FRANCHISE DISCLOSURE DOCUMENT

Krave Kobe Franchising, LLC
a California Limited Liability Company
21133 Newport Coast Dr.
Newport Beach, CA 92657
(714) 328-6688
www.kravekobeburger.com

The franchises described in this disclosure document are for the operation of a **THE KRAVE KOBE BURGER GRILL®** Restaurant. The total investment necessary to begin operation of a franchised Restaurant is $494,000 to $699,000. This includes $40,000 that must be paid to the franchisor.

If You are an Area Developer, You are required to pay Us a nonrefundable Development Fee equal to the Initial Franchise Fee for the first Required Restaurant plus $15,000 for each additional Required Restaurant.

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This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make and payment to the franchisor or an affiliate in connection with the proposed franchise sale. **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 for you. To discuss the availability of disclosure in different formats, contact Ardy Farokhirad at the above address and telephone number.

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 accountant.

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

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

Issuance Date: March 14, 2018

STATE COVER PAGE

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

Call the state franchise administrator listed in **Exhibit D** 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 RISKS FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS MAY BE SETTLED BY ARBITRATION IN ORANGE COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.

2. ARBITRATION WILL NOT BE USED FOR ANY DISPUTE WHICH INVOLVES A FRANCHISEE'S CONTINUED USAGE OF ANY OF THE MARKS OR ANY ISSUE INVOLVING INJUNCTIVE RELIEF AGAINST FRANCHISEE, ALL OF THESE ISSUES WILL BE SUBMITTED INITIALLY TO A COURT IN ORANGE COUNTY, CALIFORNIA. THE PARTIES CONSENT TO PERSONAL JURISDICTION IN CALIFORNIA OVER ANY SUCH ISSUES NOT SUBJECT TO ARBITRATION.

3. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE WHERE THE RESTAURANT IS LOCATED GOVERNS THE AGREEMENT.

4. ALL OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUSIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN – AT RISK IF YOUR FRANCHISE FAILS.

5. 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.

STATE EFFECTIVE DATES

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

This franchise disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California: ____________

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ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the words "**We**", "**Us**", or "**Our**" mean the franchisor, Krave Kobe Franchising, LLC. "**You**" or "**Your**" means the person who buys the franchise and includes Your owners if You are a corporation, limited liability company, partnership or other business entity. Bold face terms are for ease of reference only.

The Franchisor

We are a California corporation formed on February 20, 2014 to franchise and administer businesses using the mark THE KRAVE KOBE BURGER GRILL® ("**Restaurants**"). We do not do business under any other name and our principal business address is 21133 Newport Coast Drive, Newport Beach, CA 92657. Our agents for service of process are listed on **Exhibit D.**

We do not have any parents or predecessors, but We do have an affiliate, Krave Kobe Burger Grill, Inc. a California corporation ("**Company**"). Their corporate offices are located at is 21133 Newport Coast Drive, Newport Beach, CA 92657.

Krave Kobe Franchising, LLC does not operate any Restaurants, but the Company has operated two Restaurants which are similar to the franchise being offered to You. The Restaurants are located in Glendora, California and Newport Beach, California. On September 1, 2017, the Glendora Restaurant was transferred to a related party and a franchise agreement was issued. Neither We nor the Company conduct any business activities other than in connection with the Restaurants or have previously offered franchises in this or any other line of business. We have offered franchises for Restaurants since June 18, 2014.

Description of the Franchise

We offer franchises for the operation of a Restaurant specializing in providing high quality, 100% natural American Wagyu beef burgers, free range chicken and fresh delicious salads. Customers enjoy the finest hormone free meats from independent family farmers and ranches. The Restaurants serve the general public under THE KRAVE KOBE BURGER GRILL trademark and other designated trademarks, trade names, service marks and logos (**"Marks"**).

Each Restaurant follows a system (the "**System**") developed by the Company and Us. The System includes a menu of specialty food items and related products, recipes and unique names for such products, special food preparation techniques, valuable knowhow, trade secrets, distinctive interior designs, demarks, copyrights, proprietary products and software, confidential electronic and other communications, marketing programs and other business procedures as well as Our confidential

Operations Manual (the "**Manual**"). Each Restaurant will use Our System and operate according to Our standards, specifications, operating procedures and rules (the "**System Standards**").

Restaurants typically range in size from 1,800 to 2,000 square feet with outside patio dining. They seat approximately 35 to 50 persons inside and 15 to 25 persons in the patio area. They are typically located as high visibility in-line or end caps in small shopping centers and select malls.

The Restaurants have a unique ambience, identified exclusively with the THE KRAVE KOBE BURGER GRILL brand name, and every detail of the décor has been well planned to enhance the dining experience. Each Restaurant emphasizes a clean and brightly colored atmosphere with well-trained, efficient and extremely personable managers and servers, and serves high-quality food products prepared by well-trained cooks and certified kitchen managers. Both full and drop-off catering services are offered at all locations. Each Restaurant has approximately 10 to 18 full and part time employees. Operating hours are typically 9:30 a.m. to 10:00 p.m. Most Restaurants will offer beer and wine.

The Company has, over the years, developed an unusual menu and its food is known for its unique flavors. The Restaurants offer these popular items from both a permanent menu and "seasonal specials", which may vary from week to week. These offerings may vary from one Restaurant to another.

Franchise Agreements

You must be approved both operationally and financially before opening each new Restaurant. The first step is to file a Franchise Application and Questionnaire with Us.

If We approve Your Franchise Application, You will execute a Franchise Agreement (**Exhibit A**) and pay the initial franchise fee. The initial term of each Franchise is 10 years and is renewable for two additional 5-year terms, subject to certain conditions. See "Renewal" discussed below in ITEM 17.The initial term of each Franchise is 10 years and is renewable for two additional 5-year terms, subject to certain conditions. See "Renewal" discussed below in ITEM 17.

Area Development Agreements

We are also offering franchises to persons ("**Developers**") who will develop and operate at least 3 to 5 Restaurants under an Area Development Agreement. (**Exhibit B**)

An Area Development Agreement grants the exclusive right and obligation to develop a minimum number of Restaurants within a specified geographic area during a certain time period (the "**Required Restaurants**"). If You want to become a Developer, You must pay Us a nonrefundable Development Fee. The primary purpose of the Development Fee is to pay Us for reserving the designated territory. See ITEM 5 for initial fees.

Competition

The food service business is highly competitive. You will compete with a variety of food service establishments which may have financial, personnel, and other resources far greater than Us or You, including mid-scale casual dining Restaurant chains and fast food chains. You will compete for business in this highly competitive environment, and understand that there is no guarantee of Your success.

Industry Regulation

Restaurant development and operation is highly regulated at the federal, state and local levels. These include design and construction requirements and permits, restaurant health, safety and sanitation, employee tip reporting, employment conditions, alcohol and tobacco sales and usage, "dram shop" laws (which make bars and restaurants liable to persons injured by an intoxicated customer), waste and hazard materials handling and storage, advertising, access for disabled persons, advertising and food product labeling and menus. You must comply with all local, state and federal laws that apply to the operation of Your Restaurant. You should investigate the applicability of these and possibly other regulations in the area in which you are interested in locating Your Restaurant and should consider both their effect and cost of compliance. To obtain an alcoholic beverages license, You will be subject to fairly intense governmental regulation both in obtaining the license and properly maintaining it.

Owner Obligations

If you are a business entity, each of Your owners who owns 10% or more of the outstanding voting interests of the business entity must sign a personal guarantee (**Exhibit A – Attachment 2**) agreeing to jointly and severally personally guaranty the entity's obligations to Us under all contracts that the entity signs with Us.

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ITEM 2. BUSINESS EXPERIENCE

The business experience of Our officers, directors and key management for the last five years is as follows:

President: Fariba Farokhirad

Fariba Farokhirad has been Our President since We were formed in February 2014. She has been the Company's President since its formation on August 6, 2012. Ms. Farokhirad along with her husband created THE KRAVE KOBE BURGER GRILL concept and has operated the Restaurant in Glendora, CA since July 2013. Ms. Farokhirad owns and operates several Flame Broiler franchised restaurants in Southern California. The first Flame Broiler restaurant opened in May 2009.

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CFO and Secretary: Ardy Farokhirad

Ardy Farokhirad has been Chief Financial Officer and Secretary since We were formed in February 2014. He has been the Company's CFO since its formation on August 6, 2012. Mr. Farokhirad along with his wife created THE KRAVE KOBE BURGER GRILL concept and has operated the Restaurant in Glendora, CA since July 2013. Mr. Farokhirad owns and operates several Flame Broiler franchised restaurants in Southern California. The first Flame Broiler restaurant opened in May 2009.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this ITEM.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee for each new franchise Restaurant is $40,000, payable in full when you sign the Franchise Agreement.

We offer a veteran initiative program. Under this program, honorably discharged veterans of the United States armed forces are entitled to receive a $10,000 discount on the initial franchise fee for each new franchise Restaurant.

There are no refunds of any part of the Initial Franchise Fee. All fees payable to Us are intended to be "net" amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees.

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Area Development Agreement

We are also offering franchises to Developers who will develop and operate at least 3 to 5 Restaurants under an Area Development Agreement.

The Area Development Agreement requires You to pay Us a nonrefundable Development Fee equal to the Initial Franchise Fee for the first Required Restaurant plus $15,000 for each additional Required Restaurant (as specified in the development schedule to hold the protected territory).

As You develop each Required Restaurant, You will pay Us an initial franchise fee (less $15,000 credit from the Development Fee) for that Restaurant.

For each Required Restaurant opened under the Area Development Agreement, the initial franchise fee will be $40,000 for the first three (3) Restaurants and $20,000 for any additional Required Restaurants under the Area Development Agreement. The franchise royalty fee will be 6% of Gross Sales for the Required Restaurants.

The initial franchise fee and other fees for additional Restaurants will be those fees required by the then-current form of Our Franchise Agreement. There are no refunds of these payments.

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ITEM 6. OTHER FEES

NAME OF FEE (1)	AMOUNT	DUE DATE
Franchise Royalty Fee	6% of Gross Sales (2)	Weekly (3)
Local Marketing	2% of Gross Sales (2)(4)	As Incurred
System Marketing Fund	Up to 2% of Gross Sales. (2)(5)	Weekly (3)
Supplier Approval Fee	Reasonable amount for Our costs and efforts (currently $1,000)	Upon request for approval
Additional Training	Reasonable Fee (currently $500 per day) (6)	Upon Invoice
Late Payment Fees	$250.00 plus interest on late amounts at 18% or highest legal rate. (7)	Upon Invoice
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding
Transfer Fee	$5,000	Before actual transfer
Renewal Fee	25% of then current initial fee	Prior to Renewal
Audit	Reasonable Accounting and Legal Fees (8)	Upon invoice
Indemnification	Amount of claim and costs incurred (9)	Upon Demand
Liquidated Damages	Amount of annual salary (10)	Upon Demand
Insurance Premiums	What You have failed to pay the Insurer	Immediately upon Invoice

FOOTNOTES:

(1) You must pay all of these payments to Us. None of these fees are refundable for any reason except errors. All fees payable to Us are intended to be "net" amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees (specifically not to include income taxes).

FOOTNOTES:

(2) "**Gross Sales**" is defined in the Franchise Agreement and includes all amounts received for sales in or from the Restaurant. "Gross Sales" does not include sales taxes, complimentary employee meals, discounts, refunds or proceeds from the sale of furniture, equipment or similar items used in the Restaurant.

(3) You must pay these fees no later than the third (3rd) day following the end of each week (currently Tuesday) or such other time as may be designated in the Manual. You agree to pay all such Fees to Us by direct transfer of funds ("**EFT**") or other method of payment designated by Us. You must submit for each designated period a sales report and ensure that each account has sufficient funds for the transfer.

(4) You must spend at least this amount monthly to conduct approved local advertising and sales programs for Your Restaurant and send Us proof of the spending. If an advertising cooperative is established in Your area, You must join it and contributions to it will be applied toward this obligation.

(5) These payments will not be required until We determine that establishing the Marketing Fund is appropriate for the System. We will also set the initial contribution rate at that time, which may be less than the maximum rate. We will deposit each payment into a separate bank account to be used for advertising and marketing purposes as described in ITEM 11. The Company will make contributions at the same rate for its Restaurant(s).

(6) This estimate is for future additional training. If You want Us to provide initial manager training to additional people, You must pay Us the then current charge (presently $1,500 each) for the training described in Item 11 below.

(7) The current maximum legal interest rate in California is 10%.

(8) In addition to any additional fees found due as a result of an audit of Your financial records, You must pay Us Our audit cost if You have understated Gross Sales by more than 2% of the actual Gross Sales found by the audit. The cost of an audit varies widely depending on how well the books and records are kept, but We estimate the cost of an audit to be between $1,000 and $5,000.

(9) You must indemnify Us for claims relating to Your operation of the Restaurant.

(10) You may not hire any person employed by Us, an affiliate or another DOS COYOTES franchisee without Our prior written consent. If You fail to obtain the written consent, You agree to pay the prior employer of such person liquidated damages equal to the greater of the prior annual salary or one-half of the annual salary and of any bonus paid or to be paid by You to such person during the first year of employment. (Franchise Agreement, Section 4.10)

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	Low	High			
Initial Franchise Fee (1)	$40,000	$40,000	Lump Sum	In Full Prior to Opening Restaurant	Us
Training Travel and Living Expenses (2)	$3,000	$5,000	As Incurred	During Training	Airlines, Hotels, Restaurants
Lease Deposit (3)	$4,000	$24,000	As Negotiated	Signing of Lease	Lessor
Construction Costs (4)	$250,000	$295,000	As Negotiated	Prior to Opening Restaurant	Suppliers and Contractors
Furniture, Fixtures, Equipment, Kitchen Equipment (5)	$100,000	$150,000	As Incurred	Prior to Opening Restaurant	Suppliers
Technology (6)	$15,000	$20,000	As Incurred	Prior to Opening Restaurant	Suppliers
Initial Inventory (7)	$10,000	$25,000	Lump Sum	As Incurred	Suppliers
Plans, Permits, and Licenses (8)	$10,000	$15,000	As Incurred	Prior to Opening	Suppliers
Signage	$12,000	$25,000	As Incurred	Upon Invoice	Suppliers
Grand Opening (9)	$10,000	$15,000	As Incurred	Prior and at Opening	Suppliers
Miscellaneous (10)	$10,000	$20,000	As Incurred	Prior to Opening	Suppliers, Utilities, Us, Etc.
Additional Funds – Three Months (11)	$30,000	$60,000	Lump Sum	Prior to Opening	Employees, Suppliers, Utilities
TOTAL (12)	$494,000	$699,000			

FOOTNOTES:

(1) You must pay the Initial Franchise Fee when You sign the Franchise Agreement and prior to opening Your Restaurant. It is not refundable for any reason.

(2) You must pay for the expenses of attendance, such as lodging, meals, transportation and wages of trainees. Each Restaurant must have at least one trained and certified manager. The cost of these expenses will depend on the distance You must travel, type of accommodations, the number of Your employees attending training and their wages.

(3) These estimates are the initial lease costs and are based on the assumption that You will lease Your Restaurant. A typical Restaurant contains approximately 2,000 to 3,000 square feet of indoor space for an end cap unit. A lease normally requires payment of the first month's rent and a deposit equal to a second month's rent. The levels of rent vary widely from area to area and for different locations within the same area. A location within a mall or large shopping Restaurant may be smaller but require higher rent. You should investigate all these costs in the area where You wish to establish Your Restaurant.

(4) Lessors will often contribute to the cost of remodeling or constructing the space for Your Restaurant. You will follow our standard development procedures and adapt them to meet the specific requirements of Your proposed Restaurant.

(5) This is an estimate of the cost of leasing or purchasing required restaurant equipment, fixtures, furniture and suppliers. The Manual contains a list of mandatory items for new Restaurants with instructions for various site variations. Although You are not prohibited from doing so, We do not recommend that You purchase additional or upgraded items other than as specified in the Manual.

(6) This is an estimate of the cost of leasing or purchasing the required point-of-sale system and other related technology. The Manual contains a list of mandatory items for new Restaurants with instructions for various site variations

(7) The initial inventory consists primarily of food, beverages, uniforms, smallwares and supplies. The amount will vary depending on the sales volume You anticipate as well as current market prices.

(8) You must obtain all necessary business permits, licenses and approvals to operate the Restaurant. You may be required to purchase an existing or new beer and wine license. The costs of these licenses and other licenses and permits vary widely from area to area. You should contact an attorney and the government authorities in Your area for information about the cost and level of difficulties in obtaining all necessary permits.

FOOTNOTES:

(9) You and We will agree on a specific grand promotional program for Your new Restaurant. The cost of this mandatory promotional program will range from $10,000 to $15,000. Restaurants being opened in a new trade area may require more initial spending than where Our brand is already known.

(10) Insurance is included in this amount. You should have funds for one year's estimated insurance premium for property and liability insurance. The cost of insurance varies depending on many factors. Insurance must be obtained to meet minimum requirements set by the System Standards. Initial premiums for commercial general liability insurance are subject to change due to market forces. The cost of other coverage, including workers' compensation and employer liability coverage varies depending on many factors. You should contact your insurance agent and obtain an estimate of Your actual insurance costs.

(11) This category includes estimated payroll, utilities, vendor, advertising, promotion and similar costs during the initial phase of a new Restaurant. We cannot guarantee that You will not have additional expenses starting Your business. Your costs will depend on factors such as how much You follow the System and its procedures, the local market for Restaurant products, the prevailing wage rate, competition, and the sales level reached during the initial period.

(12) This is Our estimate of the total expenses to start Your Restaurant. Except for security deposits, none of the above payments are expected to be refundable. We will not finance any of these payments. The above are all estimates based on Our experience with the company Restaurants, but Your costs will depend to a great extent on Your area, the size of Your Restaurant; how much You follow the System and its procedures; Your management skill, experience, and business acumen; and the sales level reached during the initial period. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise.

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ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Each Restaurant must be constructed or remodeled to Our specifications. You must obtain Our written approval of any proposed alterations to our specifications before any work is begun. You must equip and supply Your Restaurant from suppliers previously approved by Us ("**Approved Suppliers**").

You must purchase Our proprietary food products and items bearing our Marks which We or designated suppliers will sell to You at a reasonable markup. You are not obligated to purchase anything else from Us or the Company, but You will be obligated to make 100% of Your purchases from Approved Suppliers. To insure that the highest degree of quality and service is maintained, You must operate Your Restaurant in strict conformity with the method, standards and specification that We prescribe in the Manual or otherwise in writing. We may modify or add new specifications in writing,

We may negotiate purchase arrangements with suppliers including price terms for the benefit of franchisees and the restaurants operated by the Company. In order to maintain the uniformity and conformity within the System, You must cooperate with Us and participate in these programs and purchase the products from suppliers designated in the Manual so long as they are also required for all other franchisees similarly situated.

You must use some supplies that are proprietary to Us, including copyrighted forms and materials bearing Our trademarks. You may obtain these supplies from Us or any other approved supplier. The only material benefits You will receive for using approved suppliers are lower prices and better services and quality due to Our negotiations with them for the System. You may be required to purchase from Us in the future software, Internet, and multi-area marketing programs and to participate in these programs. There are no such requirements at this time, and We estimate based on present circumstances, that these required purchases will be less than one percent of Your purchases and leases.

We will specify Approved Suppliers and the products and services that are required to be purchased or leased in the Manual. These will include without limitation a back office computer system, polling services, broadcast background music, television broadcasting, signs, camera system, menu boards, promotional materials, website maintenance, uniforms and supplies. The list of required items will be changed to meet current needs. We may update Our list of Approved Suppliers as We deem necessary or appropriate.

Approved Suppliers and specifications are determined based on the current needs for operating the Restaurant. We evaluate Approved Suppliers based on price, service, quality, and other commercially reasonable benchmarks. We have the right to limit the number of vendors and suppliers for products, goods, supplies, fixtures and equipment. We also have the right to designate a single source of supply for certain products. We or an affiliate may be that single source.

We will approve additional suppliers. If you want to purchase items from another supplier, you may request Our "Supplier Approval Form" and pay Our Supplier Approval Fee. Based on the information and samples you supply Us, We will test the items supplied and review the proposed supplier's financial records, business reputation, delivery performance, credit rating and other information. We will complete Our review promptly, generally within 90 days. We are not required to make available to You or any supplier Our criteria for product or supplier approval.

During the last fiscal year, neither We nor the Company received any revenues or rebates as a result of franchisee purchases. We do not have any purchasing or distribution cooperatives. If We receive rebates from suppliers such as beverage companies based on Franchisee purchases, We use the funds to benefit the System. None of Our officers own an interest in an Approved Supplier

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ITEM 9. FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT ("FA") AND THE AREA DEVELOPMENT AGREEMENT ("ADA"). IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS FRANCHISE DISCLOSURE DOCUMENT.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site Selection and acquisition/lease	FA: §1.3, 6.3 ADA: §1.1, 4.2	Items 1, 11
b. Pre-opening purchases/leases	N/A	Items 7, 8, 11, 16
c. Site development and other pre-opening requirements	FA: §4 ADA: §§1, 2, 4	Items 1, 5, 7, 11, 12, 15
d. Initial and ongoing training	FA: §5 ADA: none	Items 1, 11, 17
e. Opening	FA: §7.9 ADA: §2	Items 5, 7, 11
f. Fees	FA: §2, 3.2, 9.1(b), 11.5, 13.5(b) ADA: §3, 4.3	Items 1, 5, 6, 7, 17, 19
g. Compliance with standards and policies/Manuals	FA: §4.3, 4.4, 4.5, 4.6 ADA: §4.1	Items 1, 11
h. Trademarks and proprietary information	FA: §4.5, 14 ADA: §4.4, 7.3	Items 13, 14
i. Restrictions on products & services offered	FA: §4.4(a), 4.7, 4.8 ADA None	Items 8, 16
j. Warranty and customer service requirements	FA: §4.3 ADA: None	Item 1
k. Territorial development and sales quotas	FA: §1.2 ADA: §2, 4	Items 1, 12

l. Ongoing product/service purchases	FA: §4.6, 4.7, 4.8 ADA: None	Items 8, 16
m. Maintenance, appearance & remodeling requirements	FA: §3.2, 4.3 4.4, 6 ADA: None	Item 17
n. Insurance	FA: §11 ADA: None	Item 7
o. Advertising	FA: §7 ADA: None	Items 6, 7, 11
p. Indemnification	FA: §10.2 ADA: None	Item 13
q. Owner's participation/ management/staffing	FA: §4.2, 4.9, 4.10, 9.4, 13.2 ADA: §7.4, 7.5	Item 15
r. Records/ Reports	FA: §8, 9.3 ADA: None	Items 6, 11
s. Inspections/Audits	FA: §9 ADA: None	Item 17
t. Transfer	FA: §§13 ADA: §1.7	Items 6, 17
u. Renewal	FA: §3.2 ADA: None	Items 6, 17
v. Post termination obligations	FA: §4.9(f), 15 ADA: §1, 6	Item 17
w. Non-competition covenants	FA: §4.9 ADA: §7.3	Items 5, 17
x. Dispute resolution	FA: §16.5, 16.7 ADA: §8	Item 17

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee Your note, lease or other obligation. There are no waiver of defenses or similar provisions in any note, contract or other instrument executed by franchisees with Us. We are registered with the SBA Franchise Registry. This affiliation may assist You with obtaining expedited loan processing if You should seek SBA financing.

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

Except as listed below, We need not provide any assistance to You.

A. Pre-opening. Before You open Your Restaurant, We will:

1. Loan you a copy of Our confidential operating Manual, which contains mandatory and suggested specifications, standards, operating procedures and rules, in written and/or electronic form (Franchise Agreement, Section 4.4).

2. Conduct an operations training course for You and Your Designated Operator (Franchise Agreement, Section 5.1).

3. Provide You with assistance in locating the site for Your Restaurant in (Franchise Agreement, Section 1.3).

4. Approve, if it meets Our standards and specifications for approval, plans submitted by You for the design of Your Restaurant (Franchise Agreement, Section 1.3).

5. Assist You in developing a marketing program designed for Your Restaurant's initial opening (Franchise Agreement, Sections 4.1, 7.8).

6. Advise and assist You in opening Your Restaurant and being available to assist with its operations for as reasonably needed in Our opinion (Franchise Agreement, Section 4.1).

B. Post-opening. During the operation of Your Restaurant, We will:

1. Advise and assist You with operating Your Restaurant, including periodic visits by Our representatives (Franchise Agreement, Section 9.2).

2. Advise and assist You in opening Your Restaurant and being available to assist with its operations for the first month of business, as reasonably needed in Our opinion (Franchise Agreement, Section 4.1).

3. Make available additional training programs as We deem appropriate (Franchise Agreement, Section 5.5).

4. Assist You in planning for Your Restaurant’s grand opening (Franchise Agreement, Section 7.8).

5. Develop and administer at Our discretion advertising and promotion programs designed to promote the collective success of all Restaurants (Franchise Agreement, Section 7.3).

6. Provide advertising, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous items (Franchise Agreement, Section 7.3).

7. Administer the System Marketing Fund ("**Marketing Fund**"), once established (Franchise Agreement, Section 7.4).

8. Deposit Marketing Fund Fees received into a separate account (Franchise Agreement, Sections 7.3).

9. Make periodic visits to Your Restaurant as We deem advisable (Franchise Agreement, Section 9.2).

10. Include information about your Restaurant on our Web site (Franchise Agreement, Section 7.9)

C. Site Selection.

You must select a site that meets Our approval. We will help You select a site for Your Restaurant. Within three (3) months after execution of the Franchise Agreement, You should have located and obtained Our approval for the site of Your Restaurant. If You have not done so, We will grant You additional 90 day extensions so long as We are satisfied that you are proceeding in good faith and with due diligence. You must use Our approved form to request each ninety day extension. After the extensions, We may terminate the Agreement with no refunds if You have not obtained an approved site.

We will consider as part of site approval a number of factors such as potential customer density levels, assessment of a demographic study of the customer mix compared to existing profiles already established by Us, assessment of competitor activity, traffic patterns of the area as well as specific size, parking and other physical characteristics of the proposed site itself. We will use reasonable efforts to make a site acceptance decision within 30 days after We acknowledge receipt of a complete site information form and any other materials we have requested. Our approval means that the site and plans meet minimum specifications and is not a warranty for their appropriateness. We do not generally own the premises and lease it to franchisees.

D. Time Before Opening.

We believe that based upon the Company's experience, You should typically open a Restaurant within six to twelve months after executing the Franchise Agreement. This length of time may be affected by factors such as difficulties in obtaining a lease for acceptable premises, financing arrangements, building or sign permits or delays caused by zoning or local ordinances, weather conditions, labor strikes, shortages of products and installation of equipment, fixtures and signs. You must open Your Restaurant within twelve months signing the Franchise Agreement, unless We extend the time in writing. You are responsible for conforming the premises to building codes and local ordinances. You must adhere to Our standards and specifications for the construction and design of the Restaurant, which will include requirements for the interior and exterior layout, signage, equipment, fixtures and trade dress.

E. Advertising.

We will develop marketing, promotion and advertising programs designed to promote THE KRAVE KOBE BURGER GRILL Restaurants. Your participation in all such advertising and sales promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

We will provide access to advertising and marketing materials and services to You. We currently conduct marketing at a trade area level to encourage visits from potential as well as prior customers. We may also use premium incentives and product awareness campaigns in advertising and promotion. Advertising media may include print, Internet, vehicle wraps, fundraisers, public relations campaigns and radio or television (primarily local in scope). Whenever possible, the material is produced in-house or provided by vendors.

You may develop advertising materials for Your own use at Your own cost. All advertising materials must have been approved by Us in advance and in writing. Approval typically takes between 30 and 60 days.

All of Your advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies and comply with all truth in advertising laws. You must submit to Us samples of all advertising, promotional and marketing materials (including Internet or electronic media marketing material) for Our prior written approval. You must only use advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise.

There are no restrictions on Your advertising, except that You may not advertise independently on the World Wide Web or outside Your territory and that Your advertising must be approved by Us as stated above. You may not establish or maintain any website or any type of presence on the Internet or World Wide Web that in any manner whatsoever uses the Marks without Our prior written approval. You must adhere to the social media policies that We establish from time to time, and must require Your employees to do so as well. You must participate in Our online marketing campaigns, Gift Card program, Loyal Customer program.

Grand Opening. You must conduct a pre-approved grand opening promotion for Your Restaurant. The cost of the grand opening promotion will range from $10,000 to $15,000 in approved expenditures in regard to such promotion. We will assist You in planning Your grand opening.

Local Advertising. You must spend 2% of Your Restaurant's Gross Sales monthly for pre-approved local advertising and promotion of Your Restaurant in its trade area. You must submit confirmation of Your Local Advertising following the procedures and timing requirements designated in the Manual.

If an Advertising Cooperative ("**Ad Co-op**") is established for the area where Your Restaurant is located, You must join, actively participate in and contribute to the Ad Co-op. The Ad Co-op may also serve as means of exchanging ideas, sharing information and problem solving.

You must contribute to the Ad Co-op up to 2% or more of Your Restaurant's Gross Sales, which is in addition to your contributions to the system wide Marketing Fund discussed below. The Ad Co-op members may agree to additional funding in accordance with its established Bylaws.

Each Ad Co-op will be organized and governed in a form and manner and will operate according to written governing documents, all of which must be approved in advance by Us. We will oversee each Ad Co-op. If You are in default of the Franchise Agreement, You will not have voting privileges. The Ad Co-op may prepare annual or periodic financial statements and these will be available to You upon request. We have the right to form, change, dissolve, and merge any Ad Co-op and to create and amend any organization and governing documents of any Ad Co-op in our sole business judgment. A copy of the governing documents for Your area will be provided upon written request.

Marketing Fund. If and when We notify that We have established a Marketing Fund, You must contribute up to 2% of Your Restaurant's Gross Sales. We will establish the Marketing Fund when We determine that it is appropriate to do so.

The Marketing Fund which will be used to develop, produce and administer marketing programs designed to increase sales for all Restaurants system-wide. Advertising may be in the form of print ads, radio, television or electronic media and may be conducted on a regional and/or national basis. We may use a national or regional advertising agency or in house advertising to create and place advertising. All interest earned on monies contributed to the Marketing Fund and any funds received from suppliers based on Franchisee purchases will be used for the same purpose. Marketing Fund contributions will not be targeted to advertise or sell franchises.

The purpose of the Marketing Fund is to develop advertising and marketing programs that will benefit all Restaurants wherever located. We cannot ensure that the Marketing Fund's expenditures will be equally beneficial or proportionate to each Restaurant's contributions.

We will account for monies in the Marketing Fund separately from Our other funds. Money from the Marketing Fund may be used to pay Us for the reasonable salaries, administrative costs, travel expenses and overhead incurred by Us in the administration of the Fund and its programs. We will prepare an annual unaudited statement of monies collected and costs of the Fund and provide it to You upon Your written request. The Restaurants operated by the Company will contribute to the Marketing Fund at the same rate as Franchisees.

F. Computers; Computer Programs.

Your Restaurant must have a point of sale and computer system as specified in the Manual, which will operate Our currently approved software and allow You to participate in the Network.

Your Restaurant must also have one or more modems, fax machine, camera system, polling systems, digital menu boards, computerized safe systems and a telephone answering machine capable of voice mail recovery all as specified in the Manual. We may require you to upgrade or update Your equipment, such as the computers, other hardware, programs, camera system and telephone system, with reasonable limitation on the frequency or cost of this requirement. You are responsible for installing a broadband hook-up and other utilities for the Restaurant. We will have independent access to the information that will be generated or stored in any electronic cash register or computer system, such as financial and marketing information. There are no contractual limitations on Our right to access this information.

All of the designated equipment and software is available generally at competitive prices. The purchase cost is estimated at $25,000 to $40,000. Your annual maintenance costs are estimated at $2,000 to $3,500. None of the above are proprietary properties of Us or the Company, and We are not obligated to provide or assist You in obtaining the above items or services.

If We establish an online management and communication system for Restaurant Operations, You must participate fully with its requirements as stated in the Manual.

G. Confidential Manual.

You may review Our Manual before purchasing a Franchise. However, You may not copy any of the information contained in the Manual as it contains proprietary information. You must sign a confidentiality agreement regarding the Manual before Your review. (**Exhibit C**)

H. Training.

As of December 31, 2017 Our Initial Training Program consisted of the following content with a duration of approximately four (4) weeks according to the following general outline:

TRAINING PROGRAMS

SUBJECT	WEEKS	CLASSROOM HOURS	HOURS OF ON THE JOB TRAINING	LOCATION
Orientation Food Preparation	1	None	40	Restaurant operated by Company
Kitchen Equipment Food Handling Controls Kitchen Line/Stations Kitchen Open/Close Procedures Kitchen Supervisor Duties	2	None	80	Restaurant operated by Company
Guest Relations Standards Lobby/Dining Room Upkeep Walk-In Cashier Drive-Thru Cashier Expeditor Front Open/Close Procedures	1	None	40	Restaurant operated by Company
Management Philosophy Daily Management Functions Quality Controls Management Opening Duties Management Closing Duties	1	None	40	Restaurant operated by Company

NOTES:

(1) The Initial Training must be successfully completed no later than one week before Your Restaurant opens. It will be conducted in one of Company's Restaurants located in California one to three months prior to Your opening Your Restaurant. We expect to conduct these training courses several times each year.

NOTES CONTINUED:

(2) You and/or Your Designated Operator must attend and successfully complete Our Initial Training. We may terminate the Franchise Agreement for failure to successfully complete this training course.

(3) You will be responsible for paying all of Your personnel's travel, lodging and food costs.

(4) The instructors will include Trainers and Training Managers, each of whom have experience in restaurant operations with Us or with other food systems.

(5) The materials used in Our Initial Training are the Manual and other materials such as various videos. We may modify Our training programs at any time. We may develop audio-visual and other training materials at a reasonable charge.

(6) The actual hours will depend on a variety of factors, including the trainee's prior experience and his or her ability to pass any written and/or practical exams to Our reasonable satisfaction.

(7) If You operate 3 or more THE KRAVE KOBE BURGER GRILL Restaurants, You may apply to offer training at Your training facility. We may certify You for training if You meet Our standards, Your training facility has been certified by Us and Your designated training manager has been certified by Us. You must reimburse Us for the travel, living and other expenses Incurred in evaluating your facility and your training manager.

(8) As We deem necessary, We may require that You and Your personnel attend additional training courses or programs covering operations and new product or procedure introductions. We may require You to pay a reasonable fee for the additional training. Currently, Our training fee is $500 per day You must pay for all travel, lodging and food costs for You and Your personnel. We expect that additional training will be conducted at one Our Restaurants in San Diego County, California, will be one or two days in duration and cover changes in Restaurant products and procedures. Under normal circumstances, the additional training will not occur more than once a year. See ITEM 6 for current daily charge.

(9) If You are a business entity, each of Your owners who own 10% or more of the outstanding voting interests must attend a 2 to 3 Day Overview Training, which is a condensed version of the Initial Training. There is no extra charge for this training program which will be held in California at one of Company's Restaurants.

ITEM 12. TERRITORY

You must operate Your Restaurant at a specific location selected by You and approved by Us. You will have the right and obligation to operate and maintain Your Restaurant within a designated geographic area as described in this Item 12 (Your "**Protected Area**").

We agree that unless Your Restaurant is in a "**high density area**" (as defined below), We will not establish another THE KRAVE KOBE BURGER GRILL Restaurant within two (2) miles of Your Restaurant except for one or more "**Non-traditional Venue"** restaurants.

We have the discretion to determine what is to be considered a "**high density area**", which will typically be an area with a high degree of pedestrian traffic such as a downtown portion of an urban area with high rise commercial buildings or a densely populated residential area with primarily multi-family or apartment units, in which event You and We will agree on the area, if any, in which You will have the above territorial protection.

"**Non-Traditional Venue"** means a site or location within another primary business or at institutional settings such as schools, colleges and universities, military and other governmental facilities, hospitals or other health care facilities, hotels, limited access highways, shopping malls, airports, toll roads, office or in-plant food facilities, sports arenas and stadiums, supermarkets, grocery stores or convenience stores

The Franchise Agreement will not grant You any options, rights of first refusal or similar rights to acquire additional franchises within Your Protected Territory or contiguous areas. There is no minimum sales quota. You maintain rights to Your exclusive territory even though the population increases. Your territorial rights are not dependent upon achievement of a certain sales volume, market penetration or any other contingency, and it will not be altered except by mutual consent.

You must receive Our approval before relocating the Restaurant. Any request to relocate Your Restaurant will be either approved or denied within 90 days of Our receipt of all relevant information. We may approve the relocation of Your Restaurant in certain limited circumstances, such as loss of the location due to condemnation, eminent domain destruction, or loss of Your right of possession for reasons not caused by You.

We reserve all rights not expressly granted in the Franchise Agreement. You will not receive an "exclusive" territory and You may face competition from other franchisees, from outlets that We own, or from other channels of distribution or competitive brands that We control.

The Franchise Agreement does not restrict Us from operating or authorizing others to operate other franchises or Company-owned Restaurants or other channels of distribution, at any location, from selling or leasing similar products or services under a name other than THE KRAVE KOBE BURGER GRILL. Neither We nor any Affiliate has established or presently intends to establish Restaurants under a different trade name or trademark, but We reserve the right to do so. .

We have the sole and exclusive right to produce, license, distribute and market products using the Marks or other marks (such as pre-packaged products, beverages; books; clothing, souvenirs and novelty items) through any outlet anywhere and through any distribution channels We reserve the right to use or license others to use Our name and other trademarks to distribute pre-packaged products. You will not receive any of these rights. We are not required to pay You for soliciting or accepting orders from inside Your territory.

Area Development Agreement.

During the term of an Area Development Agreement, We will not license or allow any other party to open a THE KRAVE KOBE BURGER GRILL Restaurant within Your Development Territory (except for one or more "**Non-traditional Venue"** restaurants (defined above) or pursuant to the first refusal rights contained in Your Franchise Agreement.

If You materially breach the Area Development Agreement and it is terminated, We will have full rights to franchise other parties to operate Restaurants within what was Your Territory or to operate Restaurants Ourselves within that Territory.

If before the end of the term You have opened all of the Restaurants required by the Area Development Agreement and We decide that one or more additional Restaurants should be developed within Your Territory, You will have the right of first refusal for the additional Restaurant(s).

If We acquire a chain of Restaurants with the intention of converting them to Restaurants using Our Marks, You will have a right of first refusal to purchase and convert any of those Restaurants within Your Territory.

[INTENTIONALLY BLANK]

ITEM 13. TRADEMARKS

You will receive the right to operate a Restaurant under the name THE KRAVE KOBE BURGER GRILL. You may also use other current or future Marks as We designate to operate Your Restaurant. By Marks, We mean trade names, trademarks, service marks and logos used to identify and operate Your business. The following Marks have been registered on the United States Patent and Trademark Office ("**USPTO**") Principal Register:

Mark	Registration Number	Date
THE KRAVE KOBE BURGER GRILL (with design)	4512313	4/8/2014
THE KRAVE KOBE BURGER GRILL	4569185	7/15/2014

Company owns the above marks and has licensed Us the sole use of the Marks in a written license agreement. All required affidavits have been filed. You must follow Our rules when You use any of the Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate name or in any form on the Internet, including, but not limited to URLs, domain names, email addresses, locators, links, metatags or search techniques except as We license to You. You may not use any of the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized by us in writing. Guidelines regarding proper trademark use and notices are set forth in the Manual and will be updated from time to time.

No agreements that limit Our right to use or franchise the use of the Marks. We do not know of any infringing uses that could materially affect Your use of the Marks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks. You must notify Us immediately after learning about an infringement of or challenge to your use of the Marks. We will take the action We think appropriate to protect the integrity and validity of the Marks. We are not required to take any specific action in regard to infringements involving the Marks. We have the sole right to control administrative proceedings or litigation regarding any trademark infringements.

We will defend You and indemnify You if You are a party to a legal proceeding involving a Mark licensed by Us and used properly by You. You must modify or discontinue the use of a trademark if We modify or discontinue it. We have the right to modify, add to, or discontinue use of the Marks, or to substitute different Marks. You must promptly comply with any required changes, revisions and/or substitutions, and You will pay all the costs of modifying Your signs, advertising materials, interior graphics and any other items which bear the Marks. You must not contest Our right to the Marks, trade secrets or business techniques.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the Manual, training materials, including DVD and CD diskettes, electronic emails and confidential information. Although We have not made a copyright filing for the Manual, training materials, advertising materials and other written materials, We claim a copyright and the information is proprietary and confidential and the may only be used as provided in the Franchise Agreement. The Manual will remain Our sole property. You must keep in a secure place on the Restaurant premises.

You or Designated Operator may divulge confidential information only to those employees who must have access to it to operate Your Restaurant. The Manual may not be copied, recorded or otherwise reproduced without Our prior written consent.

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

You or Your Designated Operator, who has completed Our training program, must directly supervise and participate in the actual day-to-day operation the Restaurant. Your Restaurant must at all times have an on-site manager approved by Us and as designated in the Manual.

If You are an entity, We do not require that Your Designated Operator own an equity interest in such entity. Neither You nor Your Designated Operator may have an interest or business relationship with any of Our business competitors, unless otherwise approved by Us in advance and in writing. We may require Your officers, directors, executives, members, managers, shareholders, partners, employees and owners to sign a non-competition agreement provided by Us.

If You are a legal entity such as a corporation, partnership or limited liability company, one of Your owners must be approved by Us to be Your full-time representative. All of Your owner(s) must personally guarantee the Franchise Agreement and if applicable the Area Development Agreement.

The ADA requires You to designate an "**Authorized Agent**" who will have full authority to act on Your behalf in performing, administering or amending the ADA.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only those products and services that We have approved (see ITEM 8). You must offer all products and services that We designate as required for all franchisees. These required products and services are described in the Manual. You must obtain Our prior written approval for any other products and services to be sold by Your Restaurant. If We implement customer satisfaction programs for all franchisees, You must participate fully with their requirements as stated in the Manual.

We may change the types of authorized products and services that you must offer from Your Restaurant. There are no limits on Our right to make such changes. If You propose an additional product or service, You must submit it to Us for approval before offering it in Your Restaurant. We may approve it initially for testing only. All proposals approved by Us will become Our property.

A primary feature of THE KRAVE KOBE BURGER GRILL Restaurants and the System is that only high quality ingredients which meet the System's specific specifications and ingredients will be sold to the public and that a failure to do so will not meet Our customer's expectations. You must never sell any food or beverage product, including without limitation our signature hamburger products, at Your Restaurant that contains ingredients which were not purchased from Approved Supplier and which does not meet our specifications. Your personal commitment to this obligation is an essential factor in being approved as a THE KRAVE KOBE BURGER GRILL franchisee.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	FA: §3.1	Initial term of Franchise is 10 years.
b. Renewal or extension of the term.	FA: §3.2	You may renew the franchise for two additional 5-year terms if certain conditions are met. "**Renewal**" may require You to sign a contract with materially different terms and conditions than Your original contract.

c. Requirements for renewal or extension.	FA: §3.2	6-12 months notice, no defaults during last 12 months, material and timely compliance with franchise during initial term, satisfied all monetary obligations owed to Us and Your suppliers, completed all required additional training, made all requested changes in operating personnel, modernized the Restaurant and other equipment, payment of renewal fee and signing of new franchise agreement and general release.
d. Termination by You without cause.	None	
e. Termination by Us without cause	None	
f. Termination by Us with cause.	FA: §15.1	We can terminate only if You default.
g. "Cause" defined as defaults which can be cured.	FA: §15.1	You have 30 days after notice to cure defaults (except defaults in payment to Us, in which case You only have ten days to cure after notice). Includes defaults in other franchise agreements with Us. No cure period for default repeated twice within any twelve-month period.
h. "Cause" defined as defaults which cannot be cured.	FA: §15.1	Non-curable defaults: Failure to open in a specified time period, failure to complete training or allow inspection, bankruptcy or similar action, loss of possession, material misrepresentation in obtaining franchise, or violation of health and safety laws, conviction of crime involving moral turpitude or failure to obtain consent to transfer rights or offer first right of refusal, or repetition of default within any 12 month time period.
i. Obligations on termination.	FA: §15.3	Immediate obligations include no more use of telephone numbers, trademarks or proprietary information, remove all Marks, return Our manuals, and de-identify the Restaurant.
j. Assignment of contract by Us.	FA: §13.8	No restriction on Our right to assign.
k. "Transfer" by You-definition	FA: §13.5	Includes transfer of rights under Franchise Agreement and ownership change.
l. Our approval of transfer by franchisee.	FA: §13.3	We have the right to approve all third party transfers but will not unreasonably withhold approval.

m. Conditions for Our approval of transfer.	FA: §§13.4, 13.5, 13.6	No default, assets of the Restaurant in standard condition, payment of all amounts owed to Us and Affiliates, payment of transfer fee, transferee qualifies and passes training, current Franchise Agreement signed by transferee and release and non-competition agreement signed by You.
n. Our right of first refusal to acquire your business.	FA: §13.7	We can match any offer for the franchised business.
o. Our option to purchase your business	None	
p. Your death or disability.	FA: §13.6	Approval by Us of heir or sale within six months to an approved buyer.
q. Non-competition covenants during the term of the franchise.	FA: §4.9	No interest in a Restaurant or similar business offering the same or similar food and drink items to those sold in a THE KRAVE KOBE BURGER GRILL Restaurant ("**Similar Business**").
r. Non-competition covenants after the franchise is terminated, transferred or expires.	FA: §4.9	No interest in any Similar Business for 2 years within 10 miles of any Restaurant in U.S. or Canada.
s. Modification of the agreement.	FA: §16.12	Only written and signed modifications but Manual subject to change.
t. Integration/ merger clause.	FA: §16.11	The agreement between the parties is limited to the agreement and other documents referred to therein. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA: §16.5	Except for certain claims, all disputes must be arbitrated in county where Our headquarters are located ("Home County"), currently Orange County, California.
v. Choice of forum	FA: §16.5	Except for injunctions, any arbitration or litigation must be in Home County.
w. Choice of Law.	FA: §16.7	Law of state where Your Restaurant is located applies.

This table lists important provisions of the Area Development Agreement ("ADA"). You should read these provisions in the ADA attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section	Summary
a. Initial Term	ADA: §1.2	Initial term is mutually agreed between You and Us.
b. Renewal or extension of the term.	None	
c. Requirements for renewal or extension.	None	
d. Termination by You without cause.	None	
e. Termination by Us without cause	None	
f. Termination by Us with cause.	ADA: §§1.4, 6	We can terminate only if You default or fail to meet the Development Schedule. The termination of the ADA will have no effect on any franchises previously issued to You.
g. "Cause" defined as defaults which can be cured.	ADA: §6.1	You have 30 days after notice to cure defaults. Such cause includes defaults in other Franchise Agreements developed under the ADA..
h. "Cause" defined as defaults which cannot be cured.	ADA: §6.2	Non-curable defaults: Failure to meet deadlines in Development Schedule.
i. Obligations on termination.	ADA: §1.4	No further rights or obligations.
j. Assignment of contract by Us.	None	
k. "Transfer" by You-definition	None	
l. Our approval of transfer by franchisee.	ADA: §1.7	No transfers allowed.

m. Conditions for Our approval of transfer.	None	
n. Our right of first refusal to acquire your business.	None	
o. Our option to purchase your business	None	
p. Your death or disability.	None	
q. Non-competition covenants during the term of the franchise.	ADA: §7.3	No Competitive Interest in Restaurant similar to or competitive with the business of THE KRAVE KOBE BURGER GRILL Restaurant.
r. Non-competition covenants after the franchise is terminated, transferred or expires.	None	
s. Modification of the agreement.	ADA: §8.1	Only written and signed modifications.
t. Integration/ merger clause.	ADA: §8.1	The agreement between the parties is limited to the agreement and other documents referred to therein. Only the terms of the franchise agreement and area development agreement are binding (subject to state law). Any representations or promises outside of the disclosure document may not be enforceable.
u. Dispute resolution by arbitration or mediation.	None	
v. Choice of forum	None	Except for certain claims, all disputes must be arbitrated in county where Our headquarters are located ("**Home County**"), currently Orange County, California.
w. Choice of Law.	ADA: §8.1	Law of state where most of Your Territory is located applies

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote Our franchises but may 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 Restaurants. 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 Restaurant 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.

Except as stated in this Item 19, We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised Restaurants. We also do not authorize Our employees or representatives to make any such representation either orally or in writing. If You are purchasing an existing Restaurant, however, We may provide You with the actual records of that Restaurant.

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 Our CFO, Ardy Farokhirad; (714) 328-6688, the Federal Trade Commission and the appropriate state regulatory agencies.

This financial performance information has been prepared in accordance with generally accepted accounting principles. Substantiation of the information contained within will be made available to prospective franchisees upon reasonable request. You should conduct an independent investigation of the costs and expenses You will incur in operating your franchised business.

The Table below covers the twelve months ended December 31, 2017. "Other Expenses", as disclosed more fully in Footnote 5 below.

Location (1)(2)(5)	**Sales**	**Food Costs (% of Sales)**	**Labor Costs (4) (% of Sales)**	**Other Expenses (5) (% of Sales)**	**Net Profit (6) (% of Sales)**
Glendora, CA (3)	$504,658 (100%)	$164,013 (32%)	$146,351 (31%)	$84,214 (17%)	$110,080 (22%)
Newport Coast, CA (3)	$715,922 (100%)	$214,777 (30%)	$208,249 (29%)	$144,298 (20%)	$148,598 (21%)

FOOTNOTES WITH BASES AND ASSUMPTIONS:

(1) At the end of December 31, 2017, there were two Restaurants open and operating. The Restaurant located in Glendora, California was opened in July 2013. The second Restaurant located in Newport Coast, California was opened in September 2015.

(2) The Income and Expenses above are based on the unaudited profit and loss statements for the twelve months ended December 31, 2017.

The Table above reflects the actual income and expenses of the Glendora Restaurant when it was operated by the Company and the franchisee. On September 1, 2017, the Glendora Restaurant was transferred to a related party and is now operating as a franchise location.

(3) Both Restaurants were open and operating for the full twelve-month period. The location of Your Restaurant may be in a less populated urban or suburban area. Accordingly, the sales achieved by the Glendora or Newport Coast Restaurants may be different than those typical in Your location.

Glendora, CA is located in a well-established suburb of Los Angeles, and Newport Coast, CA is considered a relatively new developed area in Orange County, CA.

The square footage of the Glendora Restaurant is 1,100 square feet, which is substantially less area than what We recommend now for most new Restaurants.

The Newport Coast location contains 2,900 square feet plus 1,100 square feet of patio, which is substantially larger than what We recommend now for most new Restaurants.

The typical location for a franchised Restaurant is between 1,800 and 2,000 square feet with a patio space for outdoor dining. Customer density in the area where the new Restaurant will be located may support additional square footage.

(4) Includes the salaries of one Manager for the Restaurant, plus wages for its hourly employees. Payroll taxes, workers compensation insurance, and employee health insurance are included. Labor costs vary substantially for different reasons and different areas. You should consider carefully the labor costs for your area. Other labor-related expenses, such as union activity, workers compensation and health insurance in your area, should be included in your analysis.

FOOTNOTES WITH BASES AND ASSUMPTIONS:

(5) “Other Expenses” includes expenses such as rent, utilities, bank charges, non-food purchases, and other miscellaneous expenses.

(6) Net Profit: Net Profit is earnings after expenses and before interest, taxes, depreciation and amortization.

(7) Each Restaurant also had actual advertising costs during this period (Glendora: $6,000; Newport Beach: $12,750).

This Table does not include Franchise Royalty Fee (6%), Local Advertising Fee (2%) or Marketing Fund Fee (up to 2% once established).

* * * * * * * * * * * * *

Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

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ITEM 20: RESTAURANTS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM WIDE RESTAURANTS SUMMARY
For Fiscal Years 2015 to 2017

Column 1 Restaurant Type	Column 2 Year	Column 3 Restaurants of the Start of the Year	Column 4 Restaurants at the End of the Year	Column 5 Net Change
Franchised	2015	0	0	0
	2016	0	0	0
	2017	0	1	+1
Company - Owned	2015	1	2	+1
	2016	2	2	0
	2017	2	1	-1
Total Restaurants	2015	1	2	+1
	2016	2	2	0
	2017	2	2	0

Note: Our Fiscal Year ends December 31. "Company-owned Restaurants" shown in these tables are operated by entities which Our owners control.

Table No. 2

TRANSFERS OF RESTAURANTS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
For Fiscal Years 2015 to 2017

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Totals	2015	0
	2016	0
	2017	0

Table No. 3

STATUS OF FRANCHISED RESTAURANTS
For Fiscal Years 2015 to 2017

Column 1 State	Column 2 Year	Column 3 Restaurants at Start of Year	Column 4 Restaurants Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired By Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Restaurants at End of the Year
California	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Total	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1

Table No. 4

STATUS OF COMPANY RESTAURANTS
For Fiscal Years 2015 to 2017

Column 1 State	Column 2 Year	Column 3 Restaurants at Start of Year	Column 4 Restaurants Opened	Column 5 Restaurants Reacquired from Franchisees	Column 6 Restaurants Closed	Column 7 Restaurants Sold to Franchisees	Column 8 Restaurants at End of the Year
California	2015	1	1	0	0	0	2
	2016	2	0	0	0	0	2
	2017	2	0	0	0	1	1
Total	2015	1	1	0	0	0	2
	2016	2	0	0	0	0	2
	2017	2	0	0	0	1	1

Table No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2017

STATE	FRANCHISE AGREEMENTS SIGNED BUT BUSINESS NOT OPENED	PROJECTED FRANCHISED NEW BUSINESSES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED BUSINESSES OPENINGS IN NEXT FISCAL YEAR
California	0	2	1
Totals	0	2	1

As of December 31, 2017, We had 1 franchisee and no former franchisees. The names, addresses and telephone numbers of franchisees are listed in **Exhibit F**. During the last three fiscal years, We have signed no settlement agreements containing confidentiality clauses with current or former franchisees.

You should be aware that We are required by law to disclose Your contact information to other franchise purchasers if You become a franchisee or leave Our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organization associated with Our System and no such association has asked to be included in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements dated December 31, 2017, December 31, 2016, and December 31, 2015 are attached as **Exhibit E**.

ITEM 22. CONTRACTS

Copies of the following agreements are attached:

A. Franchise Agreement with Exhibits and State Addenda
B. Area Development Agreement
C. Confidentiality Agreement

ITEM 23. RECEIPTS

You will find copies of a detachable receipt in **Exhibit G** at the very end of this disclosure document.

It is important that you sign, date and return a Receipt to Us. As noted on the cover page, this Disclosure Document is available in electronic format, in which case You must print a copy of the Receipt and send a signed and dated copy to Us. Thank you.

The name, principal business address and telephone number of each franchise seller offering the franchise are identified on the Receipt.

Exhibit
A

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
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THE KRAVE KOBE BURGER GRILL®
FRANCHISE AGREEMENT

THIS AGREEMENT dated as of _____________ 201__ ("Effective Date") is between Krave Kobe Franchising, LLC, a California limited liability company ("**We**", "**Us**" or "**Our**"), and ____ ("**You**" or "**Your**"), and if You are a legal entity, the Principals identified on the signature page of this Agreement ("**Principals**")

RECITALS:

A. We own the exclusive rights to offer and sell franchises for the operation of unique retail food Restaurants using the name and trademark THE KRAVE KOBE BURGER GRILL™ and other trademarks (the "**Marks**") and following a system of operation ("**System**") to operate a chain of these Restaurants ("**Restaurants**") which was developed and used by Us and Our commonly owned companies (collectively, the **"Affiliates**").

B. You desire to purchase a THE KRAVE KOBE BURGER GRILL franchise and own and operate a Restaurant, and We have approved You for a THE KRAVE KOBE BURGER GRILL franchise.

THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties hereby agree as follows:

ARTICLE 1: GRANT OF FRANCHISE

1.1 Grant

Subject to the following terms and conditions, We grant to You a franchise to use the System and the Marks solely in direct connection with the sale of products and services from a THE KRAVE KOBE BURGER GRILL Restaurant to be operated by You at the following location (referred to in this Agreement as "**Your Restaurant"**):

Address: ____

THE KRAVE KOBE BURGER GRILL No.__________

1.2 Territorial Rights

(a) We agree that unless Your Restaurant is in a "high density area" (as defined below) We will not operate and will not authorize any other person to operate a THE KRAVE KOBE BURGER GRILL Restaurant within two (2) miles from the current front door of Your Restaurant except one or more "Non-traditional Venue" restaurants defined in subsection (iii) below. If We determine that Your Restaurant is located within a "high density area", the above territorial rights will be stated on an attachment to this Agreement. Except for the foregoing, You and We agree that this franchise is non-exclusive and except for the address where Your Restaurant is located, We reserve all other rights, including the right, directly or indirectly:

(i) To operate, and authorize others to operate, THE KRAVE KOBE BURGER GRILL Restaurants or other Restaurants operating under any name other than THE KRAVE KOBE BURGER GRILL, at any location and of any type or category whatsoever;

(ii) To produce, license, distribute and market products using the Marks or other marks (such as pre-packaged sauces, spices and spice blends, soup broths, snacks and beverages; books; clothing, souvenirs and novelty items) through any outlet anywhere using the name THE KRAVE KOBE BURGER GRILL or other Mark (which outlets may for example include grocery stores, supermarkets and convenience stores) and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods;

(iii) To operate, and to authorize others to operate, a THE KRAVE KOBE BURGER GRILL Restaurant at a Non-Traditional Venue near Your Restaurant. "**Non-Traditional Venue"** means a site or location (A) within another primary business or at (B) and any site or location for which the lessor, owner or operator thereof shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider, (sites or location include without limitation: institutional settings (such as schools, colleges and universities, military and other governmental facilities, hospitals), hotels, limited access highways, shopping malls, airports, toll roads, office or in-plant facilities, sports arenas and stadiums, supermarkets, grocery stores or convenience stores, some of which may have other Restaurant operations such as food courts.

(b) A "**high density area**", to be determined by Us in Our full discretion, is typically an area with a high degree of pedestrian traffic such as a downtown portion of an urban area with high-rise commercial buildings or a densely populated residential area with primarily multi-family or apartment units.

1.3 Site Selection and Relocation

(a) You agree (i) that although We may have been involved in the site selection process for Your Restaurant and approved its location, You have sole responsibility for selecting the above location for Your Restaurant and (ii) that We make no warranty, representation or guaranty of any kind with respect to Your Restaurant's location, success or profitability. After approval of the site, You agree to purchase from Us a copy of Our plans and specifications for building out a Restaurant, and You agree to employ an architect, designer and other necessary persons to revise the plans as necessary for Your site. Except as may be expressly provided in the Manual, no changes of any kind in design, equipment or decor will be made in, on or about Your Restaurant premises without prior written approval of in each instance. In any event, You must obtain Our prior approval of the final plans and specifications for Your Restaurant before submitting them to any landlord, property owner, or governmental agency and/or before beginning construction or remodel.

(b) You will not relocate Your Restaurant without Our prior written consent. We will consent to a relocation to an alternative, pre-approved location under limited circumstances only, such as loss of the location due to condemnation, eminent domain destruction, loss of Your right of possession for reasons not caused by You or a very substantial and detrimental change in the business potential and character of the location. If We consent to the relocation of Your Restaurant, You must comply with such reasonable site selection and construction procedures as We may require and following relocation, You must conduct a Grand Opening Promotion as required by Section 7.8 below. You will be solely responsible for the expense of any such relocation and will pay Us a reasonable fee for Our services in connection with such relocation. You will be fully responsible for closing the existing location and must comply with Section 15.3 below regarding de-identification.

1.4 Opening Date

You must open Your Restaurant and commence business within twelve (12) months following the Effective Date of this Agreement. You may not open Your Restaurant without Our prior written consent and satisfaction of all pre-opening obligations stated in the Manual and the installation of all equipment, fixtures, furnishings and signs included in the plans and specifications approved by Us. Your failure to open the Restaurant in full compliance with these provisions will be a material event of default under this Agreement, and We may prevent You from opening the Restaurant.

ARTICLE 2: FEES

2.1 Fees

You agree to pay Us:

(a) A non-refundable "**Initial Franchise Fee"** of $40,000 which must have been paid in full upon execution of this Agreement;

(b) A "**Royalty Fee**" equal to six percent (6%) of Your Restaurant's Gross Revenues as payment for the continuing right to use the System and Marks; and

(c) In the future when We determine that the System has grown to an appropriate size, a "**Marketing Fund Fee"** designated by Us and to be applied as described in Section 7.3 below. A "**Marketing Fund Fee"** of up to two percent (2%) to be applied as described in Section 7.3 below.

2.2 No Fees Refundable

You agree that these Fees are not refundable in whole or part under any circumstances and have been fully earned by Us by the grant of this franchise.

2.3 Payment of Fees

(a) You agree to pay Us the Royalty Fee and Marketing Fund Fee, no later than the third (3^{rd}) day following the end of each week or such other time as may be designated in the Manual such as daily transfers. You must make payments in strict accordance with Our requirements, including EFT payments as described below. TIME IS OF THE ESSENCE regarding payment of such Fees.

(b) You agree to pay all such Fees to Us by direct transfer of funds ("**EFT**") or other method of payment designated by Us. Such method of payment will be determined by Us in Our sole discretion and may be changed from time to time.

(c) You agree at Our request to furnish the information, execute such forms, make such arrangements and complete such procedures as are reasonably necessary to establish direct EFT payments automatically from Your account(s) to such account(s) as We may designate in order to pay directly such Fees within each payment period referred to above. Without limiting the foregoing, You specifically agree to obtain the necessary equipment used by the System to transmit revenues and other polling information which will allow Us to cause such transfers to be made. You agree to maintain sufficient funds in Your account(s) to allow timely honoring of each payment to Us by Your bank or other financial institution. You specifically authorize Us to make such direct transfers of the Fees so long as such transfers are limited to amounts computed with reference to revenues information furnished by You, or if You fail to furnish such information, with reference to good faith estimates by Us.

(d) Royalty and Marketing Fund Fees which are not paid when due will bear interest from and after their respective due dates at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. Any late payment of such Fees will be accompanied by a late payment administrative charge of $250.00.

2.4 Gross Revenues

The term "**Gross Revenues** "as used in this Agreement will mean the total of all cash or other form of payment received for the use of the Restaurant and sales of products and services in or from the Restaurant, including food, drinks, clothing and other tangible property of every kind, or for entertainment charges, made or sold at, in, upon or from Your Restaurant and from any vending, game or other type of machine or similar device located at Your Restaurant; and any and all other amounts which are received as compensation for any services rendered from Your Restaurant. All amounts collected and paid out for sales taxes and the proceeds from the sale of any furniture, fixtures or equipment previously used at Your Restaurant are excluded from Gross Revenues.

ARTICLE 3: TERM; RENEWAL

3.1 Initial Term

Subject to earlier termination, this Agreement has an Initial Term of ten (10) years ("**Initial Term"**) or the length of Your lease for Your Restaurant, whichever is less. The Initial Term will commence on the date on which You first operate Your Restaurant as a THE KRAVE KOBE BURGER GRILL Restaurant. You agree to send Us written notice of Your Restaurant's opening date.

3.2 Renewal

You may renew this Agreement for two additional consecutive five (5) year terms, so long as all of the following conditions have been met before the end of the prior Term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement, Area Development Agreement, or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must be in good standing as a THE KRAVE KOBE BURGER GRILL franchisee and be approved by Us operationally and financially;

(d) You must have paid all amounts owed to Us and our affiliated companies ("**Affiliates**") and Our approved suppliers (as defined in 4.8), and have timely paid all such amounts throughout the current term;

(e) We may send You a written notice of required changes to be made at Your Restaurant, such as (i) additional training requirements, (ii) personnel changes and (iii) modernization of Your Restaurant and its equipment and/or redecorating Your Restaurant and installing new signs and equipment to reflect the then current THE KRAVE KOBE BURGER GRILL standards and image, in which case You must make all of such changes;

(f) You must have obtained an extension or renewal of Your Lease for the Restaurant to cover the renewal term and delivered to Us a fully executed of such Lease.

(g) You must execute and deliver to Us Our then-current form of Franchise Agreement to apply to the renewal term, but in no event shall the term be longer than Your right to occupy the Restaurant;

(h) You must pay Us a "**Renewal Fee**" equal to twenty-five percent (25%) of the amount of Our Initial Franchise Fee in effect at the time renewal begins; and

(i) You must execute Our form of a general release of any and all claims against Us and Our Affiliates, and Our and their officers, directors, agents and employees.

ARTICLE 4: OPERATING SYSTEM AND PROCEDURES

4.1 Opening Assistance

We will advise and assist You in operating Your Restaurant, including periodic visits by Our representative(s), to the extent We deem necessary.

4.2 Designated Operator

The individual named in this Section will devote his or her full time, best efforts and constant personal attention to the day to day operation of Your Restaurant:____ (the "**Designated Operator**"), who must be at all times approved by Us and certified by Us as fully trained for operations. Any change in the identity of Your Designated Operator must be approved by Us in writing.

4.3 <u>Operation of Your Restaurant</u>

Unless You have received Our prior written approval to the contrary, You will:

(a) Keep Your Restaurant open for business during the hours specified by Us;

(b) Operate Your Restaurant in a clean, safe and orderly manner, providing courteous, first-class service;

(c) Comply with all health, safety and other laws applicable to the operation of Your Restaurant, cure any deficiencies immediately after a governmental inspection and request another inspection as soon as possible thereafter;

(d) Maintain a competent, conscientious, trained staff and take any and all steps necessary to ensure that Your employees preserve good customer relations and comply with any dress code as may be established from time by Us, as stated in the Manual or other written communications from Us.

(e) Diligently promote and make every reasonable effort to increase the business of Your Restaurant;

(f) Diligently participate in all promotional campaigns, special offers, and other programs, which are prescribed from time to time by Us.

(g) Advertise Your Restaurant by the use of the Marks and any other insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or established from time to time by Us as stated in the Manual;

(h) Prevent the use of Your Restaurant for any immoral or illegal purpose, or for any other purpose, business activity, use or function which is not expressly authorized by this Agreement or in the Manual or other written communication from Us;

(i) Keep current in all monetary obligations owed Us, Our affiliated companies and Approved Suppliers;

(i) Obtain and use only the equipment required by the Manual, such as without limitation, a computerized point of sale cash collection system ("**POS System**") which among other things will allow Us to poll information about Your Restaurant, credit card and/or debit card system, computer equipment and related software and communications systems;

(j) Never manipulate or tamper with the POS System software without Our prior written approval;

(k) Not establish or use any Internet or website for Your Restaurant or otherwise using the Marks without Our prior written consent; and

(l) Never sell any food or beverage product, including without limitation our signature hamburger products, at Your Restaurant that contains ingredients which were not purchased from a supplier approved by Us and which does not meet Our specifications.

(m) Adhere to any social media policies that We establish from time to time and require all of Your employees to do so as well.

4.4 Confidential Manual

(a) We will loan You for Your Restaurant one copy of Our Confidential Operating Manual (the "**Manual**"). You agree to comply strictly with and perform all things required by the Manual, such as those dealing with the selection, purchase, storage, preparation, packaging, service and sale (including menu content and presentation) of all food and beverage products, maintenance and repair of Your Restaurant's buildings, grounds, furnishings, fixtures and equipment, operating hours and days, employee uniforms and dress, accounting, bookkeeping, record retention and other business systems, procedures and operations.

(b) The Manual, as presently written and as We may in the future amend and supplement them from time to time, is incorporated into and made part of this Agreement by reference. All references to the Manual in this Agreement are to the Manual as most recently revised as of the relevant date. The Manual may be in paper form or available in electronic form or a combination of both media.

(c) You agree that the purpose of the Manual is to provide a means of communicating to all Franchisees specific details of Our System which will enhance uniformity and conformity among all Restaurants. You specifically agree that the Manual is an integral, necessary and material element of the System and that it will be necessary for Us, in order to maintain the high quality of the System and maximize its competitive position, to revise and update the Manual from time to time. We have the right at any time and from time to time, in the good faith exercise of Our reasonable business judgment, to revise, delete from and add to the materials contained in the Manual. You expressly agree to comply promptly with all obligations and changes to the Manual.

4.5 Confidentiality; Our Property

(a) You agree that We own all rights in and to the System, including the information and materials described or contained in the Manual, and that the System and Manual contain trade secrets and themselves constitute Our trade secrets which have been or will be revealed to You in confidence. You agree not to disclose, duplicate, license, sell or reveal any portion thereof to any other person, except an employee of You required by his or her work to be familiar with such information. You agree to promptly disclose to Us all innovations whether or not protectable and whether created by or for You or Your owners or employees. All such innovations will be deemed our sole and exclusive property and works made-for-hire for Us. We have the right to incorporate such innovations into the System. You agree to keep and respect all confidential information received from Us, to obtain from each of Your Restaurant's managers an agreement to keep and respect all such confidences and to be responsible for Your employees' keeping this information confidential. A copy of the employee confidentiality agreement is attached hereto as **Exhibit 3.**

(b) The Manual and all other confidential materials furnished to You are on loan only, will remain Our property, and You will return all copies of such documents to Us immediately upon the expiration or termination of this Agreement. The Manual may be in hard copy or electronic form and may include more than one volume.

4.6 Uniformity and Conformity

You specifically acknowledge and agree that a primary feature of THE KRAVE KOBE BURGER GRILL Restaurant and the System is that only high quality ingredients which meet the System's specific specifications and ingredients will be sold to the public and that a failure to do so will not meet Our customer's expectations. You must never sell any food or beverage product, including without limitation our signature hamburger products, at Your Restaurant that contains ingredients which were not purchased from a supplier approved by us and which does not meet our specifications. Your personal commitment to this obligation is an essential factor in Your being approved as a THE KRAVE KOBE BURGER GRILL Restaurant Franchisee.

In all regards, You agree that strict conformity by You with this Agreement, the System and the Manual, is vitally important to the collective success of all THE KRAVE KOBE BURGER GRILL Restaurants, including Your Restaurant, because of the benefits You and other THE KRAVE KOBE BURGER GRILL operators will derive from uniformity in menu items, identity, quality, appearance, facilities and service among all THE KRAVE KOBE BURGER GRILL Restaurants. Any material failure to adhere to the requirements contained in this Agreement or in the Manual will be considered a material breach of this Agreement.

4.7 Services and Products

(a) You specifically agree that You will never sell any food or beverage product, including without limitation our signature hamburger products, at Your Restaurant that contains ingredients which were not purchased from a supplier approved by us and which does not meet our specifications.

(b) You further agree to offer for sale from Your Restaurant, at all times when Your Restaurant is open for business, all of the food, beverages and other products expressly described in the Manual, unless You have received Our prior written consent to any exception.

(c) No other product, brand or service other than those identified in the Manual will be offered or sold at or from Your Restaurant without Our prior written consent in each case. You agree to submit to Us in writing any additional product, brand or service proposed by You for Us for Our consideration and final determination before You implement any such change. We may approve it initially for testing only. All proposals approved by Us will become Our property upon submission.

4.8 <u>Approved Suppliers: Proprietary Ingredients</u>

(a) In order to assure uniformity and conformity among Restaurants in the System and to comply with all truth in advertising laws, You agree to purchase all products for sale at Your Restaurant only from suppliers who are at that time approved in writing by Us as an approved supplier ("**Approved Supplier**"), which may include one of our Affiliates.

(b) If You want to purchase any products from a supplier who is not an Approved Supplier, You will notify Us of such supplier, pay an approval fee and instruct the proposed supplier to contact Us and follow Our procedures for becoming an Approved Supplier. We may charge a reasonable fee for the fees and costs involved in these approval procedures. You understand and agree that at Our discretion any such proposal may be utilized on a test basis only subject to the terms of a written test agreement. You may not sell or offer for sale any products or services of the proposed supplier until Our written approved of the proposed supplier is received. You agree to buy to the extent required by the Manual any designated proprietary products You agree to buy to the extent required by the Manual any designated proprietary products or ingredients from Us or a designated supplier (which may be an Affiliate). You agree that such ingredients are prepared pursuant to secret, proprietary recipes and/or procedures belonging to Us.

4.9 <u>Your Covenants</u>

(a) You agree that THE KRAVE KOBE BURGER GRILL Restaurants, including Your Restaurant, must compete against similar businesses (as defined below) which may have far greater financial resources and may be better established in the food service industry. For purposes hereof, a "**Similar Business**" is any Restaurant or similar business offering the same or similar products or services to those provided by a THE KRAVE KOBE BURGER GRILL Restaurant.

(b) Therefore, You agree on behalf of Yourself and each and every person with an ownership interest in Your Restaurant ("**Owner**") to take all necessary action to assure compliance throughout the term of this Agreement with the requirements of this Section 4.9 and the other Sections in this ARTICLE 4, including obtaining and delivering to Us a written agreement from each such person that he or she agrees to each of the covenants set forth in this Section 4.9.

(c) Neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business without Our prior express written consent.

(d) Neither You nor any Owner will perform any services for or become a landlord of any Similar Business without Our prior express written consent.

(e) Neither You nor any Owner will divert or attempt to divert any business or customer of Your Restaurant, or of any other THE KRAVE KOBE BURGER GRILL Restaurant, to any Similar Business by direct or indirect inducement, advertising or otherwise do or perform, directly or indirectly, any other act which is injurious or prejudicial to the goodwill associated with the System or the value of the Marks.

(f) For a period of two (2) years following the expiration or termination of this Agreement, neither You nor any Owner will, directly or indirectly, engage in or have any interest whatsoever in any Similar Business which is located within ten (10) miles of any THE KRAVE KOBE BURGER GRILL Restaurant without Our prior express written consent.

(g) You agree that any violation of this Section 4.9 would result in irreparable injury to Us and the System and that We would be without an adequate remedy at law. You agree that in the event of a breach or threatened breach of any such covenant, We will not be required to prove actual or threatened damage from such breach in order to obtain a temporary and/or permanent injunction and a decree for specific performance of the terms of this Section 4.9. In addition to injunctive relief, We shall be entitled to any other remedies which We may have under this Agreement, at law or in equity.

(h) The parties agree that each of these covenants will be construed as independent of each other and of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 4.9 is held unenforceable by a court having valid jurisdiction in a final decision between the parties hereto and from which no appeal has or may be taken, You expressly agree to be bound by the remaining portion of such covenant.

4.10 Employees

(a) You will not hire or make arrangements to hire any person employed by Us, by any Affiliate of Ours or by another THE KRAVE KOBE BURGER GRILL Franchisee without first obtaining Our or such other Franchisee's written consent. The parties agree that in the event of Your breach of this covenant, actual damages would be extremely difficult to compute, and accordingly, in the event of such a breach, You agree to pay the prior employer of such person liquidated damages equal to the greater of such person's prior annual salary or one-half of the annual salary and of any bonus paid or to be paid by You to such person during the first year of employment.

(b) You and You alone will be solely responsible for all hiring and employment decisions and functions relating to Your Restaurant, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from Us on these subjects or not. Any guidance We may give You regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

4.11 Software

You agree to use in Your Restaurant the software designated by Us in the Manual for Franchisees to use in making estimates, preparing invoices, keeping accounting records and other aspects of the operation of the Restaurant. We will lease the software to You on the same terms available to other Franchisees and as specified in the Manual.

4.12 Online Management and Communication System

We may establish an online management and communication system for THE KRAVE KOBE BURGER GRILL Restaurant Operations and You agree to participate and perform all things necessary to set up and connect to the online communication system and comply strictly with its requirements.

4.13 Data Security

You acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. You agree that Your Center will comply at all times, with all applicable security standards developed by the Payment Card Industry Data Security Standards ("**PCI DSS**") council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("**FACTA**") and all other successor or additional laws, and all other data security requirements We prescribe.

ARTICLE 5: TRAINING

5.1 Initial Training

We will make available at a place or places designated by Us Our initial THE KRAVE KOBE BURGER GRILL operations training course to You or Your Designated Operator, as identified in this Agreement.

5.2 Training Required

You or Your Designated Operator must each attend and complete Our Initial training course to Our reasonable satisfaction. All of the managers of Your Restaurant must either attend and successfully complete Our training or otherwise become certified as required by the Manual. You must always have a properly certified manager on duty at Your Restaurant whenever it is open to the public.

5.3 Training Employees

You will be responsible for full compliance at Your Restaurant with the requirements taught at Our Initial Training and will cause Your Restaurant's employees to be trained in those requirements which are relevant to the performance of their respective duties. We may require Your employees to be trained and certified in the performance of their duties, and with Our consent You may have employees approved as certified trainers for the other employees.

5.4 Pre-Opening Parties

Prior to opening Your Restaurant Premises for business, You agree at your own expense to conduct mock service and pre-opening operations following the requirements of the Manual ("**Pre-Opening Parties**").

5.5 Continuing Training

You and such employees as We may designate will, from time to time, personally attend and complete refresher courses in Restaurant operations and any training sessions held for the purpose of introducing new products or procedures.

5.6 Fees; Expenses

You agree to pay a reasonable fee for any other training courses offered by Us.

ARTICLE 6: MAINTENANCE; MODERNIZATION; LEASE PROVISIONS

6.1 Repairs and Maintenance

(a) You agree to maintain Your Restaurant and its parking area in a "like new" condition and in conformity with the requirements set forth in the Manual or other writings issued by Us. You agree to replace Restaurant equipment as necessary or desirable and to obtain any new or additional equipment as may be reasonably required by Us for new products or procedures. You agree to take all such action as requested by Us promptly within a reasonable time period after receipt of such request. If You have failed to take any action within fifteen (15) days after Our notice, We may, in addition to all other remedies, enter Your Restaurant and effect the corrective action contained in the notice, and You shall immediately pay the costs incurred by Us in taking such action.

(b) Except as may be expressly provided in the Manual, no changes of any kind in design, signs, equipment or decor will be made in, on or about Your Restaurant premises without prior written approval of in each instance. You will obtain, repair, maintain and replace all equipment, signs and other Restaurant items at Your sole cost.

6.2 Modernization

In order to compete effectively and to assure the continued success of Your Restaurant, You agree, from time to time as reasonably required by Us (taking into consideration the cost and then remaining term of this Agreement), to modernize Your Restaurant premises, parking area and equipment to Our then current standards and specifications. You understand and agree that this obligation is in addition to other obligations under this Agreement, such as repair, maintenance and purchase of new equipment. No such modernization will be required by Us unless and until Our Affiliates have at that time implemented such standards and specifications in at least twenty-five percent (25%) of their Restaurants located in the continental United States.

6.3 Lease Provisions

If You are or become a lessee of Your Restaurant premises, You will provide Us for Our review and comment with a copy of the proposed lease at least 15 days prior to its being finalized and executed. You must after execution furnish with a true, correct, complete and executed copy of the lease. Such lease must contain the option required by Section 15.5 below and a provision which precludes any other food or beverage service vendor selling predominantly products similar to THE KRAVE KOBE BURGER GRILL Restaurants from operating in the same business center or five (5) miles from Your Restaurant and the alteration and de-identification rights required by this Agreement where the premises will no longer be operated as a THE KRAVE KOBE BURGER GRILL Restaurant. Such lease will also require the lessor (a) to give

Us reasonable notice of any lease termination and a reasonable time in which to take and make the above actions and alterations and (b) provide that You have the unrestricted right to assign such lease to Us. These lease provisions may be subject to the reasonable consent of the lessor.

ARTICLE 7: MARKETING AND ADVERTISING

7.1 Marketing, Promotion and Advertising Programs

The parties recognize the value of marketing, advertising and promotions to enhance the goodwill and public image of the System. We agree that We will develop marketing, promotion and advertising programs designed to promote and enhance the collective success of all THE KRAVE KOBE BURGER GRILL Restaurants. It is expressly agreed that in all respects of such marketing, promotion and advertising (such as type, quantity, timing, placement and choice of media, market areas and advertising agencies), Our decisions made in good faith will be final and binding. Your participation in all such advertising and revenues promotion programs must be in full and complete accordance with any terms and conditions as We may have established.

7.2 Local Advertising

(a) You agree that during the term of this Agreement, you will spend up at least two percent (2%) of Gross Revenues (as designated by Us) for conducting advertising and revenues promotion programs for Your Restaurant. We may require You to provide proof of all such marketing, promotion and advertising expenditures. You acknowledge and agree that You must obtain Our prior written approval for all of Your local programs in order to for them to qualify for required spending. This obligation is in addition to Your obligation for grand opening promotion. Payments to an approved Advertising Cooperative ("**Ad Co-op**") will be applied to this Local Advertising obligation.

(b) You will not issue any press release without Our prior express written approval.

(c) You will not make any contributions or donations of items, services or money to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf on any such organization) in the name of Your Restaurant or otherwise associate with the Marks, without our prior express written consent.

(d) You will not establish Your own “eclub” marketing campaigns, Gift Card programs, or Loyal Customer programs, any websites or any social media accounts, or other such programs as designated in the Manual without Our prior written approval.

(e) You agree to pay Your pro rata share of the cost of a Yellow Pages or other business listing to by placed by Us on behalf of all Restaurants in Your local marketing area. If you are the only operator in the local market area, then You are responsible for full payment of any such business listing. Payments for such business listing may be applied towards Your Local Advertising obligation.

(f) You agree to diligently participate in all promotional campaigns, customer loyalty programs, special offers, and other programs, which are prescribed from time to time by Us.

7.3 Marketing Fund

(a) In order to maximize the general public recognition and acceptance of THE KRAVE KOBE BURGER GRILL Restaurants, We may at such time as We believe is appropriate for the System establish a THE KRAVE KOBE BURGER GRILL Marketing Fund. You agree that We may require that You contribute up to two percent (2%) of Your Restaurant’s Gross Revenues to this Fund.

(b) We will use monies from the Marketing Fund to pay for the production costs, advertising, marketing and promotion of THE KRAVE KOBE BURGER GRILL Restaurants, including without limitation, costs and expenses related to the employment of advertising agencies, payment of talent and residuals, research and development, design and development of trademarks and logos, promotions, public relations market research, reimbursement to Us or Our Affiliates of general and administrative expenses and allowances directly related to marketing of THE KRAVE KOBE BURGER GRILL Restaurants and clearance of marketing, advertising and promotional programs.

(c) Our Affiliates will also contribute to the Marketing Fund the same percentage of the Gross Revenues from operation of THE KRAVE KOBE BURGER GRILL Restaurants in the continental United States.

(d) We will deposit the Marketing Fund Fees in a separate account which will not be considered one of Our assets.

(e) We agree to cause an annual accounting of the Marketing Fund and to make the results of such accounting available to You upon request. If such accounting is made by an independent accounting firm, the expenses thereof shall be paid from the Marketing Fund.

(f) We agree that if We receive advertising promotional allowances and/or advertising rebates from suppliers or distributors which relate directly to purchases by THE KRAVE KOBE BURGER GRILL Restaurants operated by franchisees, We will cause such monies to be paid into the Marketing Fund, with the understanding that You and We may retain all such payments paid directly to You or Us, respectively.

(g) You agree that We have no obligation in administering the Marketing Fund to make expenditures for You or others which are equivalent or proportionate to the contribution(s) made or to ensure that any particular franchisee benefits directly or pro rata from any marketing program or advertising.

(h) You agree that the Marketing Fund may also be used to satisfy any and all costs of maintaining, administering, directing and preparing (i) Our secret-shopper program (ii) any franchisee conferences; and (iii) quality control measures that are internally administered or prepared by Us.

(i) You agree that We may reimburse Ourselves from the System Marketing Fund for (i) the direct costs and expenses incurred by Us or our Affiliates in administering the System Marketing Fund and (ii) up to fifteen (15%) of System Marketing Fund contributions for each of Our fiscal years to cover (A) Our administrative costs and overhead incurred by Us in connection with activities related to the administration of the System Marketing Fund and its programs and (B) a pro rata portion of the compensation paid by Us or Our Affiliates to persons for their work on System Marketing Fund related matters.

7.4 Marketing Fund Policy

(a) We will develop and modify from time to time as necessary a Marketing Fund Policy which will include procedures and guidelines for disbursements and expenditures from the Marketing Fund.

(b) All monies in the Marketing Fund, including any interest or other income earned from the investment of such monies, must be spent and disbursed only in accordance with this Agreement and the Marketing Fund Policy, which may be modified from time to time at Our discretion so long as all monies are used to pay for marketing, promotion and advertising programs for THE KRAVE KOBE BURGER GRILL Restaurants in the United States of America.

7.5 Temporary Investment

We may temporarily invest any or all of the monies held in the Marketing Fund from time to time at Our sole discretion in accordance with the Marketing Fund Policy. We will use any interest or other income received from such investments to pay for the expenses of administering the Marketing Fund pursuant to the Marketing Fund Policy. Interest or income received from temporary investments that exceed the reasonable expenses of administering the fund will be considered part of the Marketing Fund.

7.6 Ad Co-ops

(a) We may at Our discretion designate any geographical area as a basis for an Ad Co-op for the purpose of marketing, advertising and promoting THE KRAVE KOBE BURGER GRILL Restaurants in that area, including the Affiliates' Restaurants. The Ad Co-op will also serve as means of exchanging ideas, sharing information and problem solving.

(b) You agree to become a member of an Ad Co-op at any time the Restaurant is located within the designated area for such Ad Co-op.

(c) You agree to execute and deliver any such Ad Co-op agreements or undertakings required by such Ad Co-op, to make contributions as required of its members and to maintain Your status as a member in good standing of such Ad Co-op at all times.

(d) We may from time to time establish and revise the requirements for approval of Ad Co-ops, the amount of contribution by members to each such Ad Co-op and exemptions from membership or temporary suspensions of contributions. All such contributions will be credited toward your Local Advertising Spend.

(e) The mandatory contribution to an Ad Co-op may exceed Your Local Advertising requirement if the Ad Co-op members agree to additional funding in accordance with established Bylaws.

7.7 Approval of Advertising

(a) You must use only advertising copy and other materials which are in strict compliance with Our requirements, as set forth in the Manual or otherwise. All of Your advertising, promotion and marketing must be completely clear and factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies.

(b) If You wish to use other or modified materials, You must submit to Us, in each instance and at least thirty (30) days prior to first use, the proposed advertising copy and materials for approval in advance of publication. You may use only advertising materials which have been approved in writing by Us.

(c) In no event will Your advertising contain any statement or material which may be considered (i) in bad taste or offensive to the public or to any group of persons or (ii) defamatory of any person or an attack on any competitor, (iii) will not be misleading and (iv) will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time.

7.8 Grand Opening

You agree to conduct an approved grand opening promotion for the Restaurant shortly after its opening and to spend at least $10,000 in approved expenditures in regard to such promotion. We will assist You in planning for Your grand opening.

7.9 Websites and Internet Advertising

You shall not, indirectly or directly, establish or use any Internet web page, web site address, Internet directory listing, or any other social networking site as defined in the Manual, relating in any way to Your Restaurant, or which uses the Marks without Our prior written consent. Except email communications, You may not conduct any aspect of Your Restaurant business through the Internet without Our prior consent. You will adhere to any social media policies that We establish from time to time and will require all of Your employees to do so as well. We will include information about Your Restaurant on Our Web site.

7.10 Promotional Programs

You shall participate in all promotional programs We develop for the System. You will be responsible for the costs of such participation. You shall purchase or lease, and install, all required fixtures, furniture, furnishings, signs and equipment (including required computer, point-of-sale, and other electronic information system and all equipment components and software necessary to accept and process gift cards [and loyalty cards] and participate in our gift card, [customer loyalty,] and similar programs) for Your Restaurant.

7.11 Social Media

We have sole discretion and control over any profiles using or relating to the Marks, or that display the Marks, that are maintained on social media outlets, including without limitation Facebook, Twitter, Instagram, Pinterest or other similar outlets that may exist in the future. We may use part of the Marketing Fund monies We collect under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such profiles. We may (but need not) establish a social media policy and guidelines pursuant to which You may establish profiles or otherwise establish a presence on such social media outlets. In that event, You shall comply with the standards, protocols and restrictions that We impose from time to time on such use.

ARTICLE 8: ACCOUNTING AND RECORD KEEPING

8.1 Point of Revenues System

(a) Before the opening of Your Restaurant and at Your own expense, You agree to procure and install the computer hardware, software, Internet connections and service, required dedicated telephone and other computer-related accessories, peripherals and equipment that are required in the Manual (the **"Point of Sales System"**).

(b) You agree to accurately, consistently and completely record and provide through the Point of Sales System all information concerning the operation of Your Restaurant that We require, in the form and at the intervals that We require, as set forth in the Manual.

(c) You acknowledge and agree that We will have full and complete independent access to Your Point of Sales System, and We may retrieve from Your Point of Sale System all information that We consider necessary, desirable or appropriate.

8.2 Accounting Information

You understand and agree that We may under Section 8.1 require You to use software which will generate accounting information which will be accessible to Us electronically. You also agree that We may require You, following written notice or as part of the Manual to send to Us in the form and within the time schedules set forth in the Manual hard copy or other form of reports and information. These may include Profit and Loss Statements, Balance Sheets and Statements of Cash Flow, and income tax returns.

8.3 Accounting Records

You agree to maintain and preserve for a minimum of seven (7) years from the date of preparation full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by the Manual.

ARTICLE 9: AUDITS AND INSPECTIONS

9.1 Audit Rights

You agree that We will at all times have the following audit rights:

(a) Our representatives may on a reasonable basis review, inspect and copy any and all accounting records, tax records and other such documents, as they determine, in their sole discretion as being necessary to audit Your compliance with this Agreement.

(b) If any inspection or audit reveals that the Gross Revenues reported in any report or statement are less then the actual Gross Revenues calculated during such inspection, then You will immediately pay Us the additional amount of fees owing by reason of the understatement of Gross Revenues previously reported, together with interest as provided in Section 2.3. In the event that any report or statement by You understated gross revenues by more than two percent (2%) of the actual Gross Revenues calculated during Our inspection, You will, in addition to paying for the additional fees, pay and reimburse Us for any and all expenses incurred in connection with its inspection, including, but not limited to, reasonable accounting and legal fees. Such payments will be without prejudice to any other rights or remedies We may have under this Agreement or otherwise. In addition, We may at Our sole discretion require a complete and full audit in accordance with generally accepted accounting principals and by a certified public accountant acceptable to Us, at Your expense.

9.2 Inspection

(a) You agree to, at Your expense, participate in Our approved inspections and surveys regarding customer satisfaction and Restaurant inspections as stated in the Manual. In addition, You will cause the reports of all such inspections or surveys shall be sent to Us.

(b) We will make periodic visits to Your Restaurant as We deem advisable. You agree that Our representatives will have the right at any time and from time to time without notice to enter Your Restaurant for the purpose of inspecting its condition and its operations for compliance with Our requirements contained in this Agreement and in the Manual, and for any other reasonable purpose connected with the operation of Your Restaurant.

(c) You agree to incorporate into Your Restaurant any reasonable corrections and modification We require to maintain Our standards of quality and uniformity, as quickly as is reasonably possible and using all resources at Your disposal.

9.3 Books and Records

(a) Without limiting the generality of Section 9.2, Our representatives will have the right at all times during normal business hours to confer with Your Restaurant's employees and customers, and to inspect Your books, records and tax returns, or such portions thereof as pertain to the operation of Your Restaurant. All of Your books, records and tax returns will be kept and maintained at Your Restaurant, at Your primary office or such other place as may be agreed to from time to time in writing by the parties.

9.4 Ownership Records

If You are not an individual or sole proprietorship, You must maintain an accurate ownership register or other list of names, addresses and interests of all Your record and beneficial owners. Upon ten days written notice from Us, You will deliver to Us a copy of such register and/or list of owners, certified by Your chief executive officer to be correct. During any audit or other inspection under this Section 9, You will allow Our representatives to inspect and copy such register and/or list.

ARTICLE 10: RELATIONSHIP OF PARTIES AND INDEMNIFICATION

10.1 Relationship

You are not, and will not represent or hold Yourself out as being an agent, legal representative, joint venture, partner, employee or servant of Us for any purpose whatsoever and, where permitted by law to do so, will file a business certificate to such effect with the proper recording authorities. You are an independent contractor and are not authorized to make any statement or commitment on behalf of Us, or to create any obligation, express or implied, on behalf of Us. You agree that We are not in any way a "fiduciary" in regards to You. You will not use the name THE KRAVE KOBE BURGER GRILL or any similar words as part of the name of a corporation or other business entity directly or indirectly associated with You.

10.2 Indemnification

(a) You will indemnify Us, Our Affiliates and their officers, directors, employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the operation or condition of any part of Your Restaurant or Restaurant premises, the conduct of Your Restaurant's business, the ownership or possession of real or personal property, any negligent act, misfeasance or nonfeasance by You or any of Your agents, contractors, servants, employees or licensees, (ii) Your failure to perform any of Your obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by Us or on Our behalf in the investigation of or defense against any and all such claims.

(b) We will indemnify You and Your Owners and Your and their employees, agents, affiliates, successors and assigns from and against (i) any and all claims based upon, arising out of, or in any way related to the Marks, the System and the operation of Your Restaurant so long as You were properly operating the Restaurant according to the System and the Manual or related to Our obligations incurred pursuant to any provisions of this Agreement, (ii) Our failure to perform any of Our obligations under this Agreement, and (iii) any and all fees (including reasonable attorneys' fees), costs and other expenses incurred by or on Your behalf in the investigation of or defense against any and all such claims.

ARTICLE 11: INSURANCE

11.1 Insurance

You will obtain before beginning construction or remodeling of Your Restaurant and will maintain in full force and effect during the entire term of this Agreement, at Your sole cost and expense, an insurance policy or policies protecting You and Us against any and all loss, liability or occurrence, arising out of or in connection with the construction, condition, operation, use or occupancy of Your Restaurant or Your Restaurant premises. We will be named as an additional insured in all such policies, workers' compensation excepted.

11.2 Policies

In all events, the insurance policy or policies will include at least the following:

(a) Comprehensive general liability insurance, including products liability coverage with minimum coverage of $1,000,000 per occurrence and $3,000,000 in the aggregate.)

(b) Liquor liability coverage (if any alcoholic beverages are offered for sale from the Restaurant) with minimum coverage of $1,000,000 and $2,000,000 in the aggregate.

(c) Property insurance covering the perils of fire and extended coverage, vandalism and malicious mischief with coverage to be at replacement cost.

(d) Liability for owned, non-owned and hired vehicles with minimum coverage of $1,000,000 per occurrence and $3,000,000 in the aggregate.)

(e) Umbrella liability insurance policy providing a minimum of $5,000,000) total coverage including the above limits.

(f) Course of construction insurance at replacement cost.

(g) Workers' compensation insurance as required by applicable state law.

(h) Business interruption insurance (reasonable coverage and time limit).

Your obligation to maintain this insurance will not be limited in any way by reason of any insurance maintained by Us.

11.3 Qualified Insurance Carrier

All insurance policies required by this Agreement must be written by a responsible insurance company or companies satisfactory to Us and in accordance with the minimum limits set forth in Section 11.2 above, which may be changed from time to time by Us at Our discretion to reflect changed conditions. Each insurance company must be rated no less than A VII by A.M. Best and Company. You must maintain such additional insurance coverage and increased limits that We may reasonably consider advisable for a Restaurant business in the area where Your Restaurant is located.

11.4 Certificates

Upon obtaining the insurance required by this Agreement and on each policy renewal date thereafter, You will deliver to Us for Our approval certificates of insurance showing compliance with the requirements of Section 11.1. Such certificates must state that the policy or policies will not be canceled or altered without at least thirty (30) days' prior written notice to Us. Maintenance of such insurance and the performance by You of Your obligations under this Section 11 will not relieve You under the indemnity provisions of this Agreement or limit such liability.

11.5 Failure to Insure

If You, for any reason, fail to obtain and maintain the insurance coverage required by this Section, We will have the right and authority to obtain immediately such insurance coverage and to charge the cost thereof plus a ten percent (10%) processing fee to You, which charges will be paid immediately upon notice and will be subject to charges for late payments in the manner set forth in Section 2.3 above.

ARTICLE 12: DEBTS AND TAXES

12.1 Debts and Taxes

You will pay promptly when due all debts and other obligations incurred directly or indirectly in connection with Your Restaurant and its operation; including, without limitation, all taxes and assessments that may be assessed against Your Restaurant land, building and other improvements, equipment, fixtures, signs, furnishings and other property, and all liens and encumbrances of every kind and character incurred by or on behalf of You in conducting Your Restaurant business. You may protest or contest any of such amounts so long as such protest or contest does not adversely affect the continued business of Your Restaurant or possession of Your Restaurant premises.

ARTICLE 13: PRINCIPALS, SALE AND ASSIGNMENT, RESTRICTIONS

13.1 Definition of Principals; Personal Guarantees

For purposes of this ARTICLE 13, the term "**Principals"** will include the persons signing this Agreement as Principals, any of Your future owners and the spouses, minor children or any trust for the benefit of any such Principal. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of Your obligations under this Agreement. We have unrestricted right to approve all owners and any future owners. A copy of the Personal Guarantee is attached hereto as Attachment **2.**

13.2 Authorized Agent

You and the Principals appoint the following person with full authority (the **"Authorized Agent")** to act on behalf of You and the Principals in regard to performing, administering or amending this Agreement: ____________________ ____________________. We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You and the Principals of the appointment of a successor to the Authorized Agent.

13.3 Personal Contract; Consent Mandatory

You agree that a material part of the consideration for Our entering into this Agreement is the personal confidence We have in You and the Principals. No person will succeed to any of Your rights under this Agreement by virtue of any voluntary or involuntary proceeding in bankruptcy, receivership, attachment, execution, assignment for the benefit of creditors, other legal process or transfer not expressly authorized and consented to by Us. Except as expressly provided for in this Agreement any attempt by You to transfer any of Your rights or interest under this Agreement will constitute a material breach of this Agreement, and in such event We will have the right to terminate this Agreement upon written notice to You. We will not be bound by any attempted transfer in any manner whatsoever, by law or otherwise, of any of Your rights or interests under this Agreement except as permitted by this ARTICLE 13.

13.4 Form of Legal Entity

(a) If You have been organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**") or if Your interests in this Agreement are to be transferred to a Legal Entity, such Legal Entity must be expressly approved in advance and in writing by Us and You must comply with this Section 13.4 and any other condition which We may require, including a limitation on the number of owners of the Legal Entity and to require a Personal Guaranty. We have unrestricted right to approve all equity owners and any future owners. We will not charge a transfer fee for forming such a Legal Entity or transferring ownership to such Legal Entity . The organization documents must be promptly submitted for Our review.

(b) Unless We provide Our prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of operating THE KRAVE KOBE BURGER GRILL Restaurants.

(ii) The Principals will own and control not less than fifty and one-tenth percent (50.1%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.

(iii) There will not be more than ten (10) owners of the Legal Entity in addition to the Principals.

(c) You will notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after its receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with THE KRAVE KOBE BURGER GRILL Restaurants or having a known history, reputation or character which is adverse to the interests of THE KRAVE KOBE BURGER GRILL Restaurants. A failure by Us to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(d) Notwithstanding anything to the contrary contained in this Section 13.4, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 13.4 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold Our approval of any transfer so long as the Principals maintain operational control over You.

(e) The organization documents of the Legal Entity will contain the restrictions set forth in Subsections 13.4(b) and (c) above and this Subsection 13.4(e). You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"The transfer of ownership in this company is subject to the terms and conditions of a THE KRAVE KOBE BURGER GRILL Franchise Agreement. Reference is made to such Franchise Agreement and to the restrictive provisions contained in the organization documents of this company."

13.5 <u>Written Consent</u>

(a) Except as otherwise expressly set forth in this ARTICLE 13, neither Your rights and interests under this Agreement nor any ownership interests in You (if

You are a Legal Entity) may be sold, assigned, encumbered or otherwise transferred (all of which are hereinafter included within the term "**transfer**") in whole or in part in any manner whatsoever without Our prior express written consent.

(b) We will not unreasonably withhold Our consent to a transfer. In considering a request for transfer, We will consider, among other things, the qualifications, apparent ability and credit standing of the proposed transferee as if he or she were a prospective direct purchaser of a franchise from Us. In addition, but without limitation, We will require as conditions to the granting of Our consent all of the following:

(i) There must be no existing default in the performance or observance of any of Your obligations under this Agreement or any other agreement with Us, and Your Restaurant will be in condition and appearance satisfactory to Us and in accordance with Our System standards at that time;
(ii) You must settle all outstanding accounts with Us and our Affiliate(s);
(iii) You must pay Us Our then current transfer fee. The amount of the transfer fee will be $5,000; to compensate Us for Our expenses incurred in connection with investigating the qualifications of the proposed transferee, training the proposed transferee and the direct administrative costs of effectuating the transfer;
(iv) The proposed transferee or other person(s) designated by Us must prior to the transfer personally attend and satisfactorily complete Our initial training program;
(v) The proposed transferee must execute Our then current form of Franchise Agreement for the remaining term of this franchise.
(vi) The transfer documents must contain a non-competition agreement by You similar to that set forth in this Agreement at subsection 4.9(f);
(vii) If You or Your Principals finance any part of the sale price of the transferred interest, You and Your Principals must agree that all of the proposed transferee’s obligations are subordinate to the transferee’s obligations to pay amounts due to Us and Our Affiliate(s); and
(viii) Such other requirements as We may in Our discretion deem reasonably necessary, including a general release of any claims against Us.

(c) Neither this Agreement, any of the rights conferred on You hereunder nor any ownership interests in the purchasing franchisee may be retained by You as the transferring franchisee as security for the payment of any obligation that may arise by reason of any such transfer.

13.6 <u>Death and Disability</u>

(a) Except as provided for herein to the contrary, the death or disability of an owner of a Legal Entity shall have the legal results of applicable law. In the event of the death or legal incapacity of one of the Principals, the decedent's estate or You must immediately notify Us of such death and within thirty (30) days after such notice further notify Us of a proposed successor to the decedent's interests (the "**Successor**"). If We approve the Successor, he or she will replace the decedent as a Principal hereunder.

(b) In the event We do not approve the Successor, We will so notify You, and You or the decedent's estate will use Your best efforts within the six (6) months from the date of such written notice from Us to sell the interests in this Agreement and Your Restaurant to a bona fide purchaser in accordance with and subject to all of the provisions of this ARTICLE 13. If by the end of such six-month period, You have not consummated a transfer of such interest or stock in a transaction which meets the requirements of this ARTICLE 13, We will have the option to purchase all of such interest in Your Restaurant and franchise or in the ownership of the Legal Entity at the fair market value thereof as determined in good faith by an independent appraiser selected as set forth in subsection (c) below.

(c) The procedure for determining the fair market value or other terms of purchase shall be that We and You shall each select one appraiser and such two appraisers shall select a third appraiser, and the third appraiser shall make the necessary determination, with the costs of appraisal to be borne equally by You and Us.

(d) If We in Our discretion decide that the death or disability of an individual, a Principal or a Successor will result in unsatisfactory operation of Your Restaurant, We may take over operation of Your Restaurant temporarily, and You will reimburse Us for all of Our costs and compensate Us for Our efforts at an amount equal to 5% of Gross Revenues during such time.

13.7 Right of First Refusal

(a) You must give written notice to Us of any planned, attempted transfer or offer to transfer by You in any manner whatsoever of any interest in or under this Agreement or of any transfer of the controlling ownership interest in You if You are a Legal Entity. You grant Us the right of first refusal in regard to any such offer or transfer to purchase such interest on the same terms and conditions (or on terms and conditions determined by Us which will result in the same net financial benefits to You as transferor). In exercising Our right of first refusal, We may pay the transferor cash at closing in the same amount as the principal amount of any promissory note(s) otherwise required by the transferee or in the amount of the fair market value of any other non-cash purchase price, and if stock is provided for, may substitute stock of itself or an affiliated corporation in an equivalent value to the stock contained in the offer of first refusal. Any determination of fair market value, equivalent value or net financial benefits made by Us in good faith shall be deemed an acceptance of the offer. Until We have accepted or rejected the offer of first refusal from You, You will neither consider nor accept any other offer and will keep confidential all of the terms of such transfer.

(b) The first refusal offer to Us must be in writing and must include complete details of all of the terms, conditions and provisions of the proposed transfer, including copies of all agreements which may be assumed by or assigned to the transferee. After receipt of all of such information, We will have thirty (30) days after actual receipt of all of such documents within which to accept or reject it. Our failure to accept within such thirty (30) days will constitute a rejection. If rejected, You may consummate the transfer to a third party if all other provisions of this Agreement are satisfied, but the transfer must be consummated within six (6) months and only upon the terms, conditions and provisions previously offered to Us.

(c) After any rejection by Us, You must in all events submit a fully executed copy of all final transfer documents to Us at least three (3) days in advance of any proposed consummation or closing date for Our review and comparison with the first refusal offer previously submitted to it. Any variation will require an offer of first refusal to Us on the varying terms following the same procedures set forth above. Our right of first refusal will be unrestricted and absolute, and We will in all cases have at least thirty (30) days to consider and act on each offer or any change in the terms and conditions of offer.

(d) Nothing contained in this Section 13.7 will in any way be deemed to limit Our discretion in considering, approving or disapproving any request to transfer any interest under this Agreement.

13.8 Assumption

This Agreement and Our rights, interests and obligations hereunder will be transferred to the benefit of any entity which succeeds to Our business and assumes Our obligations hereunder.

ARTICLE 14: TRADEMARKS

14.1 Ownership

You agree that We have the sole and exclusive right (except for rights granted under existing and future franchise agreements) to use the Marks in connection with the products and services to which they are or may be applied by Us. You agree during the term of this Agreement and after its expiration or other termination You will not directly or indirectly contest or aid in contesting the validity, ownership or use of the Marks by Us or take any action whatsoever in derogation of the rights claimed therein by Us.

14.2 Nonexclusive License

The license granted under this Agreement to use the Marks is nonexclusive except to the extent otherwise specified herein, and We, in Our sole and absolute discretion, may grant other licenses in, to and under the Marks in addition to those licensees already granted, both within and outside Your Restaurant's trading area, and to develop and license other names and marks on any such terms and conditions as We deem appropriate.

14.3 Other Uses

You expressly agree that We have the exclusive, unrestricted right to engage directly and indirectly, at wholesale, retail, catering and otherwise, within Your Restaurant trading area and elsewhere, in (a) the production, distribution and sale of products under the Marks licensed hereunder or other marks; and (b) the use, in connection with such production, distribution and sale, of any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Us. The license granted to You under this Agreement does not include any right or authority of any kind whatsoever to sell outside the Restaurant any products using the Marks. We have the sole and exclusive right to such rights at all times and at all locations.

14.4 Goodwill

Nothing contained in this Agreement will be construed to vest in You any right, title or interest in or to the Marks, the goodwill now or hereafter associated therewith or any right in the design or any Restaurant building, other than the rights and license expressly granted herein of the term hereof. Any and all goodwill associated with or identified by the Marks will inure directly and exclusively to Our benefit, including without limitation any goodwill resulting from operation and promotion of Your Restaurant.

14.5 Use of Marks

You will not use the Marks in connection with any statement or material which may, in Our judgment, be in bad taste or inconsistent with the THE KRAVE KOBE BURGER GRILL public image, or tend to bring disparagement, ridicule or scorn upon Us, the Marks or the goodwill associated therewith. You, whether doing business as a proprietorship or Legal Entity, will not adopt, use or register (by filing a certificate or articles of incorporation, a fictitious business name statement, or otherwise) any trade name or business name, style or design which includes, or is similar to, any of THE KRAVE KOBE BURGER GRILL identifying characteristics. We will defend You (using legal counsel chosen by Us) and indemnify You from any claims of infringement regarding use by You of the Marks so long as You were using the Marks properly and as authorized by this Agreement.

14.6 Changes in Marks; Protection

We will have the right at any time and from time to time upon notice to You to make additions to, deletions from, and changes in the Marks, or any of them, all of which additions, deletions and changes will be as effective as if they Were incorporated in this Agreement. All such additions, deletions and changes will be made in good faith, on a reasonable basis and with a view toward the overall best interest of THE KRAVE KOBE BURGER GRILL Restaurants generally. We will protect and preserve the integrity and validity of the Marks by taking the actions deemed by Us in Our discretion to be appropriate in the event of any apparent infringement of the Marks.

14.7 Infringements

You will notify Us promptly of any claims or charges of trademark infringement against Us or You, as well as any information You may have of any suspected infringement of the Marks. You will take no action with regard to any such matters without Our prior written approval and will cooperate fully with Us in dealing with any infringement or claim of infringement.

ARTICLE 15: EXPIRATION AND TERMINATION

15.1 Events of Default; Liquidated Damages

(a) We will have the right to terminate this Agreement immediately upon written notice to You if any of the following events occur:

(i) in the event of any breach or default under Sections 1.4 (opening date), 4.3(c) (failure to comply with applicable laws), 5.2 (mandatory training), 9.2 (inspection), 13.3 and 13.5 (unauthorized transfer) or 13.7 (right of first refusal);

(ii) if a petition in bankruptcy, an arrangement for the benefit of creditors or a petition for reorganization is filed by or against You, or if You make any assignment for the benefit of creditors, or if a receiver or trustee is appointed for Your Restaurant, unless remedied to Our satisfaction within twenty (20) days;

(iii) if You for any reason lose Your right to possession of Your Restaurant premises;

(iv) if We discover that You have made any material misrepresentation or omitted any material fact in the information furnished by You in connection with the grant of this franchise including without limitation Your personal commitment that You will only sell food and beverage products, including our signature hamburger products, which contain ingredients purchased from a supplier approved by us and which meets our specifications;

(v) if You (or any Principal) are convicted of any felony or other criminal conduct which is relevant to operation of Your Restaurant or if You engage in conduct which reflects materially and unfavorably upon the operation and reputation of the THE KRAVE KOBE BURGER GRILL business or System.

(vi) If You abandon Your Restaurant by failing to operate it for five consecutive days or lesser period if the facts and circumstances indicate that You do not intend to continue to operate Your Restaurant (except as a result of fire, flood, earthquake or similar causes beyond Your control);

(vii) If You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice; or

(ix) If We make a reasonable determination that continued operation of Your Restaurant by You will result in an imminent danger to any of its customers or to public health or safety.

(b) If You default in any other requirement of this Agreement, We will have the right to terminate this Agreement immediately following thirty (30) days written notice to You (except in the case of a default in payment to Us, in which case only ten (10) days written notice is required). If a non-monetary default cannot by its nature reasonably be cured within such thirty-day period, and so long as You are diligently taking all action reasonably necessary to effect such cure, the cure period will be extended to a reasonable amount of time to effect such cure. A default in any other THE KRAVE KOBE BURGER GRILL franchise agreement in which You or anyone holding an interest in You also has an interest will be considered a default under this Agreement, which if not cured will result in termination of this Agreement.

(c) We may terminate this Agreement upon written notice to You without any curative period if a default is repeated within any 12-month time period.

(d) The provisions of this Section 15.1 are subject to the provisions of any local statutes or regulations which may prohibit Us from terminating this Agreement without good cause or without giving You additional prior written notice of termination and opportunity to cure any default.

(e) Liquidated Damages

(i) Upon termination of this Agreement due to Your action or failure to take action according to its terms and conditions, You agree to pay Us within thirty (30) days after termination, in addition to any amounts owed Us or Our Affiliates, liquidated damages equal to the average monthly Royalty Fees owed or paid during the 12 full calendar months of operation preceding the effective date of termination multiplied by (A) 24 (being the number of months in two (2) full years), or (B) the number of months remaining in the Agreement had it not been terminated, whichever is less.

(ii) The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, We might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's current remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

15.2 Termination by You

You may terminate this Agreement following ninety (90) days written notice to Us if We materially breach this Agreement and fail to cure such breach within such ninety-day period.

15.3 Requirements Upon Termination

Upon the expiration or earlier termination of this Agreement for any reason, You must:

(a) immediately discontinue the use of the Marks and the System, including all THE KRAVE KOBE BURGER GRILL proprietary procedures;

(b) unless We consent to the contrary, remove the Marks from Your Restaurant building and its signs, fixtures and furnishings, eliminate entirely THE KRAVE KOBE BURGER GRILL trade dress and alter and paint Your Restaurant exterior and improvements a design and color which is basically different from the THE KRAVE KOBE BURGER GRILL image and design so that there will no longer be any indication to the public that Your Restaurant was a THE KRAVE KOBE BURGER GRILL Restaurant. If You fail to make or cause to be made any such change within thirty (30) days after written notice, We will have the right to enter upon Your Restaurant premises, without being deemed guilty of trespass or any other tort, and make or cause to be made such changes and You will reimburse Us for all of Our reasonable expenses immediately following demand;

(c) not thereafter use any identifying characteristic that is in any way associated with Us or similar to those associated with Us, or operate or do business under any name or in any manner that might tend to give the public the impression that You are or were a franchisee or otherwise associated with Us;

(d) immediately deliver to Us all copies of the Manual and any items bearing the Marks or which are confidential; and

(e) pay all sums due Us or to become due to Us pursuant to this Agreement.

15.4 Trademark Infringement

If You refuse to comply with a written notice of termination sent by Us and a court later upholds such termination of this Agreement, any operation of Your Restaurant by You from and after the date of termination stated in such notice will constitute trademark infringement by You and You will be liable to Us for damages resulting from such infringement in addition to any royalties paid or payable hereunder, including, without limitation, Your profits.

15.5 Option

If Your Restaurant premises are leased by You from a third party, You will have included in such lease and any subsequent lease of the premises the right by You to assign such lease to Us without further consent by the lessor. We may elect to have the lease automatically assigned to Us under such provision if this Agreement is terminated, whether it is terminated by Us or by You. If We so elect, You will immediately vacate the premises, and We will be entitled to take possession of said premises, including all fixtures and leasehold improvements, and We will pay to You the fair market value of the interests owned by You in Your Restaurant's furnishings and equipment. Fair market value will be determined by mutual agreement or an appraiser selected by Us or the American Arbitration Association if We cannot agree.

ARTICLE 16: MISCELLANEOUS

16.1 No Effect

The waiver by Us of any breach or default, or series of breaches or defaults, of any term, covenant or condition herein or of any same or similar term, covenant or condition in any other agreement between Us and any franchisee will not be deemed a waiver of any subsequent or continuing breach or default of the same or any other terms, covenants or conditions contained in this Agreement, or in any other agreement between Us and any franchisee.

16.2 Right and Remedies

All of Our rights and remedies will be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement. Our rights and remedies will be continuing and not exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration or earlier termination of this Agreement will not discharge or release You from any liability or obligation then accrued or any liability or obligation continuing beyond or arising out of the expiration or earlier termination of this Agreement.

16.3 Consents

Whenever the consent of a party is sought or required hereunder, such consent will not be unreasonably withheld.

16.4 Partial Invalidity

If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid; provided, however, that in the event any part hereof relating to the payment of fees to Us, or the preservation of the Marks, trade secrets or secret formulae licensed or disclosed hereunder is for any reason declared invalid or unenforceable, then We will have the option of terminating this Agreement upon written notice to You.

16.5 Arbitration; Jurisdiction (a) Except as set forth in Subsection 16.5(b), any unresolved dispute between the parties arising out of this Agreement shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association applicable to commercial arbitrations and the Federal Arbitration Act. Such arbitration shall be held within the county in which Our corporate headquarters are located (the "**Home County**"). At the conclusion of the arbitration, the arbitrator must deliver to the parties a written statement of conclusions of fact and conclusions of law supporting the final award of the arbitrator. Any party may move for judicial confirmation, modification or correction of the final award of the arbitrator within 60 days after receipt thereof. Alternatively, judgment upon such decision may be entered in any court having jurisdiction over the matter. Arbitrators shall apply the law of the state where Your Restaurant is located (without giving effect to any conflict of law principals) as set forth in section 16.7 below.

(b) Notwithstanding the foregoing, any action by Us which involves Your continued usage of any of the Marks or the System or an issue involving injunctive relief, may be submitted to a court in the Home County having jurisdiction over the issue involved. You and We expressly consent to personal jurisdiction in the Home County and agree that such court(s) shall have exclusive jurisdiction over any issues not subject to arbitration.

16.6 Attorneys Fees

If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party.

16.7 Governing Law

The parties agree that the law of the state where Your Restaurant is located (without giving effect to any conflict of laws principles) will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto.

16.8 Notices

All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number, sent by an established overnight delivery service or mailed by certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight deliver, such notice shall be deemed to have been received the day following sending.

Us: Krave Kobe Franchising, LLC
2133 Newport Coast Drive
Newport Beach, CA 92657
ATTN: The President

With a copy to:
Mr. Rodney R. Hatter
Rodney R. Hatter & Associates
4000 MacArthur Blvd.
Suite 600, East Tower
Newport Beach, CA 92660

You: ______________________________
____
____

16.9 Terms and Headings

All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Definitions are presented in bold face solely for ease of reference.

16.10 Compliance with Laws

You will at Your own cost and expense promptly comply with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and offices thereof. Without limiting the generality of the foregoing, You will abide by all applicable rules and regulations of any Public Health Department.

16.11 Entire Agreement

This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document.

16.12 Amendment or Modification

Except as expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both Us and You.

16.13 Acknowledgment

BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AND AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE, AND IN ANY EVENT NOT AS A RESULT OF ANY REPRESENTATIONS BY US, OUR AGENTS, OFFICERS OF EMPLOYEES EXCEPT AS CONTAINED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT PREVIOUSLY DELIVERED TO YOU.

YOUR INITIALS:______

(b) THE SUCCESS OF THE FRANCHISED BUSINESS WILL BE LARGELY DEPENDENT UPON YOUR ABILITIES AND EFFORTS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT THE FRANCHISED BUSINESS WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) YOU ARE NOT RELYING UPON ANY FINANCIAL PROJECTIONS OR SIMILAR INFORMATION OR EARNINGS CLAIMS MADE BY US OR ANYONE ON OUR BEHALF.

YOUR INITIALS:______

(d) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST SEVEN CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

* * * * * * * * * * *

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

You:	**Us:**
______________________________	Krave Kobe Franchising, LLC
______________________________	By: ______________________________
______________________________	Title:______________________________

Principals:

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

Printed Name: _________________________ %Ownership: _____

Signature: ____________________________

Attachment 1 (If Applicable)

PROTECTED TERRITORY

The geographic area described below is the **Territory** referred to in Section 1.2(b) of the Franchise Agreement because the Restaurant has been determined by Us to be located within a "**high density area**":

You: ______________________________

By: ________________________________

Title: ______________________________

Us: Krave Kobe Franchising, LLC

By: ________________________________

Title: ______________________________

Attachment 2

PERSONAL GUARANTY

For good and valuable consideration, the receipt of which is hereby acknowledged, each of the undersigned (the "**Guarantors**") hereby personally guarantees, jointly and severally, the due, punctual and full payment and performance of each and all of the obligations of the franchisee ("**Franchisee**") under the foregoing THE KRAVE KOBE BURGER GRILL Franchise Agreement dated ____________, 201__ by and between the Franchisee and Krave Kobe Franchising, LLC, the KRAVE KOBE BURGER GRILL franchisor ("**Franchisor**") and hereby individually undertakes to be bound by all of the terms of such Franchise Agreement.

It is the intention of the undersigned that this Personal Guaranty shall be full and absolute. Accordingly, each of the Guarantors hereby waives and agrees not to assert or take advantage of any right or defense based on the absence of any presentment, demand (including demands for performance), notice and protest of each and every kind and of any right to require Franchisor or its assignee to proceed against Franchisee or any other person or to pursue any other remedy before proceeding against a Guarantor.

This Personal Guaranty applies to, binds and inures to the benefit of the Guarantors and their heirs, devisees, legatees, executors, administrators, representatives, successors and assigns. Franchisor may assign its rights hereunder without reducing or modifying the liability of any Guarantor hereunder.

IN WITNESS WHEREOF, each of the Guarantors has executed this Personal Guaranty as of the date set forth below.

______________________________ ______________________________

______________________________ ______________________________

("**Guarantors**")

Dated:_________________________

Attachment 3

CONFIDENTIALITY AGREEMENT

The undersigned Employee of______________________ ("**Employer**"), which has applied for and/or received a THE KRAVE KOBE BURGER GRILL franchise from hereby agrees that he or she shall not, while employed by Employer or following such employment, communicate to, or use for the benefit of, any other person, persons, partnership, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of a THE KRAVE KOBE BURGER GRILL Restaurant; provided, however, that the foregoing does not include information which the Employee can demonstrate came to his or her attention prior to being employed by Employer or which has become a part of the public domain through publication or communication by others.

The Employee agrees to promptly disclose to Employer, any and all ideas, improvements, processes, names, menu items, and enhancements to the franchised business which Employee alone or with others invents, discovers makes or conceives ("Innovations") at any time during, and for a period of one year after employment in a THE KRAVE KOBE BURGER GRILL Restaurant. All such Innovations will be deemed the sole and exclusive property and works made-for-hire for Krave Kobe Franchising, LLC (the "**Franchisor**"). The Franchisor has the right to incorporate such Innovations into the System without compensation to the Employee.

The Employee acknowledges that any failure to comply with the requirements of this Confidentiality Agreement will cause Employer and the Franchisor irreparable injury, and Employee agrees that in addition to any other right or remedy provided by law, Employer and/or the Franchisor shall be entitled to specific performance of, or an injunction against violation of, the requirements of this Confidentiality Agreement.

The Employee agrees that upon termination of his or her employment with Employer for any reason, he or she will return all copies of documents containing confidential information or trade secrets to Employer, including without limitation THE KRAVE KOBE BURGER GRILL Confidential Manuals.

IN WITNESS WHEREOF, the undersigned has executed this document in consideration of his or her employment by the Employer.

DATED: ______________________

Print Name:_______________________________

Signature: _______________________________

("**Employee**")

Attachment 4

SAMPLE GENERAL RELEASE

This GENERAL RELEASE is made and executed by [NAME] ("you"), as of [DATE] ("Effective Date").

WHEREAS, Krave Kobe Franchising, LLC. a California limited liability company ("us") and you entered into a franchise agreement dated [DATE], and [DESCRIBE FACTS].

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasors"), hereby release and forever discharge us and each of our predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively "Releasees"), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which against Releasees the Releasors ever had, now have or which Releasors hereinafter can, shall or may have, for, upon or by reason of any matter, cause or thing whatsoever, through the Effective Date.

You hereby waive any and all rights that you may have under the provisions of Section 1542 of the Civil Code of California which reads as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

You confirm that you have had an opportunity to read this GENERAL RELEASE and discuss it with your attorneys and fully understand and agree to the terms hereof.

______________________________	____________________
Signature	Printed Name

[ATTACH NOTARY FORM FOR ACKNOWLEDGMENT].

California Appendix

APPENDIX TO
KRAVE KOBE FRANCHISING LLC
CALIFORNIA FRANCHISE DISCLOSURE DOCUMENT

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

None of the persons identified in Item 2 of the franchise disclosure document ("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.

In connection with Item 17 of the franchise disclosure document, the following paragraphs are included pursuant to California law:

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

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

3. 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.).

4. 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.

5. The franchise requires a franchisee to execute a general release of claims upon renewal or transfer of the agreement. 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).

6. The Agreements require application of the laws of the state where Your Restaurant is located. This provision may not be enforceable under California law.

7. California Corporations Code Section 31125 requires the franchisor to give the franchisee a disclosure document approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

8. Re: Website: www.kravekobeburger.com

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

KRAVE KOBE FRANCHISING, LLC

Exhibit
B

AREA DEVELOPMENT AGREEMENT

AREA DEVELOPMENT AGREEMENT
TABLE OF CONTENTS

THE KRAVE KOBE BURGER GRILL ®
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT dated ________________, 201__, is between Krave Kobe Franchising, LLC, a California limited liability company ("**We**", "**Us**" or "**Our**"), on the one hand, and ____________________________________, a ___________ organized under the laws of the State of _________________ ("**You**" or "**Your**"), and the person(s) executing this Agreement as "**PRINCIPALS**" (the "**Principals**"), on the other hand.

In consideration of the mutual promises set forth herein, the parties agree as follows:

1. GRANT OF DEVELOPMENT RIGHTS

1.1 Development of Territory. We hereby grant to You the right to open and operate THE KRAVE KOBE BURGER GRILL franchise restaurants ("**Restaurants**") in the geographic area which is specified in **Exhibit A** attached hereto and incorporated herein by reference (the "**Territory**").

1.2 Your Territorial Rights. (a) During the term and any extension or renewal of this Agreement, We will not (a) license or allow any other party to operate a Restaurant within the Territory except one or more "**Non-traditional Venue"** restaurants defined in subsection 2.1(c) below, or (b) open or operate, directly or indirectly, any Restaurants within the Territory (except pursuant to any first refusal rights contained in any Franchise Agreement between You and Us, or as otherwise provided in Article 5 below).

(b) Notwithstanding the foregoing, if You have opened the minimum number of Restaurants referred to in Section 2.1 below and We determine in Our discretion that one or more additional Restaurants should be developed within the Territory, We will notify You in writing of such determination and offer You the right of first refusal to develop such Restaurant(s). If after 30 days following mailing of such notice, We have not received Your written acceptance of such right of first refusal, We may develop such Restaurants within the Territory or authorize other(s) to do so.

1.3 Termination. If this Agreement is terminated as a result of a material breach by You, We will have the full and absolute right to operate or franchise or license other parties to operate THE KRAVE KOBE BURGER GRILL Restaurants within the Territory.

1.4 Other Products and Outlets. You agree that We retain the unrestricted right within the Territory and elsewhere to use, or license others to use, Our trademarks as follows to distribute pre-packaged food and other products.

1.5 Not Transferable. This Agreement is a personal, non-transferable commitment by You to Us based on the personal confidence reposed by Us in the Principals. Accordingly, both parties agree that any attempt without the prior express written consent of Us to transfer, encumber or assign this Agreement by You or by the Principals in any manner whatsoever will cause the immediate and automatic termination of this Agreement, and We will have no further liability or obligation to You or the Principals pursuant to this Agreement.

2. DEVELOPMENT OF TERRITORY

2.1 Development Schedule. (a) You agree to develop at least a total of __________ (____) THE KRAVE KOBE BURGER GRILL Restaurants (the "**Required Restaurants**") within the Territory during the term of this Agreement in strict accordance with the Development Schedule set forth in **Exhibit B** attached hereto and incorporated herein by reference (the "**Development Schedule**").

(b) The Development Schedule contains a specific number of Required Restaurants to be opened and operated by You within the Territory during certain time periods. If any Restaurants within the Territory are closed for business (except for authorized holidays or temporarily for major repairs or otherwise with Our prior written consent), such Restaurants will not be included in computing the number of open and operating Required Restaurants and in satisfying the deadlines set forth in the Development Schedule.

(c) The number of Required Restaurants for purposes of the Development Schedule will not without Our prior written consent include a Restaurant located at a "**Non-Traditional Venue",** which means a site or location within another primary business or at institutional settings such as schools, colleges and universities, military and other governmental facilities, hospitals or other health care facilities, hotels, limited access highways, shopping malls, airports, toll roads, office or in-plant food facilities, sports arenas and stadiums, supermarkets, grocery stores or convenience stores.

2.2 Deadlines. The parties acknowledge and agree that the deadlines set forth in the Development Schedule are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (a) create any obligation to grant additional modifications, amendments, consents or waivers or (b) be effective unless made by written mutual agreement of the parties.

3. DEVELOPMENT FEE

3.1 Development Fee. In consideration of Our grant to You of the right to develop THE KRAVE KOBE BURGER GRILL Restaurants in the Territory as provided for herein, You agree to pay to Us upon execution of this Agreement the Initial Franchise Fee for the first Required Restaurant plus $15,000.00 for each additional Required Restaurant (the "**Development Fee**"). The Development Fee is non-refundable and is fully earned by Us upon Our execution hereof as a result of the grant of rights to You and Our forbearance from developing the Territory Ourselves or through other parties. You will not be entitled to a refund of such fee under any circumstances.

3.2 Amount of Fee. The total Development Fee to be paid by You upon execution of this Agreement is $_______________.

4. DEVELOPMENT PROCEDURES

4.1 Mandatory Compliance. You must at all times remain in compliance with this Agreement and all Franchise Agreements issued for Restaurants developed hereunder. We will not approve any pending franchise application or site approval request by You for additional Restaurant(s) if You are in material breach of any Franchise Agreement.

4.2 Site Approval. You will utilize Your own financial, real estate, construction and any other resources required to develop Restaurants. You agree to comply with the requirements of the Franchise Agreement and any additional requirements provided for in the Manual.

4.3 Franchise Agreements and Fees. You will receive $15,000.00 credit from the Development Fee toward the Initial Franchise Fee for each Required Restaurant, except that the total Initial Franchise Fee for the first Required Restaurant will be included in the Development Fee. You must pay the balance of the Initial Franchise Fee and execute Our then-current form of THE KRAVE KOBE BURGER GRILL Franchise Agreement for each other Required Restaurant. For the second and each of the other Required Restaurants opened pursuant to Your Development Schedule, the Restaurant's Initial Franchise Fee and Royalties will be the same as those contained in Your first Required Restaurant.

4.4 Confidentiality Agreements. You agree to obtain from each of the Principals and any other or Your representatives a Confidentiality Agreement in the form attached hereto as **Exhibit C** and incorporated herein by reference. You further to comply fully with the terms of such Confidentiality Agreement. A copy of all such signed agreements shall be delivered to Us within one week of their execution.

4.5 Designated Operator. The individual named in this Section will devote his or her full time, best efforts and constant personal attention to the development of the Required Restaurants:____. (the "**Designated Operator**"), who must be at all times approved by Us and certified by Us as fully trained for development. Any change in the identity of Your Designated Operator must be approved by Us in writing.

5. EXISTING RESTAURANTS; ACQUISITIONS

5.1 Company Restaurants. If We or another entity under common control with Us ("**Affiliate**") currently operate THE KRAVE KOBE BURGER GRILL Restaurants within the Territory, such Restaurants are specified on **Exhibit A** attached hereto and incorporated herein by reference ("**Company Restaurants**") and any present or proposed franchised Restaurants in the Territory are specified on **Exhibit A** as ("**Franchised Restaurants**"). Unless You are purchasing the Company Restaurants or Franchised Restaurants pursuant to separate agreement, You agree that Company Restaurants and Franchise Restaurants may continue to be operated as THE KRAVE KOBE BURGER GRILL Restaurants notwithstanding their location in the Territory. In any event, such Restaurants will not be included under any circumstances toward meeting Your development obligations hereunder.

5.2 Acquisitions; First Right of Refusal.

(a) We may during the term hereof acquire a chain of restaurants from a third party with the intention of converting some or all of such restaurants to THE KRAVE KOBE BURGER GRILL Restaurants, in which event You agree that We may so convert any of such restaurants located within the Territory so long as We satisfy the following conditions:

(i) We will first send You a written offer to purchase all such restaurants within the Territory at Our total acquisition cost (including without limitation "soft" costs as defined below) for such restaurants.

(ii) You will have thirty days from the date such offer is sent to accept such offer, and until You have either rejected such offer or such thirty day period has lapsed, no conversion or other offer to third parties will be made by Us.

(iii) Your failure to accept such offer within such thirty day period will constitute a rejection.

(b) If You have accepted the above offer and converted such restaurant(s) to Our satisfaction, such restaurants(s) will apply toward meeting Your development obligations under the Development Schedule. If We convert or franchise another party to convert such restaurants, such restaurants will not have any effect on Your obligations under the Development Schedule.

(c) For purposes herein, "**soft costs**" will mean all internal and external costs incurred by Us in connection with the acquisition. These will include, without limitation, cost of funds, personnel time (e.g., in analyzing, negotiating, approving and permitting the acquisition, etc.), and out-of-pocket expenses (e.g., travel, lodging, meals, professional fees to attorneys, architects, engineers, etc.) in connection with the acquisition as applied pro rata to each restaurant being offered to You.

6. TERM; RENEWAL

6.1 Term; Renewal. (a) The initial term of this Agreement ends Five (5) years from the date set forth above **or if initialed**, until the following date:

_______________, 20__. ___________ _______________

6.2 Renewal

You may renew this Agreement for one or more additional five (5) year terms so long as all of the following conditions have been met before the end of the current term:

(a) You must give Us written notice of renewal not less than six (6) months or more than twelve (12) months before the end of the current term;

(b) You must not default in any material provision of this Agreement or any other agreement with Us at any time during the last twelve months of the prior term and must have complied with all material terms and conditions of this Agreement during the current Term;

(c) You must have paid all amounts owed to Us and our affiliated companies ("**Affiliates**") and have timely paid all such amounts throughout the current term;

(d) You and We must have agreed upon a new Development Schedule to apply during the next term;

(e) You must pay Us a "**Renewal Development Fee**" equal to $15,000.00 times the number of the Required Restaurants specified in the new Development Schedule; and

(f) You must execute Our form of a general release of any and all claims against Us, the Company and other Affiliates, and Our and their officers, directors, agents and employees.

7. DEFAULT

7.1 Default by You. We will have the right to terminate this Agreement upon thirty (30) days written notice to You if You fail to perform any of Your material obligations contained in this Agreement and fail to cure such failure within thirty (30) days of Your receipt of such notice.

7.2 Deadlines Missed by You. TIME IS OF THE ESSENCE of this Agreement. Your failure to meet any deadline set forth in the Development Schedule will constitute a material default under this Agreement without any opportunity to cure such default or notice under Section 7.1 hereof. If You fail to meet such a deadline, We may at any time thereafter immediately terminate this Agreement effective upon written notice from Us. The termination of this Agreement will have no effect on any franchises previously issued to You or on franchises to be issued for sites where We have already approved the site and the franchise.

7.3 Other Defaults. A default by You under any THE KRAVE KOBE BURGER GRILL Franchise Agreement developed under this Agreement will constitute a material default under this Agreement, in which event We may terminate this Agreement unless such default is timely cured in accordance with the term of the pertinent Franchise Agreement or applicable law.

8. LEGAL ENTITY; RESTRICTIONS; COVENANTS

8.1 Definition of Principals. For purposes of this Article 8, the term "**Principals**" will include the persons executing this Agreement as Principals, their spouses, minor children or any trust for the benefit of such persons.

8.2 Personal Guarantees. Unless We have given Our written consent to the contrary, each of the Principals signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of the Your obligations under this Agreement and under each and every Franchise Agreement to be entered into pursuant hereto.

8.3 Conflicts of Interest. During the term of this Agreement, neither You nor any Principal will, without Our prior express written consent of, directly or indirectly, engage in, or acquire any financial or beneficial interest in, any Restaurant which is similar to or competitive with the business of THE KRAVE KOBE BURGER GRILL Restaurants ("**Similar Busines**s")

8.4 Authorized Agent. You and the Principals appoint the following person with full authority (the "**Authorized Agent**") to act on Your behalf and on behalf of the Principals in regard to performing, administering or amending this Agreement and any and all Franchise Agreements related to it: ______________________________
We may deal completely with the Authorized Agent in such regard unless and until Our actual receipt of written notice from You of the appointment of a successor to the Authorized Agent;

YOUR INITIALS: __________

8.5 Form of Legal Entity. (a) If You are organized under applicable law as a legal entity such as a corporation, partnership or limited liability company (hereinafter referred to as a "**Legal Entity**"), the Principals must notify Us of the form of such Legal Entity and have received Our written approval and You must comply with this Subsection 7.5 and any other condition which We may require. We will not charge a transfer fee for forming such a Legal Entity.

(b) Unless We provide its prior written consent to the contrary, the Legal Entity must satisfy the following conditions and such other conditions as We may require under the circumstances:

(i) The Legal Entity must be closely held with the single purpose of developing and operating THE KRAVE KOBE BURGER GRILL Restaurants.

(ii) The Principal(s) (as defined in Section 8.1 above) will collectively own and control not less than fifty-one percent (51%) of the voting rights of the Legal Entity or otherwise satisfy Us that the Principals have operational control of the Legal Entity.

(iii) Not more than twenty percent (20%) in the aggregate of the voting rights of the Legal Entity will be owned beneficially or of record by institutional firms or publicly-held corporations.

(iv) There will be no public offerings of debt or equity ownership by or in the Legal Entity without Our prior written consent and approval.

(v) Prior to the end of ___ days after the date of this Agreement, at least $100,000 times the number of Required Restaurants ($___________) cash will be invested in Your Legal Entity, which will be its minimum start up capitalization. You agree to furnish Us with written evidence of such investment on or before the above date.

(vi) You must at all times maintain in the Legal Entity (A) positive working capital and (B) a net worth of at least $100,000 multiplied by the number of Required Restaurants developed hereunder.

(c) Throughout the term of this Agreement, the Legal Entity will not make any transfer of value to any of its beneficial or record owners or any affiliate of such owner (**"Owner")** which would create negative working capital or would cause the net worth of the Legal Entity to be less than $100,000.00 multiplied by the number of Required Restaurants to be developed hereunder. Similarly, there will at no time be any transfer of value to any Owner unless You are fully current in all payments to Us and Our Affiliates and all Advertising Cooperatives in the Territory. For purposes herein, "**transfer of value**" will include but not be limited to gifts, bonuses, salaries, benefits or other compensation, dividends of any nature, loans, cancellation of debt, purchases or sales, or similar transfers.

(d) You agree to notify Us of any proposed issuance or transfer of an ownership interest in the Legal Entity, and We will have thirty (30) days after receipt of such notice to disapprove such intended issuance or transfer. Such disapproval must be reasonable and based on the transferee's being involved with other parties in competition with THE KRAVE KOBE BURGER GRILL Restaurants or having a known history, reputation or character which is adverse to the interests of THE KRAVE KOBE BURGER GRILL Restaurants. Our failure to respond timely to such notice will be deemed an approval of the proposed transfer. Each such notice from You must identify the proposed transferor and transferee and provide a complete and accurate description of the proposed transferee sufficiently detailed to allow Us to make a reasoned decision of approval or disapproval.

(e) Notwithstanding anything to the contrary contained in this Section 8.5, a transfer of ownership interest in the Legal Entity which involves only a transfer between or among the Principals, entities wholly owned and controlled by the Principals or any of them or entities controlled by any Principal for the benefit of members of his or her immediate family shall not require Our prior written approval so long as the other requirements of this Section 8.5 are satisfied and We receive prior written notice of such transfer together with complete details regarding the ownership and legal structure of the transferee(s). We will not unreasonably withhold approval of any transfer so long as the Principals maintain operational control of Your Legal Entity.

(f) The organization documents of the Legal Entity will contain the restrictions set forth in this Section 8.5. You will cause to be printed on each certificate or other document of ownership of the Legal Entity a legend referencing the restrictions contained herein, which will read substantially as follows:

"Transfer of ownership in this company is subject to the
terms and conditions of THE KRAVE KOBE BURGER GRILL
Area Development Agreement and Franchise Agreement(s).
Reference is made to such Agreements and to the restrictive provisions
contained in this company's organization documents."

8.6 Financial Statements. You and the Principals agree that each will furnish Us every year during the term hereof a certified copy of the same form of annual financial statements required of the Franchisee in the Franchise Agreements provided for herein. Such financial statements must be received by Us not later than one hundred twenty (120) days after the last day of each fiscal year. Any amendments to such information will be sent to us promptly. TIME IS OF THE ESSENCE with respect to completion and submission of each such document.

9. MISCELLANEOUS

9.1 Miscellaneous. (a) Each of the parties hereto agrees that the terms and conditions of this Agreement are confidential and restricted to the knowledge of the parties and their respective attorneys, accountants, advisors and only other persons whose knowledge of this Agreement are necessary for the implementation of the transaction contemplated hereby.

(b) The terms hereof are intended only to benefit the parties to this Agreement, and no one else is entitled to any benefits as a result of this Agreement or its terms and conditions.

(c) If any part of this Agreement will for any reason be declared invalid, unenforceable or impaired in any way, the validity of the remaining portions will not be affected thereby, and such remaining portions will remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. It is hereby declared the intention of the parties that they would have executed the remaining portion of this Agreement without including therein any such portions which might be declared invalid.

(d) The parties agree that except for conflict of laws issues, the law of the State where most of the Territory is located will apply to the construction and enforcement of this Agreement and govern all questions which arise with reference hereto. If either party initiates any legal proceeding which involves issues arising out of this Agreement, the prevailing party in such action will be paid its reasonable attorneys' fees and costs by the other party. Such legal proceeding shall be submitted to a court within the county in which Our corporate headquarters are then located (the "**Home County**"). The parties hereby submit to exclusive jurisdiction and venue in the Home County. As of the date of this Agreement, the Home County is Orange County, California.

(e) All notices and other communications required or permitted to be given hereunder will be deemed given when delivered in person, sent by telefax to such person's telefax number, sent by an established overnight delivery service or mailed by registered or certified mail addressed to the recipient at the address set forth below, unless that party will have given such written notice of change of address to the sending party, in which event the new address so specified will be used. If mailed, such notice shall be deemed to have been received three days after mailing, and if sent by overnight delivery, such notice shall be deemed to have been received the day following sending.

(f) All terms used in this Agreement regardless of the number and gender in which they are used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement may require, the same as if such words had been written in this Agreement themselves. All terms used herein shall have their customary meanings unless specified to the contrary. The headings inserted in this Agreement are for reference purposes only and will not affect the construction of this Agreement or limit the generality of any of its provisions. Words in bold face are done so for easer of reference only.

(g) Nothing in this Agreement or any related agreement is intended to disclaim the representations We have made in Our Franchise Disclosure Document. This Agreement and the documents referred to herein constitute the entire agreement between the parties and supersede and cancels any and all prior and contemporaneous agreements, understandings, representations, inducements and statements, oral or written, of the parties in connection with the subject matter hereof. Except as may be expressly authorized herein, no amendment or modification of this Agreement will be binding unless executed in writing by both parties.

9.2 Acknowledgment. BY INITIALING WHERE INDICATED, YOU EXPRESSLY ACKNOWLEDGE THAT:

(a) YOU HAVE ENTERED INTO THIS AGREEMENT AS A RESULT OF YOUR OWN INDEPENDENT INVESTIGATION, AFTER CONSULTATION WITH AN ATTORNEY OR OTHER ADVISOR(S) OF YOUR CHOICE, AND IN ANY EVENT NOT AS A RESULT OF ANY REPRESENTATIONS OF US, OUR AGENTS, OFFICERS OF EMPLOYEES EXCEPT AS CONTAINED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT DELIVERED TO YOU.

YOUR INITIALS:______

(b) THE SUCCESS OF THE FRANCHISED RESTAURANTS WILL BE LARGELY DEPENDENT UPON THE ABILITIES AND EFFORTS OF YOU AND THE PRINCIPALS, AND WE HAVE MADE NO WARRANTY OR GUARANTEE TO YOU THAT THE FRANCHISED RESTAURANTS WILL BE SUCCESSFUL OR PROFITABLE.

YOUR INITIALS:______

(c) YOU HAVE NOT RECEIVED AND ARE NOT RELYING UPON ANY FINANCIAL PROJECTIONS OR SIMILAR INFORMATION OR EARNINGS CLAIMS MADE BY US OR ANYONE ON ITS BEHALF EXCEPT AS CONTAINED IN OUR FRANCHISE DISCLOSURE DOCUMENT.

YOUR INITIALS:______

(d) A COMPLETE COPY OF THIS AGREEMENT AS SIGNED BY YOU WAS RECEIVED BY YOU AT LEAST 7 CALENDAR DAYS PRIOR TO ITS EXECUTION BY YOU, AND A COMPLETE COPY OF OUR FRANCHISE DISCLOSURE DOCUMENT WAS RECEIVED AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT.

YOUR INITIALS:______

* * * * * * * * * * *

IN WITNESS WHEREOF, the parties have executed the Agreement as of the day, month and year first above written.

____
(a ______________________________)

By______________________________

Title: ___________________________

PRINCIPALS:

______________________________ ______________________________

______________________________ ______________________________

KRAVE KOBE FRANCHISING, LLC

By ____

Title ____

EXHIBIT A

TERRITORY

Your Name:

Description of Territory:

Existing Restaurants (if any):

APPROVED:

YOU ___________________________

US: ____________________________

EXHIBIT B

DEVELOPMENT SCHEDULE

1. THE KRAVE KOBE BURGER GRILL Restaurants Development. We have granted to you the right to develop and operate and you agree to develop and operate a minimum number of ________ (__) THE KRAVE KOBE BURGER GRILL franchise Restaurants in accordance with the terms of the Agreement.

2. Development Obligations. You agree to have the minimum number of THE KRAVE KOBE BURGER GRILL Restaurants ("**Restaurants**") open in the Development Area during the Development Periods and in operation at the end of each of the Development Periods listed below:

DEVELOPMENT PERIOD	**RESTAURANTS OPEN AND IN OPERATION DURING AND AT THE END OF THE DEVELOPMENT PERIOD**	
ENDING ON:	DURING DEVELOPMENT PERIOD	CUMULATIVE

APPROVED:

YOU: ___________________________

US: _______________________

EXHIBIT C

CONFIDENTIALITY AGREEMENT

In consideration of receiving information regarding the operation of THE KRAVE KOBE BURGER GRILL Restaurants (the "**Restaurants**") the undersigned ("**Recipient**") agrees that:

1. Recipient will not (a) make unauthorized copies of, (b) disclose to any unauthorized person or (c) use for Recipient's benefit or a THE KRAVE KOBE BURGER GRILL competitor's benefit any trade secrets or confidential information, knowledge or know-how about the methods of operating the Restaurants ("**Confidential Information**") except only for information which Recipient can show was known by him or her before receiving such information from Krave Kobe Franchising, LLC or information which has become a part of the public domain through publication or communication by others.

2. Recipient agrees that any breach of this Confidentiality Agreement will cause THE KRAVE KOBE BURGER GRILL operators irreparable injury, and agrees that in addition to any other right or remedy provided for by law or equity, Krave Kobe Franchising, LLC shall be entitled to specific performance of, or an injunction against violation of, this Confidentiality Agreement.

3. Recipient agrees that upon request he or she will return immediately all copies of any THE KRAVE KOBE BURGER GRILL Manuals and other documents containing Confidential Information to Krave Kobe Franchising, LLC.

IN WITNESS WHEREOF, the undersigned has executed this document as of the date set forth below.

DATED: ___________________

Print Name:______________________________

Signature: ______________________________

Exhibit
C

EXHIBIT C

CONFIDENTIALITY AGREEMENT
(OPERATIONS MANUAL)

This Confidentiality Agreement dated as of ______________________, 201____ by and between the undersigned ("You" and "Your") and Krave Kobe Franchising, LLC ("Franchisor"), with respect to Your request to review its Operations Manual ("Manual") prior to purchasing a franchise.

1. Franchisor agrees to allow You to review the Manual in consideration of Your execution of this Agreement.

2. You agree that the Franchisor considers the Manual to be confidential and proprietary information which may not be disclosed to other parties. Accordingly, You agree that You will not disclose its contents in whole or part to any other person without the prior written consent of the Franchisor. You will not make retain any copies or reproductions of any nature of the Manual.

3. You acknowledge that the restrictions contained in this Agreement are reasonable and necessary to protect Franchisor's legitimate interests in the Manual and that any breach by You of this Agreement will result in irreparable injury to Franchisor for which a remedy at law would be inadequate. Accordingly, You agree that Franchisor shall be entitled to temporary, preliminary and permanent injunctive relief against You, without the necessity of posting bond, in the event of any breach or threatened breach by You of this Agreement, in addition to any other remedy that may be available to Franchisor whether at law or in equity.

AGREED:

____________________________ Printed Name:__________________________

KRAVE KOBE FRANCHISING, LLC

By: _______________________________

Title: _____________________________

Exhibit
D

NAMES AND ADDRESSES OF AGENTS FOR SERVICE OF PROCESS AND STATE REGULATORY AUTHORITIES

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
CALIFORNIA	Ardy Farokhirad 2133 Newport Coast Dr. Newport Beach, CA 92657 (714) 328-6688	Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 or (866) 275-2677
HAWAII	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Securities Compliance Branch Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892
INDIANA	Secretary of State Administrative Offices 201 State House Indianapolis, IN 46204	Securities Commissioner Securities Division, Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020	Maryland Attorney General Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottowa P.O. Box 30213 Lansing, MI 48909 (517) 373-7117

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEW YORK	Secretary of State of the State of New York 41 State Street Albany, NY 11231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Director of Rhode Island Department of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903	Associate Director and Superintendent of Securities Division of Securities Bldg 69, 1st Floor, 1511 Pontiac Ave. Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Division of Securities South Dakota Department of Revenue and Regulation 445 E. Capitol Avenue Pierre, SD 57501	Franchise Administrator Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4013
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501	Administrator Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98501 (360) 902-8760

STATE	AGENTS FOR SERVICE OF PROCESS	REGULATORY AUTHORITIES
WISCONSIN	Wisconsin Commissioner of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 266-3432

Exhibit E

KRAVE KOBE FRANCHISING LLC

FINANCIAL STATEMENTS

For The Years Ended December 31, 2017, 2016 and 2015

with

INDEPENDENT AUDITORS' REPORT THEREON

KMJ | Corbin & Company
Business Advisors Tax and Audit

INDEPENDENT AUDITORS' REPORT

To the Owners
Krave Kobe Franchising LLC

We have audited the accompanying financial statements of Krave Kobe Franchising LLC (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations and members' equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krave Kobe Franchising LLC as of December 31, 2017 and 2016, and the results of its operations and its cash flows each of the three years in the period ended December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

KMJ Corbin & Company LLP

KMJ | Corbin & Company LLP

Costa Mesa, California
April 11, 2018

BALANCE SHEETS

ASSETS	December 31, 2017	2016
Current assets:		
Cash	$ 10	$ 165
Receivable from member	14,996	40,000
Total assets	$ 15,006	$ 40,165
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,156	$ -
Total liabilities	6,156	-
Receivable from member	(35,149)	(9,990)
Members' equity	43,999	50,155
Total members' equity	8,850	40,165
Total liabilities and members' equity	$ 15,006	$ 40,165

STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY

	For The Years Ended December 31,		
	2017	**2016**	**2015**
Net revenues	$ -	$ -	$ -
Cost of revenues	-	-	-
Gross profit	-	-	-
Operating expenses:			
General and administrative expenses	13,683	6,300	5,854
Loss before provision for income taxes	(13,683)	(6,300)	(5,854)
Provision for income taxes	800	800	800
Net loss	(14,483)	(7,100)	(6,654)
Members' equity at beginning of year	50,155	50,155	50,000
Members' contributions:			
Cash	-	-	155
Non-cash	8,327	7,100	6,654
Members' equity at end of year	$ 43,999	$ 50,155	$ 50,155

KRAVE KOBE FRANCHISING LLC

STATEMENTS OF CASH FLOWS

	For The Years Ended December 31, 2017	2016	2015
Cash flows from operating activities:			
Net loss	$ (14,483)	$ (7,100)	$ (6,654)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Expenses paid directly by members	8,327	7,100	6,654
Changes in operating assets and liabilities:			
Accounts payable	6,156	-	-
Net cash provided by operating activities	-	-	-
Cash flows from investing activities	-	-	-
Cash flows from financing activities:			
Loan to members	(40,155)	(49,990)	-
Repayment of loan from members	40,000	-	-
Cash contributed by members	-	-	155
Net cash (used in) provided by financing activities	(155)	(49,990)	155
Net change in cash	(155)	(49,990)	155
Cash at beginning of period	165	50,155	50,000
Cash at end of period	$ 10	$ 165	$ 50,155
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -
Supplemental disclosure of non-cash financing activity:			
Non-cash members contributions	$ 8,327	$ 7,100	$ 6,654

NOTE 1 – DESCRIPTION OF BUSINESS

Krave Kobe Franchising LLC (the "Company") is a franchising company, which is focused on franchising its Krave Kobe Burger Grill business. The Company was formed in California on February 20, 2014, but did not begin operations until May 21, 2014, when it deposited contributions from its members totaling $50,000. The Company will conduct its operations in Southern California. The Company had minimal operational activity to date as it has not yet sold any franchises.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Income Taxes

The Company is a limited liability company that is taxed under sections of Federal and California tax law which provide that, in lieu of federal corporation income taxes and the normal state corporation income taxes, the members separately account for their pro rata share of the Company's items of income, deductions, losses and credits. Therefore, the Company will not record any provision for federal corporation income taxes. A minimum state tax of $800 is recorded for California purposes.

The Company is subject to taxation in the U.S. and California state jurisdictions. The Company's tax years are subject to examination for 2014 and forward for U.S. Federal tax and California tax purposes. The Company does not foresee material changes to its gross liability of uncertain tax positions within the next twelve months.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 3 – CONCENTRATION OF RISK

The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2017, the Company had no balances in excess of the FDIC insurance limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these deposits.

NOTE 4 – INDEMNITIES AND GUARANTEES

The Company has made certain indemnities, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions. The Company indemnifies its directors, officers, employees and agents to the maximum extent permitted under the laws of the State of California. The duration of the indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. The Company has not made any payments for these obligations and no liabilities have been recorded for these indemnities in the accompanying balance sheets.

NOTE 5 – MEMBERS' EQUITY

Net loss is allocated pro rata to the members in proportion to their ownership percentage.

NOTE 6 – RELATED-PARTY TRANSACTIONS

From time to time, the members directly fund the general and administrative expenses of the Company. As the members do not seek reimbursement of these expenses from the Company, the amounts funded by them, totaling $8,327, $7,100 and $6,654 for the years ended December 31, 2017, 2016 and 2015, respectively, have been recorded as a non-cash member contributions.

In the current year, the sole owner borrowed $40,155 from the Company. Subsequent to year end, the owner repaid $14,996.

In September 2017, the owners gifted a restaurant to a family member as a franchise. The owner waived all current and future fees for this franchisee, except for the marketing fund fee. No amounts have been recorded in the financial statements as a result of this transaction.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 11, 2018, and has determined that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes herein.

KRAVE KOBE FRANCHISING LLC

FINANCIAL STATEMENTS

For The Years Ended December 31, 2016 and 2015 and
For The Period From Inception (May 21, 2014) Through December 31, 2014

with

INDEPENDENT AUDITORS' REPORT THEREON

KMJ | Corbin & Company
Business Advisors Tax and Audit

INDEPENDENT AUDITORS' REPORT

To the Owners
Krave Kobe Franchising LLC

We have audited the accompanying financial statements of Krave Kobe Franchising LLC (the "Company"), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations and members' equity, and cash flows for years ended December 31, 2016 and 2015 and for the period from inception (May 21, 2014) through December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krave Kobe Franchising LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years ended December 31, 2016 and 2015 and for the period from inception (May 21, 2014) through December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

KMJ Corbin & Company LLP

KMJ | Corbin & Company LLP

Costa Mesa, California
March 2, 2017

BALANCE SHEETS

ASSETS	December 31, 2016	2015
Current assets:		
Cash	$ 165	$ 50,155
Receivable from member	40,000	-
	$ 40,165	$ 50,155

LIABILITIES AND MEMBERS' EQUITY		
Receivable from member	$ (9,990)	$ -
Members' equity	50,155	50,155
	$ 40,165	$ 50,155

STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY

	For The Years Ended December 31, 2016	For The Years Ended December 31, 2015	For The Period From Inception (May 21, 2014) Through December 31, 2014
Net revenues	$ -	$ -	$ -
Cost of revenues	-	-	-
Gross profit	-	-	-
Operating expenses:			
General and administrative expenses	6,300	5,854	23,301
Loss before provision for income taxes	(6,300)	(5,854)	(23,301)
Provision for income taxes	800	800	800
Net loss	(7,100)	(6,654)	(24,101)
Members' equity at beginning of year	50,155	50,000	-
Members' contributions:			
Cash	-	155	50,000
Non-cash	7,100	6,654	24,101
Members' equity at end of year	$ 50,155	$ 50,155	$ 50,000

STATEMENTS OF CASH FLOWS

	For The Years Ended December 31, 2016	For The Years Ended December 31, 2015	For The Period From Inception (May 21, 2014) Through December 31, 2014
Cash flows from operating activities:			
Net loss	$ (7,100)	$ (6,654)	$ (24,101)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Expenses paid directly by members	7,100	6,654	24,101
Net cash provided by operating activities	-	-	-
Cash flows from investing activities		-	-
Cash flows from financing activities:			
Loan to member	(49,990)	-	-
Cash contributed by members	-	155	50,000
Net cash (used in) provided by financing activities	(49,990)	155	50,000
Net change in cash	(49,990)	155	50,000
Cash at beginning of period	50,155	50,000	-
Cash at end of period	$ 165	$ 50,155	$ 50,000
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -
Supplemental disclosure of non-cash financing activity:			
Non-cash member contributions	$ 7,100	$ 6,654	$ 24,101

NOTE 1 – DESCRIPTION OF BUSINESS

Krave Kobe Franchising LLC (the "Company") is a franchising company, which is focused on franchising its Krave Kobe Burger Grill business. The Company was formed in California on February 20, 2014, but did not begin operations until May 21, 2014, when it deposited contributions from its members totaling $50,000. The Company will conduct its operations in Southern California. The Company had minimal operational activity to date as it has not yet sold any franchises.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Income Taxes

The Company is a limited liability company that is taxed under sections of Federal and California tax law which provide that, in lieu of federal corporation income taxes and the normal state corporation income taxes, the members separately account for their pro rata share of the Company's items of income, deductions, losses and credits. Therefore, the Company will not record any provision for federal corporation income taxes. A minimum state tax of $800 is recorded for California purposes.

The Company is subject to taxation in the U.S. and California state jurisdictions. The Company's tax years are subject to examination for 2014 and forward for U.S. Federal tax and California tax purposes. The Company does not foresee material changes to its gross liability of uncertain tax positions within the next twelve months.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 3 – CONCENTRATION OF RISK

The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2016, the Company had no balances in excess of the FDIC insurance limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these deposits.

NOTE 4 – INDEMNITIES AND GUARANTEES

The Company has made certain indemnities, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions. The Company indemnifies its directors, officers, employees and agents to the maximum extent permitted under the laws of the State of California. The duration of the indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. The Company has not made any payments for these obligations and no liabilities have been recorded for these indemnities in the accompanying balance sheets.

NOTE 5 – MEMBERS' EQUITY

Net loss is allocated pro rata to the members in proportion to their ownership percentage.

NOTE 6 – RELATED-PARTY TRANSACTIONS

From time to time, the members directly fund the general and administrative expenses of the Company. As the members do not seek reimbursement of these expenses from the Company, the amounts funded by them, totaling $7,100, $6,654 and $24,101 for the periods ended December 31, 2016, 2015 and 2014, respectively, have been recorded as additional member contributions.

In the current year, the sole owner borrowed $49,990 from the Company. Subsequent to year end, the owner repaid $40,000.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 2, 2017, and has determined that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes herein.

KRAVE KOBE FRANCHISING LLC

FINANCIAL STATEMENTS

For The Year Ended December 31, 2015 and for the Period From Inception (May 21, 2014) Through December 31, 2014

with

INDEPENDENT AUDITORS' REPORT THEREON

KMJ | Corbin & Company
Business Advisors Tax and Audit

INDEPENDENT AUDITORS' REPORT

To the Owners
Krave Kobe Franchising LLC

We have audited the accompanying financial statements of Krave Kobe Franchising LLC (the "Company"), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations and members' equity, and cash flows for year ended December 31, 2015 and the period from inception (May 21, 2014) through December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

p **714 380 6565** f **714 380 6566** 555 Anton Blvd Suite 1000 Costa Mesa CA 92626 **kmjpartnerscpa.com**
p **818 999 5885** f **818 704 4668** 20720 Ventura Blvd Suite 160 Woodland Hills CA 91364
p **760 431 5465** f **760 431 5466** 2768 Loker Avenue West Suite 101 Carlsbad CA 92010

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krave Kobe Franchising LLC as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the year ended December 31, 2015 and the period from inception (May 21, 2014) through December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

KMJ Corbin & Company LLP

KMJ | Corbin & Company LLP

Costa Mesa, California
January 21, 2016

BALANCE SHEETS

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash	$ 50,155	$ 50,000
	$ 50,155	$ 50,000
LIABILITIES AND MEMBERS' EQUITY		
Members' equity	$ 50,155	$ 50,000
	$ 50,155	$ 50,000

See accompanying notes to the financial statements

STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY

	For The Year Ended December 31, 2015	For The Period From Inception (May 21, 2014) Through December 31, 2014
Net revenues	$ -	$ -
Cost of revenues	-	-
Gross profit	-	-
Operating expenses:		
General and administrative expenses	5,854	23,301
Loss before provision for income taxes	(5,854)	(23,301)
Provision for income taxes	800	800
Net loss	(6,654)	(24,101)
Members' equity at beginning of period	50,000	-
Members' contributions:		
Cash	155	50,000
Non-cash	6,654	24,101
Members' equity at end of period	$ 50,155	$ 50,000

STATEMENTS OF CASH FLOWS

	For The Year Ended December 31, 2015	For The Period From Inception (May 21, 2014) Through December 31, 2014
Cash flows from operating activities:		
Net loss	$ (6,654)	$ (24,101)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Expenses paid directly by members	6,654	24,101
Net cash provided by operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities:		
Cash contributed by members	155	50,000
Net increase in cash	155	50,000
Cash at beginning of period	50,000	-
Cash at end of period	$ 50,155	$ 50,000
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Supplemental disclosure of non-cash financing activity:		
Non-cash member contributions	$ 6,654	$ 24,101

NOTE 1 – DESCRIPTION OF BUSINESS

Krave Kobe Franchising LLC (the "Company") is a franchising company, which is focused on franchising its Krave Kobe Burger Grill business. The Company was formed in California on February 20, 2014, but did not begin operations until May 21, 2014, when it deposited contributions from its members totaling $50,000. The Company will conduct its operations in Southern California. The Company had minimal operational activity to date as it has not yet sold any franchises.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Income Taxes

The Company is a limited liability company that is taxed under sections of Federal and California tax law which provide that, in lieu of federal corporation income taxes and the normal state corporation income taxes, the members separately account for their pro rata share of the Company's items of income, deductions, losses and credits. Therefore, the Company will not record any provision for federal corporation income taxes. A minimum state tax of $800 is recorded for California purposes.

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Use of Estimates

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NOTE 2 – CONCENTRATION OF RISK

The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2015, the Company had no balances in excess of the FDIC insurance limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these deposits.

NOTE 3 – INDEMNITIES AND GUARANTEES

The Company has made certain indemnities, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions. The Company indemnifies its directors, officers, employees and agents to the maximum extent permitted under the laws of the State of California. The duration of the indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. The Company has not made any payments for these obligations and no liabilities have been recorded for these indemnities in the accompanying balance sheets.

NOTE 4 – MEMBERS' EQUITY

Net loss is allocated pro rata to the members in proportion to their ownership percentage.

NOTE 5 – RELATED-PARTY TRANSACTIONS

From time to time, the members directly fund the general and administrative expenses of the Company. As the members do not seek reimbursement of these expenses from the Company, the amounts funded by them, totaling $6,654 and $24,101 for the periods ended December 31, 2015 and 2014, respectively, have been recorded as additional member contributions.

NOTE 6 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through January 21, 2016, and has determined that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes herein.

Exhibit
F

EXHIBIT F

LIST OF CURRENT FRANCHISEES
As of December 31, 20176

CALIFORNIA

Niven Farokhirad
630 S. Grand Ave. #106
Glendora, CA 91740
626-852-7773

Exhibit G

ITEM 23. 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 Krave Kobe Franchising 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.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Krave Kobe Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading misstatement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit D.

The franchisor is Krave Kobe Franchising LLC, located at 2133 Newport Coast Drive, Newport Beach, CA 92657. Its telephone number is (714) 328-6688.

Issuance Date: March 14, 2018

The franchise seller(s) for this offering are Ardy Farokhirad at 21667 Casino Ridge Road, Yorba Linda, CA 92657
Any additional individuals franchise sellers involved in offering the franchise are:

____

____

Krave Kobe Franchising LLC authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I have received a disclosure document dated March 14, 2018 that included the following Exhibits:

A. Franchise Agreement and Related Materials including State Addenda
B. Area Development Agreement
C. Confidentially Agreement
D. State Agents and State Administrators
E. Financial Statements
F. Current Franchisees
G. Receipt

___________ ______________________________
Date Franchisee

Printed Name:__________________________

You may return the signed receipt either by signing, dating, and mailing it to Krave Kobe Franchising LLC, 2133 Newport Coast Drive, Newport Beach, CA 92657, or by faxing a copy of the signed and dated receipt to Krave Kobe Franchising LLC at (714) 777-1336.

ITEM 23. RECEIPT (YOUR COPY)

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

If Krave Kobe Franchising 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.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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F. Current Franchisees
G. Receipt

__________ ______________________________
Date Franchisee

Printed Name:________________________

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