
Net cash provided by operating activities	$ 8,174	$ 28,301	$ 34,951
CASH FLOWS FROM FINANCING ACTIVITIES			
Members Equity			-
Opening Balance Equity			-
Net cash provided by financing activities			-
CASH FLOWS FROM INVESTING ACTIVITIES			
Goodwill		$ (60,000)	
FDD	(9,686)		-
Net cash provided by investing activities	$ (9,686)	$ (60,000)	-
NET (DECREASE) INCREASEE IN CASH AND EQUIVALENTS	$ (1,511)	$ (31,699)	$ 34,951
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	$ 4,482	$ 36,181	$ 1,230
CASH AND EQUIVALENTS AT END OF YEAR	$ 2,971	$ 4,482	$ 36,181

NOTE 1: ORGANIZATION

Kalologie Spa Destinations, LLC (the "Company") was formed in the state of Delaware on June 30, 2010. The accompanying financial statements are for the years ended December 31, 2016, December 31, 2015 and December 31, 2014. The company was established to create a franchising system in the field of aesthetics products and services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates
Generally accepted accounting principles require that the financial statements include estimates by management in the valuation of certain assets and liabilities. Management uses its historical records and knowledge of its business in making these estimates. Actual results may differ from these estimates.

Income Taxes
The Company is organized as a limited liability company. The Company is not subject to federal income taxes. The members are personally liable for income taxes on their respective shares of the Company's taxable income. The Company is subject to a $800 franchise state tax and a limited liability company fee based on gross sales.

Accounts Receivable
Accounts receivable are franchise obligations due under the Franchise Agreement. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. Management specifically analyzes the age of customer balances, historical bad debt experience, client credit-worthiness, and changes in client payment terms when making estimates of uncollectibility of the Company's accounts receivable balances. After all attempts to collect a receivable have failed, the receivable is written off. Based on the information available, management believes the Company's accounts receivable are all collectible.

Revenue Recognition
The Company recognizes the initial franchise fee as revenue when the initial services of the Company required by the franchise agreement have been performed, which is generally the commencement of the operation by the franchisee. Royalties that are based upon a percentage of sales are recognized as income when earned, on a monthly basis.

Cash Flows
For the purposes of the statement of cash flows, the Company considers cash equivalents to include cash and short term money market mutual funds.

NOTE 3: MAJOR CLIENTS

During the year ended December 31, 2016, the Company generated 100 percent of its revenue from ten clients.

KALOLOGIE SPA DESTINATIONS LLC

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2015

AccountEdge LLC

Issued: March 14, 2016

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

TABLE OF CONTENTS

Audited Financial Statements

Independent Auditors' Report. 1

Balance Sheet 2

Income Statement 3

Statement of Cash Flows 4

Notes to Financial Statements 5

AccountEdge LLC 79 Madison Avenue, 7th Floor, New York, NY 10016

INDEPENDENT AUDITORS' REPORT

Board of Directors
KALOLOGIE SPA DESTINATIONS LLC
5080 North 40th St, Suite 105
Phoenix, AZ 85018

We have audited the accompanying balance sheet of the KALOLOGIE SPA DESTINATIONS LLC (KSD) as of December 31, 2015, and the related income statement and statement of cash flows for the year ended December 31, 2015. These financial statements are the responsibility of KSD's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSD as of December 31, 2015, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

AccountEdge LLC
New York, NY
March 14, 2016

KALOLOGIE SPA DESTINATIONS LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2015, 2014, AND 2013

	2015	2014	2013
ASSETS			
CURRENT ASSETS			
Cash	2,063	1,000	1,000
Checking/Savings	2,420	57,861	230
Total Current Assets	4,483	58,861	1,230
Accounts Receivable	141,510	130,000	130,000
Total Accounts Receivable	141,510	130,000	130,000
Total Current Assets	145,993	188,861	131,230
Fixed Assets			
Goodwill	60,000	-	-
Total Fixed Assets	60,000	-	-
Other Assets			
FDD	11,839	11,839	11,839
Total Other Assets	11,839	11,839	11,839
TOTAL ASSETS	**217,832**	**200,700**	**143,069**
LIABILITIES & EQUITY			
LIABILITIES:			
Current Liabilities			
Accounts Payable	1,946	862	-
Total Current Liabilities	1,946	862	-
TOTAL LIABILITIES	**1,946**	**862**	**-**
EQUITY:			
Members Equity	177,262	164,748	112,897
Opening Balance Equity	1,000	1,000	1,000
Net Income	37,624	34,090	29,172
Total Equity	**215,886**	**199,838**	**143,069**
TOTAL LIABILTIES & EQUITY	**217,832**	**200,700**	**143,069**

KALOLOGIE SPA DESTINATIONS LLC
INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	12/31/15	12/31/14	12/31/13
REVENUE	$ 111,924	$ 157,735	$ 169,000
EXPENSES			
Advertising	3,702	2,026	1,158
Automobile Expenses	-	188	-
Bank Service Charges	163	67	65
Business Licenses and Permits	2,044	1,300	1,450
Computer and Internet Expenses	2,280	1,127	95
Meals & Entertainment	2,545	1,020	443
Miscellaneous Expense	-	187	100
Office Expenses	224	-	12,451
Office Supplies	213	850	33
Overhead Contribution	16,000	36,000	-
Payroll Expenses	10,500	17,496	12,000
Postage & Delivery	32	-	-
Professional Fees	33,310	59,806	75,960
RD Fees	918	-	-
Rent	-	-	36,000
Travel Expense	2,369	3,578	72
Total Expenses	74,300	123,645	139,827
NET INCOME	$ 37,624	$ 34,090	$ 29,173

KALOLOGIE SPA DESTINATIONS LLC
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 37,624	$ 34,090	$ 29,172
Accounts Receivable	(10,407)		(130,000)
Accounts Payable	1,084	862	
Net cash provided by operating activities	$ 28,301	34,951	(100,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Members Equity		-	-
Opening Balance Equity		-	-
Net cash provided by financing activities		-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Goodwill	$ (60,000)		
FDD		-	-
Net cash provided by investing activities		-	-
NET (DECREASE) INCREASEE IN CASH AND EQUIVALENTS	$ (31,699)	34,951	(100,828)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	36,181	1,230	102,058
CASH AND EQUIVALENTS AT END OF YEAR	$ 4,482	36,181	1,230

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1: ORGANIZATION

Kalologie Spa Destinations, LLC (the "Company") was formed in the state of Delaware on June 30, 2010. The accompanying financial statements are for the years ended December 31, 2015, December 31, 2014 and December 31, 2013. The company was established to create a franchising system in the field of aesthetics products and services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates
Generally accepted accounting principles require that the financial statements include estimates by management in the valuation of certain assets and liabilities. Management uses its historical records and knowledge of its business in making these estimates. Actual results may differ from these estimates.

Income Taxes
The Company is organized as a limited liability company. The Company is not subject to federal income taxes. The members are personally liable for income taxes on their respective shares of the Company's taxable income. The Company is subject to a $800 franchise state tax and a limited liability company fee based on gross sales.

Accounts Receivable
Accounts receivable are franchise obligations due under the Franchise Agreement. The Company includes any balances that are determined to be uncollectible in its allowance for doubtful accounts. Management specifically analyzes the age of customer balances, historical bad debt experience, client credit-worthiness, and changes in client payment terms when making estimates of uncollectibility of the Company's accounts receivable balances. After all attempts to collect a receivable have failed, the receivable is written off. Based on the information available, management believes the Company's accounts receivable are all collectible.

Revenue Recognition
The Company recognizes the initial franchise fee as revenue when the initial services of the Company required by the franchise agreement have been performed, which is generally the commencement of the operation by the franchisee. Royalties that are based upon a percentage of sales are recognized as income when earned, on a monthly basis.

Cash Flows
For the purposes of the statement of cash flows, the Company considers cash equivalents to include cash and short term money market mutual funds.

NOTE 3: MAJOR CLIENTS

During the year ended December 31, 2015, the Company generated 100 percent of its revenue from nine clients.

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Kalologie Spa Destinations LLC ("we" or "us), and you are preparing to enter into a Franchise Agreement, and if applicable, a Multi-Unit Development Agreement, for the operation of a Kalologie Spa franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and, if applicable, the Multi-Unit Development Agreement, and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes__	No__	l.	Have you received and personally reviewed the Franchise Agreement, Multi-Unit Development Agreement, if applicable, and each attachment or schedule attached to it?
Yes__	No__	2.	Have you received and personally reviewed the Franchise Disclosure Document we provided?
Yes__	No__	3.	Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
Yes__	No__	4.	Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement and Multi-Unit Development Agreement, if applicable?
Yes__	No__	5.	Did you receive the FDD at least fourteen (14) days before you signed any agreement or paid any fee to us or any affiliate of ours?
Yes__	No__	6.	Did you receive a complete execution copy of the Franchise Agreement, with all material terms filled in, at least seven (7) days before you signed it?
Yes__	No__	7.	Have you reviewed the Franchise Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement, if applicable, with a lawyer, accountant or other professional advisor?
Yes__	No__	8.	Have you discussed the benefits and risks of developing and operating a Kalologie Spa with an existing Kalologie Spa franchisee?
Yes__	No__	9.	Do you understand the risks of developing and operating a Kalologie Spa?
Yes__	No__	10.	Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
Yes__	No__	11.	Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Arizona, if not resolved informally or by mediation?
Yes__	No__	12.	Do you understand that you must satisfactorily complete the initial training course before we will allow your franchised business to open or consent to a transfer?
Yes__	No__	13.	Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Kalologie Spa that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes__	No__	14.	Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and Multi-Unit Development Agreement, if applicable, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes__ No__ 15. Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Kalologie Spa will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes__ No__ 16. Do you understand that the Franchise Agreement and attachments to the Franchise Agreement and the Multi-Unit Development Agreement and attachments, if applicable, contain the entire agreement between us and you concerning the franchise for the Kalologie Spa, meaning any prior oral or written statements not set out in the Franchise Agreement and the Multi-Unit Development Agreement or the attachments, if applicable, to the Franchise Agreement will not be binding?

Yes__ No__ 17. Did you receive a fully completed execution copy of the Franchise Agreement and (if applicable) Multi-Unit Development Agreement (with attachments completed) at least five (5) business days before you signed them or paid us any money?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____
_____	_____
Signature of Franchise Applicant	Signature of Franchise Applicant
_____	_____
Name (please print)	Name (please print)
Dated _____	Dated _____

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER]:

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____ ___, 20___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Kalologie Spa Destinations LLC, a Delaware limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Kalologie Spa;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, **[enter into a successor franchise agreement]** and Franchisor has consented to such transfer **[agreed to enter into a successor franchise agreement]**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **[Franchisee's ability to enter into a successor franchise agreement]**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **[Franchisor entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. [_____] represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Arizona.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

[Signature Page Follows]

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE

_____, a
_____

By:_____
Name: _____
Its: _____
Date: _____

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

FRANCHISEE'S OWNERS

By:_____
Name: _____
Date: _____

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

FRANCHISEE'S OWNERS

By:_____
Name: _____
Date: _____

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

By:_____
Name: _____
Date: _____

STATE OF_____)
) ss.
County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____
Notary Public

My commission expires:
_____

Date _____ _____

Signature

_____

Typed or Printed Name

STATE OF_____)

) ss.

County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____

Notary Public

My commission expires:

_____

Date _____ _____

Signature

_____

Typed or Printed Name

STATE OF_____)

) ss.

County of_____)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____.

_____

Notary Public

My commission expires:

_____

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

REGIONAL DEVELOPERS

California (Orange County) – Crystal Clark

Crystal Clark became our regional developer for Orange County, California in December of 2013. Ms. Clark has also been the General Manager of JC Legacy Group, Inc. dba Kalologie 360 Spa in Ladera Ranch, California since June of 2013. From January of 2011 to December of 2013, Ms. Clark was the Owner and an Insurance Broker for Crystal Clark Insurance Agency dba Allstate Insurance in Buena Park, California. From June of 2008 to January 2011, Ms. Clark was an Insurance Agent for Crystal Clark Insurance Agency dba Allstate Insurance in Irvine, California.

No litigation is required to be disclosed with respect to Ms. Clark.

In Re Jonathan A Clark and Crystal Clark, Bankruptcy No. SA 05-13065-RA

On May 4, 2004, Crystal Clark and Jonathan Clark filed for bankruptcy in the US Bankruptcy Court for the Central District of California under Chapter 7 of the U.S. Bankruptcy Code in connection with the dissolution of Jonathan Clark's previous business partnership. The debtor's principal place of business is 25642 Crown Valley Parkway D-1, Ladera Ranch, California 92694. The debts were discharged on August 15, 2005.

Except for the 1 bankruptcy disclosed above, no bankruptcy information is required to be disclosed with respect to Ms. Clark.

California (West Los Angeles) – Anita Neumann

Anita Neumann because our regional developer for West Los Angeles County in December of 2014. Ms. Neumann conducts her regional development business through her entity, Spavergnugen, Inc., which is located in Los Angeles, California. She has been President and Chief Executive Officer of Spavergnugen, Inc. since April of 2013. From October of 2011 to May of 2013, she was the General Manager for David Hopp, M.D. in Los Angeles, California. From March of 2008 to October of 2011, she was President and Chief Executive Officer of City Life Rehabilitation, Pilates & Fitness Spa in Los Angeles, California.

No litigation or bankruptcy information is required to be disclosed with respect to Ms. Neumann.

Colorado (entire state) – Scott Gardner

Scott Gardner became our regional developer for the state of Colorado in August of 2014. Mr. Gardner conducts his regional development business through his entity, Mile High Beauty Incorporated, which is located in Highlands Ranch, Colorado. From September of 2009 to September of 2014, he was self-employed in Highlands Ranch, Colorado.

No litigation or bankruptcy information is required to be disclosed with respect to Mr. Gardner.

North Carolina (entire state) – Judeh Esmail

Judeh (Joe) Esmail became our regional developer for the states of North Carolina and Virginia in November of 2011. He has been self-employed as an investment manager since August of 1986, conducting business out of Newport, North Carolina.

No litigation or bankruptcy information is required to be disclosed with respect to Mr. Esmail.

Virginia (entire state) – Judeh Esmail

See disclosures for Judeh Esmail under North Carolina.

EXHIBIT "K"

TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM

[See Attached]

California Addendum to FDD, Franchise Agreement and Multi-Unit Development Agreement

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

2. Item 1 of the Franchise Disclosure Document is amended to include the following statement:

> Many states provide certification testing and require state licensing of individual massage therapists. Although individuals may apply to the State of California to become "certified" massage practitioners or "certified" massage therapists if they meet certain experience and education requirements, we are not aware of any California state laws that require licensure for massage therapists or businesses employing massage therapists. However, some local jurisdictions and/or municipalities in California do require licensing and/or registration. We are not aware of any federal laws that require licensure for massage therapists or businesses employing massage therapists. You should investigate your local laws before you purchase this franchise to determine whether licensing and/or registration of massage therapists and/or businesses that employ massage therapists is required in your area.

3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, California law will control.

5. 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.).

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

7. The franchise agreement requires binding arbitration. The arbitration will occur in Maricopa County, Arizona with the costs being borne initially by the party filing the arbitration.

8. 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.

9. The franchise agreement requires application of the laws of Arizona. This provision may not be enforceable under California law.

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

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

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

13. You are not required to pay us any fees until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

FRANCHISOR

Kalologie Spa Destinations LLC, a Delaware limited liability company

By:_____
Name:_____
Title:_____

_____
[Date]

FRANCHISEE

_____
[Signature]

_____
[Print Name]

_____
[Date]

EXHIBIT "L"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Kalologie Spa Destinations LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Kalologie Spa Destinations LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are: (franchise seller must complete blanks if another person was involved)

William Brennan; 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018; (602) 492-3360

Tracy Brennan; 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018; (602) 492-3360

Niv Caviar; 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018; (602) 492-3360

Michael Alouf; 4340 East Indian School Road, #21486, Phoenix, Arizona 85018; (602) 492-3360 ext. 108

[Name]_____; [Address]_____;
[Phone]_____

Kalologie Spa Destinations LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

Issuance Date: March 28, 2017

I have received a Franchise Disclosure Document for the State of California that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Development Agreement
EXHIBIT "E"	Table of Contents of Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Kalologie Spa Destinations LLC
EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I"	General Release
EXHIBIT "J"	Regional Developers
EXHIBIT "K"	California Addendum
EXHIBIT "L"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Kalologie Spa Destinations LLC)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Kalologie Spa Destinations LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Kalologie Spa Destinations LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are: (franchise seller must complete blanks if another person was involved)

William Brennan; 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018; (602) 492-3360

Tracy Brennan; 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018; (602) 492-3360

Niv Caviar; 5080 North 40th Street, Suite 105, Phoenix, Arizona 85018; (602) 492-3360

Michael Alouf; 4340 East Indian School Road, #21486, Phoenix, Arizona 85018; (602) 492-3360 ext. 108

[Name]_____; [Address]_____;
[Phone]_____

Kalologie Spa Destinations LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

Issuance Date: March 28, 2017

I have received a Franchise Disclosure Document for the State of California that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Development Agreement
EXHIBIT "E"	Table of Contents of Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Kalologie Spa Destinations LLC
EXHIBIT "H"	Franchisee Disclosure Questionnaire
EXHIBIT "I"	General Release
EXHIBIT "J"	Regional Developers
EXHIBIT "K"	California Addendum
EXHIBIT "L"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This receipt should be executed in duplicate. Receipt #1 must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. Receipt #2 must be signed and returned to Kalologie Spa Destinations LLC)