



NOV 19 2018

Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

Naf-Naf Franchising LLC
A Delaware limited liability company
720 North Franklin, Suite 401
Chicago, Illinois 60654
(773) 293-6120
franchise@nafnafgrill.com
www.nafnafgrill.com

The franchise offered is to operate a restaurant under the "NAF NAF® Middle Eastern Grill" name and other trademarks offering and selling Middle-Eastern and Mediterranean fare, including shawarma, falafel, hummus, and pita, and other food products and beverages.

The total investment necessary to begin operation of a new NAF NAF® Middle Eastern Grill is \$563,500 to \$984,000 (excluding real estate costs). This includes \$40,000 to \$75,000 that must be paid to the franchisor or affiliate. If you want development rights, you must pay us a development fee equal to \$40,000 (the initial franchise fee for the first Restaurant) plus a \$30,000 deposit for each additional Restaurant's \$40,000 initial franchise fee.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our corporate office 720 North Franklin Street, Suite 401, Chicago, Illinois 60654, (773) 293-6120.

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

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

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

Issuance date of this Franchise Disclosure Document:

July 1, 2018, as amended
November 2, 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 E for information about the franchisor or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION ONLY IN CITY AND STATE WHERE WE HAVE OUR PRINCIPAL BUSINESS ADDRESS WHEN THE ACTION IS COMMENCED (IT CURRENTLY IS IN CHICAGO, ILLINOIS). OUT-OF-STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH US IN OUR HOME CITY AND STATE THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT ILLINOIS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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

NAF-NAF FRANCHISING LLC

STATE REGISTRATIONS

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/or disclosure laws, with the following effective dates:

California	Pending
Illinois	Pending
Indiana	July 19, 2018, as amended November 2, 2018
Maryland	Pending
Michigan	November 2, 2018
Wisconsin	November 16, 2018

In all other states without franchise registration laws, the effective date of this Franchise Disclosure Document is the issuance date of July 1, 2018, as amended November 2, 2018.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE
MICHIGAN FRANCHISE INVESTMENT LAW**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48933
(517) 373-7117

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration section of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT H.

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Naf-Naf Franchising LLC ("we," "us," or "our"). "You" means the person to whom or entity to which we grant a franchise and, if applicable, development rights. If you are a corporation, limited liability company, or other legal entity, your owners must sign our "Guaranty and Assumption of Obligations" or "Owner's Undertaking of Non-Monetary Obligations" (depending on the ownership percentage). This means all or some of our Franchise Agreement's provisions (Exhibit B) also will apply to your owners.

We are a Delaware limited liability company. Our principal business address is 720 North Franklin Street, Suite 401, Chicago, Illinois 60654. We conduct business under our limited liability company name and the trademarks described in Item 13 and no other name. We have no predecessors. Our parent company currently is Naf-Naf Holdings, LLC ("Naf-Naf Holdings"), which shares our principal business address. Naf-Naf Holdings owns the trademarks, operating systems, and other intellectual property we license to you. Naf-Naf Holdings has never offered franchises in any line of business but has owned and operated NAF NAF® Middle Eastern Grill Restaurants since 2010. We have no other affiliates currently disclosable in this Item 1. If we have an agent in your state for service of process, we disclose that agent in Exhibit E.

The Franchise Offered

We grant franchises to develop and operate fast-casual restaurants identified by the Marks, which offer and sell Middle-Eastern and Mediterranean fare, including shawarma, falafel, hummus, and pita, and other food products and beverages. While these restaurants are called NAF NAF® Middle Eastern Grill Restaurants, in this disclosure document we refer to them collectively as "NAF NAF Restaurants" and refer to your NAF NAF Restaurant as the "Restaurant." NAF NAF Restaurants operate under the trademarks, service marks, and other commercial symbols we periodically designate, including "NAF NAF GRILL®" and "NAF NAF®" (the "Marks"), and the mandatory and suggested specifications, standards, operating procedures, and rules we periodically specify for NAF NAF Restaurants ("Brand Standards"). Your Restaurant must offer the products and services we specify.

We also may grant multi-unit development rights to qualified franchisees, which then may develop a specific number of NAF NAF Restaurants within a defined territory according to a pre-determined development schedule. These franchisees may open and operate their NAF NAF Restaurants directly or through controlled affiliates. Our Development Rights Rider to Franchise Agreement is Exhibit C. (Development rights are described more fully in Items 5 and 12.) Franchisees signing our Development Rights Rider must sign our then-current form of Franchise Agreement for each additional NAF NAF Restaurant they develop under that Development Rights Rider. While that form may differ substantially and materially year to year from the first Franchise Agreement they sign for their first NAF NAF Restaurant to be developed (and our current version of Franchise Agreement is disclosed in this disclosure document), we commit to keep the initial franchise fee, Royalty, Tech Fee, Ad Fund contribution, and minimum

required Market Introduction Program expense the same in the first Franchise Agreement signed for each NAF NAF Restaurant developed under the same Development Rights Rider.

We have offered franchises and development rights for NAF NAF Restaurants since July 2018. We have no other business activities and have not offered franchises in other lines of business. We have never operated a NAF NAF Restaurant (although, as noted above, Naf-Naf Holdings does).

Your Restaurant will offer products and services to the general public throughout the year. The restaurant industry is mature and competitive. You will face competition from numerous businesses, including national, regional, and local restaurant chains (both company-owned or franchised), independent restaurants, grocery and convenience stores serving prepared foods, and other foodservice businesses, whether or not they sell Middle-Eastern or Mediterranean fare. Many competitors currently are larger and have better financial resources and name recognition than "NAF NAF®." However, we believe NAF NAF Restaurants will be distinguishable by their atmosphere and high-quality food and service.

No regulations apply specifically to the industry in which NAF NAF Restaurants operate. However, federal, state, and local food safety, sanitation, handling, labeling, storage, and other laws governing all foodservice operations might impact restaurant operations more than others. You must comply with these laws and with laws applying generally to all businesses. You should investigate these laws and regulations when evaluating your franchise acquisition.

Item 2 **BUSINESS EXPERIENCE**

Director and Chief Executive Officer: Paul Damico

Mr. Damico has been a Director and our Chief Executive Officer since our formation in June 2018 and Chief Executive Officer of Naf-Naf Holdings, located in Chicago, Illinois, since June 2017. He was President of Focus Brands, located in Atlanta, Georgia, from January 2014 until June 2017 and President of Moe's Southwest Grill, located in Atlanta, Georgia, from May 2008 until January 2014.

Director, Chief Financial Officer, and Secretary: Grady Metoyer

Mr. Metoyer has been a Director and our Chief Financial Officer and Secretary since our formation in June 2018 and Chief Financial Officer of Naf-Naf Holdings, located in Chicago, Illinois, since January 2018. He was Chief Financial Officer of MuscleMaker, located in Houston, Texas, from January 2017 until December 2017 and Vice President/Chief Financial Officer of Sysco, located in Houston, Texas, from January 2013 until December 2016.

Senior Vice President, Operations: Jeffrey Smith

Mr. Smith has been Senior Vice President, Operations of Naf-Naf Holdings, located in Chicago, Illinois, since June 2017. He was Regional Director for Noodles & Company, located in Boulder, Colorado, from January 2016 until January 2017, Vice President Operations for

CampBowWow, located in Denver, Colorado, from June 2015 until December 2015, Vice President Operations for Southern Hospitality, located in Denver, Colorado, from April 2015 until June 2015, and Vice President, Corporate Operations for Qdoba, located in Denver, Colorado, from October 1996 until December 2014. (He was in between positions during the open months above.)

Vice President, Operations Services: Lisa McBeth

Ms. McBeth has been Vice President, Operations Services of Naf-Naf Holdings, located in Chicago, Illinois, since October 2016. She was Vice President, Operations Services for Qdoba, located in Denver, Colorado, from January 2003 until June 2016. (She was in between positions between June and October 2016.)

Vice President, Brand: Stacey Murray

Ms. Murray has been Vice President, Brand of Naf-Naf Holdings, located in Chicago, Illinois, since May 2016. She was Director, Brand Experience and Marketing for Hyatt Hotels, located in Chicago, Illinois, from January 2006 until May 2016.

Vice President, Construction: Brian Rich

Mr. Rich has been Vice President, Construction of Naf-Naf Holdings, located in Chicago, Illinois, since July 2015. He was in construction with Dairy Queen, located in Minneapolis, Minnesota, from April 2013 until July 2015.

Vice President, Franchise Sales: David A. Vernon

Mr. Vernon has been Vice President, Franchise Sales for Naf-Naf Holdings, located in Chicago, Illinois, since October 2018. He held various positions with Wingstop Restaurants Inc., located in Dallas, Texas, from October 2010 through April 2017, including Chief Development Officer from August 2015 through April 2017. He was in between positions from April 2017 until October 2018.

Vice President, Information Technology: Bill McMillan

Mr. McMillan has been Vice President, Information Technology of Naf-Naf Holdings, located in Chicago, Illinois, since October 2018. He was Owner of Integrated Restaurant Technologies, located in Aurora, Colorado, from March 2017 through October 2018 and from September 2015 through May 2016. He was Chief Information Officer of Pepper Jax Grill located in Kearny, Nebraska, from July 2016 through March 2017. He was Vice President of Information Technology for Qdoba Restaurant Corporation, located in Denver, Colorado, from September 2001 through December 2015.

Item 3 **LITIGATION**

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. The initial franchise fee is \$40,000 and is not refundable under any circumstances.

You must conduct and spend at least \$35,000 on a market introduction program for the Restaurant. We expect this program to begin approximately 1 month before and to continue for approximately 1 month after the Restaurant opens (although we may specify a different timeframe). We will discuss with you what type of market introduction program we believe is most suitable for your Restaurant's market. At our request, you must pay us the program's anticipated costs, which we then will either spend for you in the Restaurant's market or re-pay you as you send us invoices or receipts confirming your commitment with vendors to move forward with the approved program. This payment is not refundable.

Our system provides initial training for up to 4 people for no additional fee. However, if your Operating Principal or any Restaurant Manager cancels participation in any training program for which he or she pre-registers and pays us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than 2 weeks before the class or program is scheduled to begin, we will apply one-half of the training fee as a credit toward the fees due for a future training class or program that your Operating Principal or Restaurant Manager attends. However, if participation is cancelled 2 weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees due. Training fees otherwise are not refundable.

Development Rights Rider

If you sign our Development Rights Rider because you commit to develop multiple NAF NAF Restaurants in a territory, we currently charge a development fee that you must pay in full when you sign the Development Rights Rider. The development fee equals the full \$40,000 initial franchise fee for the first Restaurant covered by the Franchise Agreement to which the Development Rights Rider is attached, plus a \$30,000 deposit for each additional Restaurant to be developed. You must pay the rest of the initial franchise fee for each Restaurant (that is, \$10,000) when you sign the Franchise Agreement for that Restaurant. We do not discount initial franchise fees under the Development Rights Rider; the initial franchise fee for each Restaurant you commit to develop is \$40,000. We will identify the number of Restaurants you must develop, the deadlines for developing them, and the applicable development fee before signing the Development Rights Rider.

The development fee is not refundable under any circumstances. If you sign the Development Rights Rider, pay the development fee, and then cannot find sites for NAF NAF

Restaurants or choose for another reason not to perform (in which case we terminate the Development Rights Rider), we may keep the entire development fee and need not return any money to you.

Item 6
OTHER FEES

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Royalty	5% of Restaurant's bi-weekly Gross Sales ⁽³⁾	Due by Wednesday following end of each 2 calendar-week period ⁽⁴⁾	
Technology	Currently 1% of Restaurant's bi-weekly Gross Sales, but not to exceed 3% of bi-weekly Gross Sales ⁽³⁾	Due by Wednesday following end of each 2 calendar-week period ⁽⁴⁾	Item 11 discusses how we use the Tech Fee.
Ad Fund Contributions	Currently 2% of Restaurant's bi-weekly Gross Sales, but not to exceed 4% of bi-weekly Gross Sales (However, we may increase up to total of 6% of Gross Sales if we concurrently and proportionately reduce your required minimum Local Marketing Spending Requirement)	Due by Wednesday following end of each 2 calendar-week period ⁽⁴⁾	Item 11 discusses the Ad Fund and your other advertising obligations. Your total minimum Ad Fund contribution (which we administer), Local Marketing Spending Requirement, and Cooperative contribution will not exceed 6% of your Restaurant's Gross Sales.
Local Marketing Spend	At least 2% of Restaurant's Gross Sales	Must be spent monthly ⁽⁶⁾	

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Cooperative Contributions ⁽⁵⁾	An amount we specify up to 2% of monthly Gross Sales	As specified	Item 11 discusses Cooperatives. We have not yet formed any Cooperatives and do not yet require Cooperative contributions. Footnotes 5 and 6 below and Item 11 describe your local advertising obligations. Your total minimum Ad Fund contribution, Local Marketing Spending Requirement, and Cooperative contribution will not exceed 6% of your Gross Sales.
Successor Franchise Fee	\$10,000	When you sign successor franchise agreement (if you have that right)	
Transfer of Franchise Rights or Controlling Ownership Interest in Franchisee	50% of our then-current initial franchise fee for new franchisees but \$5,000 if transfer is among your owners, your or their immediate family members, or an entity you control, or transferee either is a NAF NAF Restaurant franchisee in good standing for past 5 years or managed a NAF NAF Restaurant for at least 5 years	Upon transfer	
Transfer of Non-Controlling Ownership Interest in Franchisee	\$2,500	Upon transfer	

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Ongoing and Supplemental Training	Our then-current fee for ongoing and supplemental training, plus our expenses, if at your Restaurant. Our current fee is \$500 per trainer per day; we may charge up to \$1,000 per trainer per day	As incurred	We may charge you for ongoing and supplemental training provided at your Restaurant or in your market.
Retraining of Operating Principal or Restaurant Manager / Training of Replacement Operating Principal or Restaurant Manager	Our then-current fee for training, plus our expenses, if at your Restaurant. Our current fee is \$500 per trainer per day; we may charge up to \$1,000 per trainer per day	As incurred	Due if your Operating Principal or Restaurant Manager fails to complete initial training program; we determine after inspection that Restaurant is not operating according to Brand Standards; or we must train Replacement Operating Principal or Restaurant Manager.
Annual Meeting / Convention	Will vary under circumstances (not to exceed \$500 per person; does not include your actual out-of-pocket attendance costs)	As incurred	You (or your designated representative we approve) must, at our request, attend our annual franchisee meeting and pay an attendance fee. We will charge this fee even if you do not attend.
Product and Service Purchases	Item 8 discusses product and service purchases	As incurred	You must buy certain products and services from us or certain of our affiliates, from designated or approved distributors and suppliers, or according to our standards and specifications.
Testing and Evaluation Costs	Projected testing/evaluation costs (amount depends on circumstances, including supplier's location, testing required, and item involved)	As incurred	Covers costs of testing new products/services or inspecting new suppliers you propose.

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Computer Software and Technology, Support, and Upgrades	Not to exceed \$1,000 per month (depending on number of users and locations)	As incurred	We and our affiliates may charge you up-front and ongoing (e.g., weekly, monthly, or other) fees for proprietary software or technology licensed to you and related support services to the extent not covered by the Tech Fee; the fee may increase as costs increase. We do not now provide these services and therefore do not have a set charge; we may charge you if we provide these services at a later time and will notify you when we establish the charge.
Franchise System Website/Intranet	Up to \$100 per month	As incurred	Ad Fund may pay for creating, developing, maintaining, and operating a Franchise System Website and Intranet; we may require you to pay a separate fee if (or to the extent) Ad Fund or Tech Fee does not cover these costs.
Relocation	Not to exceed \$5,000 plus reasonable costs we incur	As incurred	Due only if you relocate Restaurant.
Audit	Cost of inspection or audit, including legal fees and independent accountants' fees, plus travel expenses, room and board, and compensation of our employees (amount depends on nature and extent of your non-compliance)	As incurred	Due if you fail to report or understate Gross Sales by 2% or more.

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Inspection Fee	Actual costs of first follow-up audit (including our personnel's daily charges (i.e., wages) and travel, hotel, and living expenses) \$2,500 for the second and each follow-up evaluation we make and for each inspection you specifically request	As incurred	Compensates our costs and expenses for each follow-up inspection to confirm your compliance with Franchise Agreement, Brand Standards, and food safety standards.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	When invoiced	Due on past due amounts.
Administrative Fee	\$100	When invoiced	Due for each late or dishonored payment.
Records Deficiency Fee	\$100 per day	When invoiced	Due if you fail to give us any statistical, financial, accounting, or other report, statement, or record we require for the Restaurant by the specified deadline.
Development Images Deficiency Fee	\$100 per day	When invoiced	Due if you fail to give us any images/recordings for the Restaurant's development by the specified deadline.
Non-Compliance Fee	\$250 per violation	When billed	Due if you deviate from contractual requirement, including Brand Standard. This compensates us for administrative and management costs, not for our damages due to your default.
Costs and Attorneys' Fees	Varies under circumstances and depends on nature of your non-compliance	As incurred	Due when you do not comply with Franchise Agreement.

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Indemnification	Varies under circumstances and depends on nature of third-party claim	As incurred	You must reimburse us for all claims and losses arising out of (i) Restaurant's construction, design, or operation, (ii) the business you conduct under Franchise Agreement, (iii) your non-compliance or alleged non-compliance with any law, (iv) a data security incident, or (v) your breach of Franchise Agreement.
Management Fee	Up to 5% of Gross Sales, plus any out-of-pocket expenses incurred in connection with Restaurant's management	As incurred	Due if we assume Restaurant's management in certain situations, including your default.
Tax Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse us for taxes we must pay any state taxing authority on account of either your operation or your payments to us (except for our income taxes).
Insurance Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs if we obtain insurance coverage for Restaurant because you fail to do so.
De-Identification Fee	Cost reimbursement	As incurred	You must reimburse our costs of de-identifying your Restaurant if you fail to do so.
Training Cancellation Fees	Varies	As incurred	Item 5 describes our cancellation fee policy, and this Item describes our current training fees.
Lost Future Royalties	Depends how much time remains in franchise term when we terminate with cause or you terminate without cause	On demand	These are our damages caused by your breach of contract.

Notes:

1. Except as noted above and in Item 8 for certain product and service purchases, all fees are imposed and collected by and payable to us. Except as noted above, no fee is refundable. All fees currently are uniformly imposed.

2. We reserve the right to increase the amount of any fixed fee, fixed payment, or fixed amount stated under the Franchise Agreement based on changes in the Index (defined below) ("Annual Increase"). An Annual Increase may occur only once per calendar year and may not exceed the corresponding cumulative increase in the Index since the Franchise Agreement's effective date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made at the same time during the calendar year. "Index" refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. We also reserve the right, if any fixed fee, payment, or amount due from you under the Franchise Agreement encompasses any third-party charges we collect from you on a pass-through basis (*i.e.*, for ultimate payment to the third party), to increase the fixed fee, payment, or amount beyond the Annual Increase to reflect increases in the third party's charges to us.
3. "Gross Sales" means the aggregate amount of all revenue and other consideration generated from any source, including revenue and other consideration generated from the sale of products, services, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance; and (if we allow barter) the value of products, services, and merchandise bartered in exchange for the Restaurant's products, services, or merchandise. Gross Sales are not reduced by the amount of any discounts on products or services sold to employees, family members, or other businesses you own or control or by the amount paid to, collected by, or shared with third-party food ordering and delivery systems with which we allow the Restaurant to do business. All of those transactions must be entered into the Computer System at the full, standard retail price for purposes of calculating Gross Sales. However, Gross Sales exclude: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities; and (iv) promotional or marketing discounts we permit. In addition, Gross Sales are reduced by the amount of any credits provided in compliance with our policies. Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift cards we approve for sale at NAF NAF Restaurants is included in Gross Sales when the gift card is used to pay for products and services. Your Restaurant may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We may grant or withhold our approval as we deem best.
4. Each calendar week currently begins on Monday and ends on Sunday, although we may change the first and last days of each calendar week for Royalty (and other payment) calculation purposes. You must sign and send us the documents we periodically require, or enable the electronic mechanism, authorizing us to debit your business checking or other account automatically for the Royalty, Tech Fee, Ad Fund contribution, and other amounts due under the Franchise Agreement or otherwise. If we institute an automatic

debit program for the Restaurant, we will debit your account on or before the payment due date for the Royalty, Tech Fee, Ad Fund contribution, and other amounts due. Funds must be available in the account for withdrawal. We may require you to have a specific amount of overdraft protection for your bank account. You must reimburse any "insufficient funds" charges and related expenses we incur due to your failure to maintain sufficient funds in your bank account.

If you fail to report the Restaurant's Gross Sales when required, we may debit your account for 125% of the Royalty, Tech Fee, and Ad Fund contribution we debited for the previous payment period. If the amount we debit is less than the amount you actually owe us (once we determine the Restaurant's actual Gross Sales), we will debit your account for the balance due on the day we specify. If the amount we debit is greater than the amount you actually owe us (once we determine the Restaurant's actual Gross Sales), we will credit the excess, without interest, against the amount we may debit for the following payment period.

5. We may designate a geographic area for an advertising cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of NAF NAF Restaurants located and operating in that area (including us and our affiliates, if applicable). We may require you to contribute up to 2% of the Restaurant's monthly Gross Sales to the Cooperative. Any Cooperative dues count toward your Local Marketing Spending Requirement for the Restaurant but not toward your market introduction program or required Ad Fund contributions.
6. You must spend at least 2% of the Restaurant's monthly Gross Sales on Marketing Materials (defined in Item 11) and advertising, marketing, and promotional programs for the Restaurant (the "Local Marketing Spending Requirement"). We will credit your Cooperative contributions (see note 5 above) toward the Local Marketing Spending Requirement. However, we do not count the market introduction program or Ad Fund contributions toward this minimum obligation. We may review your books and records and have you send us reports to determine your advertising, marketing, and promotion expenses. If you fail to spend (or prove that you spent) the Local Marketing Spending Requirement, we may require you to contribute the shortfall to the Ad Fund. At our request, you must pay us the Local Marketing Spending Requirement, which we will then re-pay you as you send us invoices or receipts confirming your commitment with vendors to move forward with the approved local marketing programs.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee ⁽¹⁾	\$40,000	Lump sum	When you sign Franchise Agreement	Us
Rent and security deposit ⁽²⁾	See Note 2	As agreed	As incurred	Landlord
Construction / Leasehold improvements ⁽³⁾	\$210,000 – \$480,000	As incurred	As incurred	General contractor
Architect/Engineers/ Expeditor Fees	\$10,000 – \$46,000	Lump sum	As incurred	Architect, Engineer, and Expeditor
Furniture, Fixtures, and Equipment ⁽⁴⁾	196,500 – \$213,500	Lump sum	As incurred	Suppliers
Signage ⁽⁴⁾	\$10,500 – \$32,000	As incurred	As incurred	Suppliers
Digital/Menu Boards	\$3,000 – \$11,000	As incurred	As incurred	Suppliers
Opening inventory and supplies	\$4,000 – \$10,000	Lump sum	Before opening	Suppliers
Point-of-Sale and Computer Systems ⁽⁵⁾	\$20,000 – \$24,000	Lump sum	Before opening	Suppliers
Market Introduction Program ⁽⁶⁾	\$35,000	Lump sum	As incurred	Marketing/ Advertising Sources or Us
Training Expenses ⁽⁷⁾	\$12,000 – \$14,000	Out of pocket travel-related expenses, as incurred	During training	Third party vendors
Insurance (Annual) ⁽⁸⁾	\$2,500 – \$3,500	As incurred	As incurred	Insurance broker
Miscellaneous Opening Costs ⁽⁹⁾	\$10,000 – \$25,000	As incurred	As incurred	Third party vendors

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional funds— 3 months ⁽¹⁰⁾	\$10,000 – \$50,000	As incurred	As incurred	Employees, suppliers, and other third parties
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate costs) ⁽¹¹⁾	\$563,500 – \$984,000			

- Except for security and utility deposits, no expenditure in the table is refundable.

Notes:

1. We describe the initial franchise and development fees in Item 5. No separate initial investment is required when you sign the Development Rights Rider.
2. A standard NAF NAF Restaurant occupies approximately 2,000 to 2,600 square feet of leased space in a strip shopping center, lifestyle center, or similar location. The preferred trade area is a metropolitan market with a large working population or a densely-populated suburb. The site should be close to daytime traffic drivers (for example, dense urban office neighborhoods, suburban office parks or corporate campuses, and large entertainment, hospital, or transportation complexes). Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors. Rents vary from market to market and likely will be higher in large metropolitan areas than in suburban markets and smaller metropolitan areas. Your landlord likely will require you to pay a security deposit equal to 1 month's rent or more. Your lease negotiations with your landlord and the size and market area of the Restaurant's location will determine when your rental payments will begin. The initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Restaurant.
3. The estimate includes amounts for construction, remodeling, fixed assets, leasehold improvements, and decorating costs. This figure is based on our expectation that you will lease the Restaurant's site from the landlord in good condition (a "Vanilla Box"). "Vanilla Box" refers to a commercial building with a minimally-finished interior, i.e., usually with plumbing, heating and cooling (HVAC), interior walls (painted or unpainted), electrical outlets, and a concrete floor. We expect the Vanilla Box to have certain specifications detailed in the Operations Manual. Leasehold improvement costs—which could include floor and window covering, wall treatment, counters, ceilings, painting, electrical, carpentry, and similar work, and contractor's fees—depend on the site's condition, location, and size; the demand for the site among prospective lessees; the

site's previous use; the build-out required to conform the site for your Restaurant; and any construction or other allowances the landlord grants. Your costs might be more or less than this estimate based on where you plan to operate your Restaurant.

4. This includes signage, refrigerators, ovens, freezers, preparation tables, customer tables, chairs, booths, and other items listed in our Operations Manual or equipment and small-wares listings.
5. We describe the required point-of-sale/computer system in Item 11. This estimate includes initial Payment Card Industry (PCI) Data Security Standard compliance costs.
6. You must spend this amount for an initial market introduction program for your Restaurant, which we will help you develop. You must send us your proposed market introduction program showing how you intend to spend this money at least 45 days before its planned rollout date.
7. This estimates the cost for your Operating Principal and Restaurant Managers to attend our required initial training program. Although we do not charge tuition, you must pay all attendance costs, which depend on point of origin, method of travel, class of accommodations, and living expenses (food, transportation, etc.). You should consider employee wage requirements and practices in your market area.
8. You must obtain and maintain certain types and amounts of insurance coverage. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross sales, number of employees, square footage, location, business contents, and other factors affecting risk exposure. The estimate contemplates insurance costs for 12 months. You should check with your insurance agent regarding additional insurance you might wish to obtain above our stated minimums.
9. This covers office supplies, alarm system, related items, and the costs of professional advisors (like an attorney and accountant) for initial advice relating to starting a franchised business. We strongly recommend that you seek professional assistance when evaluating this franchise opportunity and our franchise documents. Your professional advisors also should review the lease and other contracts you sign for your Restaurant.
10. This line-item estimates the funds needed to cover your initial expenses during the first 3 months of operation (other than the items identified separately in the table). These expenses do not include any draw or salary for you. However, this is only an estimate, and you might need additional working capital during the first 3 months you operate your Restaurant and for a longer timeframe afterward. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Restaurant will break even. We cannot guarantee when or if your Restaurant will break even. Your costs will depend on whether you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and your Restaurant's revenue during the initial period. We relied on our affiliates' NAF NAF Restaurant

development and operating experience since 2010 to compile this Additional Funds estimate.

11. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. Availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Restaurant according to our Brand Standards. Brand Standards may regulate, among other things, types, models, and brands of required furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System) for the Restaurant (collectively, "Operating Assets"); required, authorized, and unauthorized products and services for the Restaurant; and designated and approved suppliers of items and services. You must buy or lease all Operating Assets and other products and services for the Restaurant only according to our Brand Standards and, if we require, only from suppliers we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources) at the prices the suppliers choose to charge.

We and our affiliates currently are not approved or designated suppliers of any items. Brand Standards may cover terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services you obtain from us and affiliated and unaffiliated suppliers.

You currently must buy the Restaurant's food, paper products, operating supplies, computer/point-of-sale system, printed marketing/advertising materials, gift card/loyalty program services, and music services only from suppliers we designate or approve. No officer of ours owns any interest in any current supplier to the franchise system. We restrict your sources of items and services in many cases to enhance food safety, protect trade secrets and other intellectual property, help assure quality and a reliable supply of products meeting our standards, achieve better purchase and delivery terms, control third party use of the Marks, and monitor the manufacture, packaging, processing, sale, and delivery of these items.

At least 30 days before using them, you must send us all Marketing Materials we have not prepared or already approved and all approved Marketing Materials that you propose to change in any way. If we do not approve those materials within 10 business days after receiving them, they are deemed disapproved. You may not use any Marketing Materials we have not approved or have disapproved. You also will conduct a market introduction program for the Restaurant that we must pre-approve.

You must obtain our written acceptance of the Restaurant's proposed site and lease before moving forward at that location. You may not relocate the Restaurant without our prior written approval. (Item 11 describes the site selection and leasing process.)

You must develop the Restaurant at your expense. We will give you construction guidelines and mandatory and suggested specifications and layouts for a NAF NAF Restaurant ("Plans"), including requirements or recommendations (as applicable) for dimensions, design, interior layout, décor, signage, and Operating Assets. All other decisions regarding the Restaurant's development and layout, design, color scheme, finishes, improvements, décor, and Operating Assets are subject to our review and prior written approval. You must make sure the Restaurant's construction and remodeling plans comply with the Americans with Disabilities Act ("ADA"), zoning regulations, environmental laws and regulations, other applicable ordinances, building codes and permit requirements, and lease requirements and restrictions. We have the right to pre-approve the architect and general contractor you propose to use to develop the Restaurant before you hire them.

You must send us for pre-approval all construction and remodeling plans and specifications ("Adapted Plans") before beginning Restaurant build-out and all revised or "as built" plans and specifications prepared during construction and development. Our review is limited to reviewing your compliance with our layout and design requirements. Our review is not intended or designed to assess your compliance with applicable law, which is your responsibility.

You must at your expense construct, install trade dress and furnish all Operating Assets in, and otherwise develop the Restaurant according to our standards, specifications, and directions. The Restaurant must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You agree to place or display at the Restaurant (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and materials we approve.

We periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Restaurant and/or incur higher operating costs. You must implement any changes in mandatory Brand Standards within the time period we request. However, except for changes in the Computer System and signage and logo (i.e., Restaurant exterior and interior graphics), the timing and amounts for which are not limited (and except for certain changes in connection with a transfer, the timing and amounts for which are not limited), we will not obligate you, unless required by a lease or applicable law, to make any capital modifications: (a) during the first 2 years of the franchise term (unless we also then require all other NAF NAF Restaurants, including NAF NAF Restaurants owned by us or our affiliates, to make the particular capital modifications, in which case you must take the action required of all other NAF NAF Restaurants); or (b) during the last 2 years of the franchise term, unless the proposed capital modifications during those last 2 years (the amounts for which are not limited) are in connection with Restaurant upgrades, remodeling, refurbishing, and similar activities for your acquisition of a successor franchise.

This means that, besides the rights we reserve above, we may from time to time, but not more than once during the franchise term by the end of the seventh year after the Restaurant commences operation (and unrelated to your potential acquisition of a successor franchise), require you substantially to alter the Restaurant's appearance, layout, and/or design, and/or replace a material portion of the Operating Assets, in order to meet our then-current requirements and then-current Brand Standards for new NAF NAF Restaurants. This could obligate you to make extensive structural changes to, and significantly remodel and renovate, the Restaurant,

and/or to spend substantial amounts for new Operating Assets. You must spend any sums required in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining franchise term). Within 60 days after receiving written notice from us, you must prepare plans according to the standards and specifications we prescribe and, if we require, using architects and contractors we designate or approve, and then submit those plans to us for written approval.

We also periodically may require you to participate in certain test programs for new services, products, and/or Operating Assets.

You must maintain insurance coverage for the Restaurant at your own expense in the amounts, and covering the risks, we periodically specify. Your insurance carriers must be licensed to do business in the Restaurant's state and be rated A or higher by A.M. Best and Company, Inc. (or satisfy our other criteria). We periodically may increase the required coverage amounts and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and all of our affiliates as additional insureds and give us 10 days' prior written notice of material modification, cancellation, non-renewal, or non-payment. You must send us before the Restaurant opens, and then periodically afterward, a valid insurance certificate or duplicate insurance policy showing required coverage and payment of premiums.

You currently must have the following minimum insurance coverage: (a) workers' compensation with employers liability limits meeting statutory requirements in your state of operation with \$500,000 minimum coverage; (b) Employment Practices Liability (EPLI) with a limit of at least \$1,000,000; (c) General Liability with limits of at least \$1,000,000 each occurrence, \$1,000,000 personal and advertising injury, \$2,000,000 products and completed operation aggregate, and a \$2,000,000 general aggregate; (d) Business Interruption insurance for at least 12 months of sustained loss; (e) Umbrella with limits of at least \$2,000,000 covering the general liability, auto and employers liability; and (f) Automobile with at least \$1,000,000 combined single limit for hired/non-owned auto at a minimum.

You must participate in, and comply with the requirements of, our gift card and other customer loyalty programs.

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Restaurant that you currently must buy or lease from us (or our affiliates) or designated or approved suppliers. In the future, we may designate other products and services that you must buy only from us, certain of our affiliates, or designated or approved suppliers. To maintain the quality of NAF NAF Restaurant products and services and our franchise network's reputation, all Operating Assets and other products and services your Restaurant uses or sells (besides those described above that you may obtain only from us, certain of our affiliates, and/or approved suppliers) must meet our minimum standards and specifications, which we issue and modify based on our, our affiliates', and our franchisees' experience in operating NAF NAF Restaurants. Standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and

appearance. Our Operations Manual, other technical manuals, and written and on-line communications will identify our standards and specifications for you. When appropriate, you may provide those standards and specifications to suppliers if they agree to maintain confidentiality.

If you want to use any products or services that we have not yet evaluated or to buy or lease from a supplier we have not yet approved (for products and services we require you to purchase/lease only from designated or approved suppliers), you first must send us sufficient information, specifications, and samples so we can determine whether the product or service complies with our standards and specifications or the supplier meets our criteria. We may require you or the supplier to reimburse our costs for any inspection and/or evaluation and will decide within a reasonable time (30 to 60 days). We may condition supplier approval on product quality and safety, prices, consistency, warranty, reliability, financial capability, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and other criteria. We may inspect the proposed supplier's facilities and require the proposed supplier to send samples directly to us or to a third-party testing service. We may re-inspect a supplier's facilities and products and revoke our approval of any supplier, product, or service no longer meeting our criteria by notifying you and/or the supplier. We do not make our supplier approval criteria available to franchisees. Despite these procedures, we may limit the number of approved suppliers, designate sources you must use, and refuse your requests for any reason, including because we already have designated an exclusive source (which might be us or one of our affiliates) for a particular item or service or believe that doing so is in the best interests of the NAF NAF Restaurant network. If we approve any supplier or distributor you recommend, we may authorize other NAF NAF Restaurants to buy or lease any Operating Assets or other products or services from that supplier or distributor without compensating you.

We and/or certain of our affiliates may derive revenue based on your purchases and leases, including from charging you (at prices exceeding our and their costs) for products and services we or our affiliates sell you and from promotional allowances, volume discounts, and other amounts paid to us and our affiliates by suppliers we designate, approve, or recommend for some or all NAF NAF Restaurant franchisees. We and our affiliates currently receive payments from certain vendors on account of purchases made by affiliate-owned and franchised NAF NAF Restaurants. We and our affiliates may use all amounts received from suppliers—whether or not based on your and other franchisees' prospective or actual dealings with them—without restriction for any purposes we and our affiliates deem appropriate.

Collectively, your purchases and leases from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent about 100% of your overall purchases and leases to establish and then to operate the Restaurant. Because we commenced offering franchises in 2018, we and our affiliates did not derive any revenue or other material consideration during 2017 from NAF NAF Restaurant franchisees' direct purchases or leases or receive any payments from designated and approved suppliers on account of their sales to our franchisees.

There currently are no purchasing or distribution cooperatives. We and certain of our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for virtually all products and services you need to operate the Restaurant. In doing so, we and those

affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor (and not for the benefit of a particular franchisee). We make no guaranty, warranty, or promise that we and our affiliates will obtain the best pricing or most advantageous terms on behalf of NAF NAF Restaurants. We and our affiliates also do not guaranty the performance of suppliers and distributors to NAF NAF Restaurants. We are not responsible or liable if a supplier's or distributor's products or services fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

We do not provide material benefits to a franchisee (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

The Development Rights Rider does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items. However, you must give us information and materials we request regarding each site at which you propose to operate a Restaurant so we can assess and accept that site.

Item 9 **FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	4.A and B of Franchise Agreement and 6 of Development Rights Rider	7, 8, 11, and 12
b. Pre-opening purchases/leases	4.C and D of Franchise Agreement	5, 7, 8, and 11
c. Site development and other pre-opening requirements	4.C of Franchise Agreement	7, 8, and 11
d. Initial and ongoing training	6 of Franchise Agreement	6, 7, and 11
e. Opening	4.D of Franchise Agreement and 3 of Development Rights Rider	11 and 12
f. Fees	4.A and C, 5, 6.B, C, D, E, G, and H, 7.C, D, E, F, and G, 10, 13, 14, 15, 16.C, 17, 18.C, 19.A and B, 20.C, D, and E, and 21.C of Franchise Agreement and 5 of Development Rights Rider	5, 6, 7, and 8
g. Compliance with standards and policies/operating manual	6.H and 7 of Franchise Agreement	8 and 11
h. Trademarks and proprietary information	8, 9, 10, and 11 of Franchise Agreement	13 and 14

Obligation	Section in agreement	Disclosure document item
i. Restrictions on products/services offered	7 of Franchise Agreement	8, 11, 12, and 16
j. Warranty and customer service requirements	7.C of Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	2, 3, and 6 of Development Rights Rider	11 and 12
l. On-going product/service purchases	7.C and E of Franchise Agreement	6 and 8
m. Maintenance, appearance and remodeling requirements	7.A and C and 17 of Franchise Agreement	8, 11, 16, and 17
n. Insurance	20.D of Franchise Agreement	7 and 8
o. Advertising	13 of Franchise Agreement	5, 6, 7, 8, and 11
p. Indemnification	20.E of Franchise Agreement	6
q. Owner's participation/management/staffing	4.E, 6, and 7.C and D of Franchise Agreement	11 and 15
r. Records and reports	14 of Franchise Agreement	6
s. Inspections and audits	15 of Franchise Agreement	6
t. Transfer	16 of Franchise Agreement and 9 of Development Rights Rider	6 and 17
u. Renewal	17 of Franchise Agreement	6 and 17
v. Post-termination obligations	18.C and 19 of Franchise Agreement	17
w. Non-competition covenants	12, 16.C(i), and 19.E of Franchise Agreement	15 and 17
x. Dispute resolution	21.C, F, G, H, I, J, and L of Franchise Agreement	17
y. Consumer Data and Data Security	10 of Franchise Agreement	14
z. Social Media Restrictions	7.C(xiii) of Franchise Agreement	8
aa. Compliance with Customer Loyalty Programs	7.C(xii) of Franchise Agreement	6 and 8
bb. Compliance with Customer Complaint Resolution Procedures	7.C(iv) of Franchise Agreement	Not Applicable
cc. Compliance with All Laws	4.D(i), 7.B, 10, and 22 of Franchise Agreement	Not Applicable

Item 10
FINANCING

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

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

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

Pre-Opening Assistance

Before you begin operating the Restaurant, we will:

1. Review potential Restaurant sites you identify within the Site Selection Area; we will visit the Site Selection Area one time to review potential Restaurant sites. We may condition our proposed visit and acceptance of a proposed site on your first sending us complete site reports and other materials (including photographs and video recordings) we request in our Site Acceptance Request ("SAR"). We will give you our then-current criteria for NAF NAF Restaurant sites (including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help you select and identify your site. Even if we give you information regarding a potential site or site criteria, we make no representations or warranties about the site's suitability for a NAF NAF Restaurant or any other purpose or the likelihood we ultimately will accept that site for the Restaurant's location. We will use reasonable efforts to review and accept or reject each site you propose within 20 days after we receive all requested information and materials in a completed SAR. If we do not accept the site in writing within 20 days, the site is deemed rejected. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites for NAF NAF Restaurants in the past. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen is accepted but not recommended due to its incompatibility with certain factors bearing on a site's suitability as a location for a NAF NAF Restaurant. After we accept (and you secure) a proposed site, we will identify that site as the Restaurant's address in Exhibit A of the Franchise Agreement. (Franchise Agreement—Section 4.A; Development Rights Rider—Sections 3 and 6) We do not own locations for lease to franchisees. If you do not find and we do not accept a Restaurant site within 6 months after the Franchise Agreement's effective date (or a different date specified in a Development Rights Rider), then we or you may terminate the Franchise Agreement upon written notice to the other.

2. Accept or reject the Restaurant's proposed lease or sublease. You must send us the proposed lease or sublease at least 20 days before you intend to sign it. The

lease or sublease must either (i) include the lease rider attached as Exhibit D to the Franchise Agreement or (ii) include within its body the lease rider's terms and conditions. You may not sign any lease or sublease (or any renewal or amendment) we have not accepted in writing. We may (but have no obligation to) guide or assist you with the leasing process but will not negotiate the lease or sublease for you or provide any legal advice. If we do not accept the lease or sublease in writing within 20 days after we receive it, the lease or sublease is deemed rejected. You must obtain our written acceptance of, and secure, the Restaurant's site within the Site Selection Area within 6 months after the Franchise Agreement's effective date. Otherwise, we may terminate the Franchise Agreement. (Franchise Agreement—Sections 4.A and 4.B)

3. Give you template Plans. Our Plans might not reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations, including those arising under the ADA, or any lease requirements or restrictions. You are solely responsible for complying with all laws and must inform us of any changes to the Restaurant's specifications that you believe are necessary to ensure such compliance. We have the right to pre-approve the architect and general contractor you propose to use to develop the Restaurant before you hire them.

You must make sure that your Adapted Plans for the Restaurant comply with all laws and lease requirements and restrictions. You must send us the Adapted Plans for our written approval before beginning Restaurant build-out and all revised or "as built" plans prepared during the Restaurant's construction and development. You may not begin Restaurant build-out until we approve the Adapted Plans in writing; you then must develop the Restaurant in compliance with the Adapted Plans. During Restaurant build-out, we may physically inspect the Restaurant or have you send us pictures and images (including recordings) of the Restaurant's interior and exterior so we can review your development of the Restaurant in compliance with our Brand Standards. (Franchise Agreement—Section 4.C) We may charge you a Development Images Deficiency Fee if your general contractor does not send us the images/recordings we require for the Restaurant by the specified deadline (but not more often than bi-weekly).

4. Provide initial training to your Operating Principal and Restaurant Manager. We describe this training later in this Item. (Franchise Agreement – Section 6.A)

5. As discussed in Item 8, identify the Operating Assets, inventory, supplies, and other products and services you must use to develop and operate the Restaurant, the minimum standards and specifications you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease items and services (which may include or be limited to us and/or certain of our affiliates). (Franchise Agreement – Sections 4.C, 6.H, and 7.E) We and our affiliates currently are not involved in delivering or installing fixtures, equipment, or signs, although we will provide direction for you to comply with our Brand Standards.

6. Send an "opening team" to the Restaurant for up to 5 days to help you train your supervisory employees on our philosophy and Brand Standards (but not

matters relating to labor relations and employment practices) and prepare the Restaurant for opening. (Franchise Agreement – Section 6.C)

7. Give you access to our operations manual and other technical manuals (collectively, the “Operations Manual”). The Operations Manual may consist of and is defined to include audio, video, computer software, other electronic and digital media, and/or written and other tangible materials. The Operations Manual contains Brand Standards and information on your other obligations under the Franchise Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under the Franchise Agreement. If there is a dispute over the Operations Manual’s contents, our master copy controls. The Operations Manual, which is accessible only electronically, currently contains the equivalent of approximately 497 total pages (plus specification sheets); its current table of contents is Exhibit D. (Franchise Agreement – Section 6.H)

8. Consult with you on a customizable market introduction program for the Restaurant. You must send us the proposed program at least 45 days before its planned rollout date. If we do not accept the program in writing within 15 days, it is deemed rejected. You must implement the approved program according to Brand Standards and our other requirements. (Franchise Agreement – Section 13.A)

9. Designate a specific number of Restaurants that you (and your “Controlled Affiliates”) must develop and open at accepted locations within your development Territory and the development deadlines (if we grant you development rights). (Development Rights Rider – Sections 2, 3, and 6) We will accept your Restaurants’ proposed locations only if they meet our then-current standards for Restaurant sites.

Ongoing Assistance

During your Restaurant’s operation, we will:

1. Advise you or make recommendations regarding the Restaurant’s operation with respect to standards, specifications, operating procedures, and methods that NAF NAF Restaurants use; purchasing required or recommended Operating Assets and other products, supplies, and materials; supervisory employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Restaurant employees); and accounting, advertising, and marketing. We may guide you through our Operations Manual, in bulletins or other written materials, by electronic media, by telephone, and/or at our office or the Restaurant. (Franchise Agreement – Section 6.H)

2. At our option, establish an Intranet for internal systemwide communications. The Intranet might be part of the System Website described later in this Item. The Intranet will provide the features, services, and functionality we periodically specify. You must comply with our requirements for connecting to and using the Intranet. We may discontinue the Intranet or any services offered through the Intranet at any time. (Franchise Agreement – Section 7.G)

3. Give you, at your request and expense (and our option), additional or special guidance, assistance, and training. Any specific ongoing training, conventions, advice, or assistance we provide does not obligate us to continue providing that training, convention, advice, or assistance, all of which we may discontinue and modify at any time. (Franchise Agreement – Section 6.H)

4. Continue to give you access to our Operations Manual. (Franchise Agreement – Section 6.H)

5. Issue and modify Brand Standards. Changes in Brand Standards may require you to invest additional capital in the Restaurant and incur higher operating costs. You must comply with those obligations within the timeframe we specify. Our Franchise Agreement describes certain time limitations on when we may require you to implement certain capital modifications. Brand Standards may regulate (to the extent the law allows) maximum, minimum, or other pricing requirements for products and services the Restaurant sells, including requirements for promotions, special offers, and discounts in which some or all NAF NAF Restaurants participate and price advertising policies. (Franchise Agreement – Sections 7.A and 7.C)

6. Let you use our Marks. (Franchise Agreement – Section 8)

7. Let you use our confidential information, some of which constitutes trade secrets under applicable law (the “Confidential Information”). (Franchise Agreement – Section 9)

8. Maintain an Ad Fund for advertising, marketing, research and development, public relations, social media management, and customer relationship management programs and materials we deem appropriate to enhance, promote, and protect the NAF NAF brand and franchise system. We describe the Ad Fund and other advertising activities below. (Franchise Agreement – Section 13.B)

9. Periodically inspect and monitor the Restaurant’s operation. (Franchise Agreement – Section 15.A)

10. Periodically offer refresher training courses. (Franchise Agreement – Sections 6.D and F)

11. Review advertising and promotional materials you want to use. (Franchise Agreement – Sections 13.C and D)

Advertising and Marketing Programs

Ad Fund

We have established an Ad Fund to which you must contribute the amounts we periodically specify, not to exceed 4% of your Restaurant’s Gross Sales during each 2 calendar-week period (except as provided below). NAF NAF Restaurants that we and our affiliates own

will contribute to the Ad Fund on the same percentage basis as franchisees once the total number of operational franchised NAF NAF Restaurants equals the total number of operational company- and affiliate-owned NAF NAF Restaurants. Until that time, operational company- and affiliate-owned NAF NAF Restaurants collectively are only required to match each calendar year the total Ad Fund contributions made during that calendar year by all operational franchised NAF NAF Restaurants.

We may increase your required Ad Fund contribution by up to an additional 2% of the Restaurant's Gross Sales (for a total of up to 6% of the Restaurant's Gross Sales) to the extent we concurrently and proportionately reduce your minimum required Local Marketing Spending Requirement. (Your minimum required advertising and promotional expenditures will not exceed, in total, 6% of the Restaurant's Gross Sales. We may adjust the percentages among the various required expenditures throughout the franchise term.)

We will direct all programs the Ad Fund finances, with sole control over all creative and business aspects of the Fund's activities. The Ad Fund may pay for preparing, producing, and placing video, audio, and written materials, digital and electronic media, and Social Media; developing, maintaining, and administering one or more System Websites; administering national, regional, and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; establishing regional and national promotions and partnerships and hiring spokespersons to promote the NAF NAF brand; and supporting public relations, market research and development, and other advertising, promotion, marketing, and brand-related activities. The Ad Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, as we think best. We and/or an outside regional or national advertising agency will produce all advertising and marketing. The Ad Fund periodically may give you sample advertising, marketing, and promotional formats and materials (collectively, "Marketing Materials") at no cost. We may sell you multiple copies of Marketing Materials at our direct production costs, plus any related shipping, handling, and storage charges.

We will account for the Ad Fund separately from our other funds (although we need not keep Ad Fund contributions in a separate bank account) and not use the Ad Fund for any of our general operating expenses. However, the Ad Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Ad Fund (including our culinary, creative, public relations, marketing, and social media personnel); the Ad Fund's administrative costs; travel expenses of personnel while they are on Ad Fund business; meeting costs; overhead relating to Ad Fund business; and other expenses we and our affiliates incur administering or directing the Ad Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Ad Fund contributions, paying taxes due on Ad Fund contributions we receive; and any other costs or expenses we incur operating or as a consequence of the Fund. We will not use the Ad Fund specifically to develop materials and programs to solicit franchisees. However, media, materials, and programs prepared using Ad Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. The Ad Fund did not operate during 2017.

The Ad Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Ad Fund or for any other reason. The Ad Fund may spend in any fiscal year more or less than the total Ad Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use new Ad Fund contributions to pay Ad Fund deficits incurred during previous years. We will use all interest earned on Ad Fund contributions to pay costs before using the Ad Fund's other assets. We will prepare an annual, unaudited statement of Ad Fund collections and expenses and allow you to review it upon reasonable request. We may (but need not) have the Ad Fund audited annually, at the Ad Fund's expense, by a certified public accountant we designate. We may incorporate the Ad Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

The Ad Fund's principal purposes are to maximize recognition of the Marks, increase patronage of NAF NAF Restaurants, and enhance, promote, and protect the NAF NAF brand and franchise system. Although we will try to use the Ad Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all NAF NAF Restaurants, we need not ensure that Ad Fund expenditures in or affecting any geographic area are proportionate or equivalent to Ad Fund contributions by NAF NAF Restaurants operating in that geographic area or that any NAF NAF Restaurant benefits directly or in proportion to its Ad Fund contribution from the development of Marketing Materials or the implementation of programs. (In other words, neither we nor the Ad Fund must spend any specific amount in your market area.) We have the right, but no obligation, to use collection agents and institute legal proceedings at the Ad Fund's expense to collect unpaid Ad Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Ad Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Ad Fund.

We may at any time defer or reduce the Ad Fund contributions of any NAF NAF Restaurant franchisee and, upon 30 days' prior written notice to you, reduce or suspend Ad Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Ad Fund. If we terminate the Ad Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Ad Fund contributions during the preceding 12 months. (Franchise Agreement — Section 13.B)

Local Marketing

Besides the Market Introduction Program described in Item 5, you must spend at least 2% of your Restaurant's monthly Gross Sales on approved Marketing Materials and programs for the Restaurant. You must prepare a written, calendar-quarterly local marketing plan for the Local Marketing Spending Requirement and send us the plan before each calendar quarter for review and pre-approval. (Franchise Agreement — Section 13.D) We may determine which expenses count or do not count toward your Local Marketing Spending Requirement. Generally, Ad Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), and employee incentive programs do not count. If you do not spend (or prove

that you spent) the Local Marketing Spending Requirement, we may, among other rights, require you to contribute the shortfall to the Ad Fund.

Despite the above, at our request you must pay us the Local Marketing Spending Requirement, which we will then re-pay you as you send us invoices or receipts confirming your commitment with vendors to move forward with the approved local marketing programs. You must pay us the Local Marketing Spending Requirement at the same time and in the same manner as the Royalty, or in such other manner we periodically specify.

The marketing activities in which you engage will materially affect your Restaurant's success or lack of success. The Local Marketing Spending Requirement might be insufficient for you to achieve your business objectives. Subject to the minimum above, you alone are responsible to determine how much to spend on, and the nature of, Marketing Materials and other approved advertising, marketing, and promotional programs for the Restaurant in order to achieve your business objectives.

Approval of Advertising

All Marketing Materials must be legal and not misleading and conform to our policies. To protect the goodwill that we and certain of our affiliates have accumulated in the "NAF NAF" name and other Marks, at least 30 days before using them, you must send us samples or proofs of all Marketing Materials we did not prepare or already approve or that we prepared or approved but you want to change in any way. If we do not approve those Marketing Materials in writing within 20 business days after we receive them, they are deemed approved for use. You may not use any Marketing Materials we have not approved or have disapproved. We may upon 30 days' prior written notice require you to stop using any previously-approved Marketing Materials. (Franchise Agreement – Section 13.C)

Advertising Councils

There currently are no franchisee advertising councils advising us on advertising and marketing policies and programs. However, we may form, change, dissolve, or merge any franchisee advertising council.

Advertising Cooperatives

There currently are no advertising cooperatives. However, we may designate a geographic area for an advertising cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of all NAF NAF Restaurants located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. There need not be any formal agreements or bylaws to administer the Cooperative. We may change, dissolve, and merge Cooperatives. Each Cooperative's purpose is, with our approval, to administer advertising programs and develop Marketing Materials for the area the Cooperative covers. You automatically will become a member of any existing or new Cooperative formed in your market area and must participate in the Cooperative as we require. We may require you to contribute up to 2% of the Restaurant's monthly Gross Sales to the Cooperative. Your Cooperative dues will count toward the Local Marketing Spending Requirement but not toward the market introduction

program or Ad Fund contributions. The Cooperative will prepare annual, unaudited financial statements you may review. (Franchise Agreement – Section 13.E)

System Website and Electronic Advertising

We or our designees may establish a website or series of websites for the NAF NAF Restaurant network: (1) to advertise, market, and promote NAF NAF Restaurants, the products and services they offer, and/or the NAF NAF Restaurant franchise opportunity; (2) to function as the Intranet; and/or (3) for any other purposes we deem appropriate for NAF NAF Restaurants (collectively, the “System Website”). The System Website may, but need not, give you a separate interior webpage or micro-site (accessible only through the System Website) referencing your Restaurant and/or otherwise allow you to participate in the System Website. Only we may develop and modify a micro-site for you. Your micro-site always must comply with Brand Standards. We will own all intellectual property and other rights in the System Website, your micro-site, and all information they contain. We will control, and may use the Ad Fund’s assets to develop, maintain, operate, update, and market, the System Website, including your micro-site.

All Marketing Materials you develop for the Restaurant must contain notices of the System Website’s URL as we specify. You may not develop, maintain, or authorize another website, online presence, or electronic medium mentioning or describing the Restaurant or displaying any Marks without our prior written approval. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. We have the right to maintain websites other than the System Website and to offer and sell products and services under the Marks from the System Website, another website, or otherwise over the Internet without payment or other obligation to you. (Franchise Agreement – Section 13.F)

Computer System

You must obtain and use the computer hardware and software, point-of-sale system, dedicated telephone and power lines, modems, printers, tablets, smart phones, and other computer-related accessories and peripheral equipment we periodically specify (the “Computer System”). At our option, you must use the Computer System to access the Intranet and to input and access information about your sales and operations. The Computer System must permit 24 hours per day, 7 days per week electronic communications between you and us, including access to the Internet and Intranet. (Franchise Agreement – Section 7.F)

The computer system currently includes at least 3 POS terminals with Capacitive touchscreens running the Windows 10 Professional operation system (NCR 1235 is currently the standard) and various peripheral hardware components. You also must have a back-office file server and various peripheral hardware components. You must use Aloha POS software for order-taking and processing and NCR back-office software. Additional required items include at least 2 EMV pin pads, 2 Apple iPads, Broadband Internet connection, and protective firewalls. As described in Item 7, we estimate the computer and point-of-sale systems’ cost to be \$20,000 to \$24,000. This estimate does not include initial Payment Card Industry (PCI) Data Security

Standards compliance costs because each credit card processor has different certification requirements based on the amount of total transactions processed.

The third parties whose computer-related products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, or updates unless you obtain a service contract or a warranty covers the product. We estimate the cost of ongoing maintenance, repairs, and updates for the current computer and point-of-sale systems to be \$3,700 per year. The Computer System generates and maintains sales, menu mix, inventory, food cost, and other financial information. You must upgrade the Computer System, and/or obtain service and support, as we require or when necessary because of technological developments, including complying with PCI Data Security Standards. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse your costs (they are not covered by the Tech Fee). You may not use any unapproved computer software or security access codes. We have independent, unlimited access to the information the system generates (and to the content of any NAF NAF email accounts we provide you), although not to employee- or employment-related information for your Restaurant's employees.

We and our affiliates may condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us (including the Intranet), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent in a click-through license agreement), we and our affiliates require to regulate your use of the software or technology. We and our affiliates may charge you up-front and ongoing fees for any required or recommended proprietary software or technology we or our affiliates license to you if we determine in our sole judgment that the Tech Fee does not cover those amounts.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) independently determining what is required for you to comply (and then complying) at all times with the most-current version of the Payment Card Industry Data Security Standards, and with all laws governing the use, disclosure, and protection of Consumer Data (defined in Item 14) and the Computer System, and validating compliance with those standards and laws as periodically required.

Technology Fee

The Tech Fee is to fund the technology expenditures we deem best, including providing the franchise system (and affiliated NAF NAF Restaurants) with general assistance and guidance on technology-related matters, researching and developing new technologies such as hardware, software, and cloud-based services, network maintenance and upgrading, website internet/intranet capabilities, and internal and external data storage and archiving. We may allocate and spend Tech Fees in our sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for the activities described above. Despite payment of the Tech Fee to us, you must pay third-party vendors for the costs of, and

support services for, your Restaurant's Computer System described above. We have no obligation to account to you or other franchisees for our use of Tech Fees or to ensure that you or the Restaurant benefits directly or pro rata from your Tech Fee payments. NAF NAF Restaurants that we and our affiliates own will pay the Tech Fee on the same percentage basis as franchisees once the total number of operational franchised NAF NAF Restaurants equals the total number of operational company- and affiliate-owned NAF NAF Restaurants. Until that time, operational company- and affiliate-owned NAF NAF Restaurants collectively are only required to match each calendar year the total Tech Fees paid during that calendar year by all operational franchised NAF NAF Restaurants. (Franchise Agreement – Section 5.C)

Opening

You must open the Restaurant for business within 14 months after the Franchise Agreement's effective date. Your opening timetable depends on how quickly you find the Restaurant's site and finalize the Restaurant's lease; the Restaurant's condition and upgrading and remodeling requirements; the construction schedule; obtaining licenses; the delivery schedule for Operating Assets and supplies; attending and completing training; and complying with local laws and regulations. (Franchise Agreement—Sections 4.C and 4.D)

You may not open the Restaurant for business until: (1) we inspect and approve in writing the Restaurant as having been developed in compliance with our specifications and standards; (2) your Operating Principal and Restaurant Managers complete the initial training program to our satisfaction; (3) the Restaurant has sufficient trained employees to manage and operate the Restaurant on a day-to-day basis in compliance with our Brand Standards; (4) your Operating Principal, the Restaurant Managers, and the Restaurant's employees complete all required third-party certifications for the food industry; (5) you have satisfied all state and federal permitting, licensing, and other legal requirements; (6) you have paid all amounts owed to, and are not in default under any agreement with, us, our affiliates, and principal suppliers; (7) you have given us copies of all required permits, licenses, and insurance policies; and (8) you have met all other opening requirements specified in our Operations Manual.

Training

Initial Training Program

At least 3 people (or at least 2 people if this is your second or subsequent NAF NAF Restaurant), including your Operating Principal, must complete our initial training program to our satisfaction before opening the Restaurant for business (although we will train up to 4 people, including your Operating Principal and the Restaurant's on-site managers). You must at all times have 1 fully-trained, certified manager (which may be your Operating Principal) managing the Restaurant's day-to-day, on-site operations. We will conduct the initial training program at our designated training location and/or through video and other electronic means. We expect training (which currently is approximately 4 weeks long) to occur after you sign the Franchise Agreement and while you develop the Restaurant. As a new franchisor, we plan to be flexible in scheduling training to accommodate our personnel, your Operating Principal, and the Restaurant's managers. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. We use manuals, videos, and other training aids during the training program. Your

training attendees must complete training 8 weeks before the Restaurant's scheduled opening date. We provide the initial training program for no additional fee. You must pay your employees' wages, benefits, and travel, hotel, and food expenses while they attend training. Our training program may include a "train the trainer" module so your senior-level personnel can learn how to train your other employees in our Brand Standards. Item 5 describes our training cancellation fees.

The following chart describes our current initial training program, which we may modify for the particular trainees:

TRAINING PROGRAM

Column 1	Column 2		Column 3
Subject	Hours of Training		Location
	Classroom	On-the-job	
Positional Training	5	90	Corporate Office in Chicago, Illinois and Training Restaurant
Shift Running	10	40	Corporate Office in Chicago, Illinois and Training Restaurant
Cost Control	10	10	Corporate Office in Chicago, Illinois and Training Restaurant
Team Management	10	10	Corporate Office in Chicago, Illinois and Training Restaurant
Scheduling	5	10	Corporate Office in Chicago, Illinois and Training Restaurant
Total Hours	40	160	

Chad Chmielowicz, our Director of Training, Yanet Martinez, our Training Manager, and John McMahon, also a Training Manager, will supervise franchisee training. These 3 people have been with the NAF NAF brand for 3 years, 5 years, and 1.5 years, respectively, and also have 6 years, 6 years, and 16 years, respectively, of foodservice operations experience. Given their tenure with the NAF NAF brand and extensive foodservice operations experience, they have experience in all aspects of operating a NAF NAF Restaurant.

We will send an "opening team" to the Restaurant for up to 5 days (typically starting before and continuing after opening) to help you train your employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices) and prepare the Restaurant for opening. We will pay our opening team's wages and travel, hotel, and living expenses. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase (excluding training relating to labor relations and employment practices), you must pay our personnel's daily charges (including wages) and travel, hotel, and living expenses. We may delay the Restaurant's opening until all required training has been satisfactorily completed.

Retraining

If your Operating Principal or a Restaurant Manager fails to complete initial training to our satisfaction, or we determine after an inspection that retraining is necessary because the Restaurant is not operating according to Brand Standards, he or she may attend a retraining session at our training location. You must pay all employee compensation and expenses during retraining. We may terminate the Franchise Agreement if your Operating Principal fails to complete initial training to our satisfaction.

Training for Replacement Restaurant Managers

If you no longer employ a Restaurant Manager or become aware that a Restaurant Manager intends to leave his or her position, you must immediately seek a new manager for the Restaurant (the "Replacement Manager") in order to protect the NAF NAF brand. You must appoint the Replacement Manager within 30 days after the former Restaurant Manager's employment ends. The Replacement Manager must satisfactorily complete training appropriate for the position, including our standard initial training program. You must pay his or her compensation and expenses during training.

Training for Restaurant Employees

Your Operating Principal or Restaurant Managers must properly train all Restaurant employees to perform the tasks for their respective positions using our required training materials and content in order to protect Brand Standards. We may develop and make available training tools and recommendations for you to use in training the Restaurant's employees to comply with Brand Standards. We may update these training materials to reflect changes in our training methods and procedures and changes in Brand Standards.

Ongoing and Supplemental Training

We may require your Operating Principal and/or Restaurant Managers to attend and complete satisfactorily various training courses and programs that we or third parties periodically offer during the franchise term at the times and locations we designate. You must pay their compensation and expenses during training. We do not charge fees for training occurring at our designated training location. However, if you request training courses or programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee and the travel and living expenses of our training personnel.

Besides attending and/or participating in various training courses and programs, at least 1 of your representatives (an owner or another designated representative we approve) must at our request attend an annual meeting of all NAF NAF Restaurant franchisees at a location we designate. You must pay all costs to attend. You must pay any meeting fee we charge even if your representative does not attend (whether or not we excuse that non-attendance).

Item 12 **TERRITORY**

Franchise Agreement

You will operate the Restaurant at a specific location we first must accept. If the Restaurant's address is unknown when the Franchise Agreement is signed, you must obtain our written acceptance of, and secure, a site within 6 months afterward. In that case, we will identify in the Franchise Agreement a nonexclusive Site Selection Area in which you must search for a suitable site. We may terminate the Franchise Agreement if we do not accept, and you do not secure, the Restaurant's site within these 6 months. You may operate the Restaurant only at the accepted site and may not relocate without our prior written consent, which we may grant or deny as we deem best. Whether or not we will allow relocation depends on circumstances at the time and what is in the Restaurant's and our system's best interests. Factors include, for example, the new site's market area, its proximity to other Restaurants in our system, whether you are in compliance with your Franchise Agreement, and how long it will take you to open at the new site.

Conditions for relocation approval are (1) the new site and its lease are acceptable to us, (2) you pay us a reasonable relocation fee (as set forth in the Operations Manual), (3) you reimburse any costs we incur during the relocation process, (4) you confirm that your original Franchise Agreement remains in effect and governs the Restaurant's operation at the new site with no change in the franchise term or, at our option, sign our then-current form of franchise agreement to govern the Restaurant's operation at the new site for a new franchise term, (5) you sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) you continue operating the Restaurant at its original site until we authorize its closure, and (7) you take, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Restaurant's former premises so it no longer is associated in any manner (in our opinion) with our system and the Marks.

You will receive an Area of Protection around your Restaurant. We will identify and describe the Area of Protection in the Franchise Agreement before you sign it. However, if the Restaurant's address is unknown when the Franchise Agreement is signed, we will describe the Area of Protection on an amended and restated exhibit to the Franchise Agreement that we will send you after we accept the Restaurant's site. We expect the Area of Protection to encompass a minimum day-time population of approximately 30,000 people. We may modify the Area of Protection during the franchise term only if the Restaurant relocates.

The Area of Protection always will be defined to exclude any and all Non-Traditional Venues physically located within the Area of Protection. This means there are no restrictions

whatsoever on our and our affiliates' activities in or at Non-Traditional Venues physically located within the Area of Protection, including our and our affiliates' right to own and operate and grant others the right to own and operate NAF NAF Restaurants, and to engage in other foodservice operations under the Marks, at such Non-Traditional Venues. A "Non-Traditional Venue" means a hospital or medical center, airport, public or private school, university or college campus, airport terminal, train or bus station, convention center, exhibition hall, amusement park, fairground, sports arena, military base, state or national park, hotel, lodge, country club, social club, resort, casino, theater, or similar venue. Because of these reserved rights at Non-Traditional Venues, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Except for your "location exclusivity" described above (which is subject to our and our affiliates' rights at Non-Traditional Venues physically located within the Area of Protection), we and our affiliates retain all rights with respect to NAF NAF Restaurants, the Marks, the sale of similar or dissimilar products and services, and any other activities we and they deem appropriate, whenever and wherever we and they desire, whether inside or outside the Area of Protection. These rights include the following:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, NAF NAF Restaurants at any locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we deem appropriate;

(2) to offer and sell, and to allow others to offer and sell, inside and outside the Area of Protection, products and services that are identical or similar to and/or competitive with those offered and sold by NAF NAF Restaurants, whether identified by the Marks or other trademarks or service marks, through any distribution channels (including the Internet) other than NAF NAF Restaurants physically located within the Area of Protection and on any terms and conditions we deem appropriate;

(3) to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Area of Protection) businesses offering similar products and services under trademarks and service marks other than the Marks;

(4) to acquire the assets or ownership interests of one or more businesses offering and selling products and services similar to those offered and sold at NAF NAF Restaurants, and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;

(5) to be acquired (through acquisition of assets, ownership interests, or otherwise) by a business offering and selling products and services similar to those offered and sold at NAF NAF Restaurants, or by another business, even if that business operates, franchises, or licenses competitive businesses inside or outside the Area of Protection; and

(6) to engage in all other activities the Franchise Agreement does not expressly prohibit.

We and our affiliates need not compensate you if we engage in these activities.

Unless you acquire development rights (described below), you have no options, rights of first refusal, or similar rights to acquire additional franchises. Although we have the right to do so (as described above), we and our affiliates have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Continuation of your franchise does not depend on your achieving a certain sales volume, market penetration, or other contingency.

Your right to operate a NAF NAF Restaurant is limited to products prepared and sold, and services provided, at the Restaurant location; it does not include the right to distribute products and services over the Internet or to engage in other supply or distribution channels. You may not deliver products or cater away from the Restaurant's location unless and until we notify you in writing that you may do so (although we need not allow such activities by a certain date or at all). If we allow you to engage in these activities, you must comply with all related Brand Standards.

You may not develop, maintain, or authorize any website, online presence, or electronic medium mentioning or describing the Restaurant or displaying any Marks without our prior written approval. Except for our System Website, you may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet. You may use other distribution channels, such as telemarketing or other direct marketing, only if we approve the materials and programs.

Development Rights Rider

You may (if you qualify) develop and operate a number of NAF NAF Restaurants within a specific territory (the "Territory"). We and you will identify the Territory in the Development Rights Rider before signing it. The Territory typically is a city, cities, or counties. We base the Territory's size primarily on the number of NAF NAF Restaurants you agree to develop, demographics, and site availability. We will determine the number of Restaurants you must develop, and the deadlines for development, to keep your development rights. We and you then will complete the schedule in the Development Rights Rider before signing it. You may not develop or operate NAF NAF Restaurants outside the Territory. While the Development Rights Rider is in effect, we (and our affiliates) will not, except in the situations described below, establish and operate or grant others the right to establish and operate NAF NAF Restaurants having their physical locations within the Territory.

The exceptions referenced above to your exclusive right to establish NAF NAF Restaurants having their physical locations within the Territory are as follows. If:

- (1) we become aware during the Development Rights Rider term of one or more opportunities to establish and operate a NAF NAF Restaurant at a location within the Territory for which that location's owner or manager sets financial, experience, or organizational standards for an acceptable operator (for example, a national or multi-regional concessionaire) that you do not and cannot satisfy when the opportunity becomes available; or

(2) the location is a Non-Traditional Venue (which is defined to mean a hospital or medical center, airport, public or private school, university or college campus, airport terminal, train or bus station, convention center, exhibition hall, amusement park, fairground, sports arena, military base, state or national park, hotel, lodge, country club, social club, resort, casino, theater, or similar venue) (the locations referenced in (1) and (2) are referred to collectively as "Restricted Venues");

then we (or our affiliates) may pursue the opportunity for that Restricted Venue and establish, or franchise or license another to establish, a NAF NAF Restaurant at that Restricted Venue. Our, our affiliate's, or another franchisee's or licensee's development and operation of a NAF NAF Restaurant at a Restricted Venue in the Territory do not count toward your compliance with the development schedule. NAF NAF Restaurants that you (or your affiliates) are permitted to operate at Restricted Venues physically located in the Territory likewise do not count toward your compliance with the development schedule. Because of our rights with respect to Restricted Venues, you will not receive an exclusive territory under the Development Rights Rider. 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 location exclusivity described above (with the noted exceptions) is the only restriction on our (and our affiliates') activities within the Territory during the development term. We may terminate the Development Rights Rider if you do not satisfy your development obligations. We will accept proposed locations for your additional Restaurants only if they meet our then-current standards for Restaurant sites.

Despite the development schedule in the Development Rights Rider, we may delay your development and/or opening of additional NAF NAF Restaurants within the Territory if we believe, when you apply for another Restaurant, or after you (or your approved affiliate) have developed and constructed but not yet opened a particular Restaurant, that you (or your approved affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Restaurant in full compliance with our standards and specifications. We may delay additional development and/or a Restaurant's opening for the time period we deem best if the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Except as described above, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency. We may not alter your Territory during the Development Rights Rider term. Although we have the right to do so, we and our affiliates have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Item 13
TRADEMARKS

You may use certain Marks in operating the Restaurant. Naf-Naf Holdings owns and has registered the following principal Marks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

MARK	REGISTRATION (OR APPLICATION) NUMBER	REGISTRATION (OR APPLICATION) DATE
	5,488,321	06/05/2018
NAF NAF®	5,275,102	08/29/2017
GET YOUR NAF ON®	5,031,997	08/30/2016
NAF NAF BAKERY®	5,045,562	09/20/2016
NAF IT UP®	5,172,962	03/28/2017
NAF NAF MIDDLE EASTERN GRILL with CAMEL IN TRIANGLE DESIGN	87/952419 (Application Number)	06/07/2018 (Application Date)

Naf-Naf Holdings filed an application for the last Mark above based on its actual use of the Mark. Naf-Naf Holdings does not yet have a federal registration for that principal trademark. Therefore, the trademark does not have many legal benefits and rights as a federally-registered trademark. If our right to use the Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses. (However, Naf-Naf Holdings already has federal registrations for certain portions of the combination Mark.)

Naf-Naf Holdings has filed, or will file when due, all required affidavits for its registered Marks. While no Marks are due for renewal, Naf-Naf Holdings intends to renew them if they

remain important to the NAF NAF brand. Naf-Naf Holdings licenses us to use these Marks and related intellectual property, and to authorize franchisees to use them in operating NAF NAF Restaurants, under a Trademark, Copyright, and Know-How License Agreement effective June 29, 2018 (the "License Agreement"). The License Agreement's initial term is 20 years; we have the right to renew the License Agreement for 3 successive 10-year terms. We may terminate the License Agreement at any time. Naf-Naf Holdings may terminate the License Agreement immediately if we breach the License Agreement and fail to cure the breach within 30 days after receiving written notice from Naf-Naf Holdings. When the License Agreement terminates or expires, we must stop using and sublicensing the Marks and related intellectual property. However, any NAF NAF Restaurant franchisee that has been authorized to use the Marks in its franchise may continue using the Marks until that franchisee's franchise agreement, and any permitted successor franchise agreement, expire or are terminated, but only if the franchisee continues to comply with its obligations in the franchise agreement and any permitted successor franchise agreement during their remaining terms. No other agreement limits our right to use or sublicense any Mark (whether we own them or Naf-Naf Holdings licenses them for use in operating NAF NAF Restaurants).

There are no currently-effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our rules and other Brand Standards when using the Marks, including giving proper notices of trademark and service mark registration and obtaining required fictitious or assumed-name registrations. You may not use any Mark as part of your corporate or legal business name; with modifying words, terms, designs, or symbols (other than logos we license to you); in selling any unauthorized products or services; as part of any domain name, homepage, electronic address, metatag, or otherwise in connection with a website or other online presence; or in any user name, screen name, or profile associated with any Social Media sites (except in compliance with our guidelines).

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or replace supplies for the Restaurant), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

You must notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and Naf-Naf Holdings, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and Naf-Naf Holdings may take the action we or it deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement,

challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions that we and our, and Naf-Naf Holdings's, attorneys deem necessary or advisable to protect and maintain our and Naf-Naf Holdings's interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our and Naf-Naf Holdings's interests in the Marks.

We will reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark, provided your use has been consistent with the Franchise Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from or relating to your use of any Mark.

The Development Rights Rider does not grant you the right to use the Marks. These rights arise only under signed Franchise Agreements with us.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We and certain of our affiliates claim copyrights in the Operations Manual (containing our trade secrets and Confidential Information), Restaurant blueprints and other design features, signage, advertising and marketing materials, our System Website, and similar items used in operating NAF NAF Restaurants. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Restaurant (and must stop using them at our direction). Our right to use many of the copyrighted materials described above and much of the Confidential Information described below arises from the License Agreement described in Item 13.

There currently are no effective adverse material determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. Except for our agreement with Naf-Naf Holdings, no agreement limits our right to use or allow others to use copyrighted materials.

We do not actually know of any infringing uses of our or Naf-Naf Holdings's copyrights that could materially affect your using them in any state. We and Naf-Naf Holdings need not protect or defend copyrights, although we intend to do so if in the system's best interests. We and Naf-Naf Holdings may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We and Naf-Naf Holdings need not participate in your defense of and/or indemnify you for damages or expenses incurred in a copyright proceeding.

Our Operations Manual and other materials contain our and certain of our affiliates' Confidential Information (some of which are trade secrets under applicable law). Confidential Information includes layouts, designs, and other Plans for NAF NAF Restaurants; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating NAF NAF Restaurants; marketing research and promotional, marketing, and advertising programs for NAF NAF Restaurants;

strategic plans, including expansion strategies and targeted demographics; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, services, materials, and supplies that NAF NAF Restaurants use and sell; knowledge of operating results and financial performance of NAF NAF Restaurants other than your Restaurant; customer solicitation, communication, and retention programs, along with data and information used or generated in connection with those programs; and information generated by, or used or developed in, operating your Restaurant, including Consumer Data, and any other information contained in the Computer System or that visitors (including you) provide to the System Website. "Consumer Data" means the names, addresses, telephone numbers, email addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally-identifiable information of customers. You must comply with all laws governing the use, protection, and disclosure of Consumer Data. If there is a data security incident at the Restaurant, you must notify us immediately, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the data security incident in order to protect Consumer Data and the NAF NAF Restaurant brand (including giving us or our designee access to your Computer System, whether remotely or at the Restaurant).

You may not use Confidential Information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure agreements with those having access to Confidential Information. We may pre-approve your non-disclosure agreements solely to ensure that you adequately protect Confidential Information and the competitiveness of NAF NAF Restaurants. Under no circumstances will we control the forms or terms of employment agreements you use with Restaurant employees or otherwise be responsible for your labor relations or employment practices.

You must promptly disclose to us all ideas, concepts, techniques, or materials relating to a NAF NAF Restaurant ("Innovations"), whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors. Innovations belong to and are works made-for-hire for us. If any Innovation does not qualify as a "work made-for-hire" for us, you assign ownership of and all related rights to that Innovation to us and must sign (and cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the Restaurant without our prior written approval.

The Development Rights Rider does not grant you rights to use any intellectual property. These rights arise only under signed Franchise Agreements with us.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Restaurant. Brand Standards may require adequate staffing levels for the Restaurant to operate in compliance with Brand Standards and address appearance of Restaurant personnel. However, you have sole responsibility and

authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Restaurant employees are under your control at the Restaurant. You must communicate clearly with Restaurant employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of NAF NAF Restaurants, and our affiliates are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment (in the form we specify or approve) from all Restaurant employees that you (and not we or our affiliates) are their employer.

You must designate an owner with at least a 25% ownership interest in you to be the Operating Principal. We have the right to approve or disapprove the proposed Operating Principal or any proposed change in the Operating Principal. The Operating Principal is responsible for managing your day-to-day business. The Operating Principal will communicate with us directly and must have sufficient authority to make decisions for you and the Restaurant. The Operating Principal's decisions will be final and bind you.

You must at all times have 2 fully-trained, certified managers managing the Restaurant's day-to-day, on-site operations, one of whom may be your Operating Principal. The Operating Principal is responsible for each Restaurant Manager's performance. A Restaurant Manager need not have an equity interest in you or the Restaurant. The Operating Principal and all Restaurant Managers must successfully complete our initial training program before you open the Restaurant to the public. Restaurant Managers (if not also the Operating Principal) and your officers and directors must sign confidentiality and other agreements we specify or pre-approve. Our right to pre-approve the forms you use is solely to protect Confidential Information and the competitiveness of NAF NAF Restaurants. Under no circumstances will we control the forms or terms of employment agreements you use with Restaurant employees or otherwise be responsible for your labor relations or employment practices.

If you propose to change the Operating Principal, you must immediately seek a new person (the "Replacement Operating Principal") for that role and appoint the Replacement Operating Principal within 30 days after the former Operating Principal's last day. The Replacement Operating Principal must satisfactorily complete our initial training program within 30 days after we approve him or her. (Item 6 describes related costs.)

Each of your owners with at least a 20% ownership interest in you, or in an entity directly or indirectly owning at least a 20% ownership interest in you, and any other owner we designate, must personally guarantee all of your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is Exhibit B-1 of the Franchise Agreement. Each owner not owning at least a 20% ownership interest in you, or in an entity directly or indirectly owning at least a 20% ownership interest in you, must sign an "Owner's Undertaking of Non-Monetary Obligations" (Exhibit B-2 of the Franchise Agreement) undertaking to be bound personally by specific non-monetary provisions in the Franchise Agreement.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Restaurant must offer for sale all products and services we periodically specify. The Restaurant may not offer, sell, or otherwise distribute at the Restaurant or another location any products or services we have not authorized. There are no limits on our right to modify the products and services your Restaurant must or may offer and sell. Brand Standards may regulate (to the extent the law allows) maximum, minimum, or other pricing requirements for products and services the Restaurant sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all NAF NAF Restaurants must participate and price advertising policies. Brand Standards also may regulate delivery and catering services, including your obligation to deliver products to customers, to engage with third-party food ordering and delivery systems, and to ring up and account for delivery and catering charges not included in the price of products only in the manner we permit.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	3.B of Franchise Agreement and 2. and 3 of Development Rights Rider	10 years from day on which Restaurant first opens to the public for business. Development Rights Rider term depends on development obligations.
b. Renewal or extension of the term	17 of Franchise Agreement	If you are in good standing, you may acquire one successor franchise for 10 years on our then-current terms. No renewal or extension of Development Rights Rider.

Provision	Section in franchise or other agreement	Summary
c. Requirements for franchisee to renew or extend	17 of Franchise Agreement	You timely request business review; substantially complied with contractual obligations and operated Restaurant in substantial compliance with Brand Standards; remodel/upgrade or relocate Restaurant (at our option); sign then-current form of franchise agreement and releases (if applicable state law allows); and pay successor franchise fee. Terms of our new franchise agreement you sign for successor franchise may differ materially from any and all terms contained in Franchise Agreement attached to this disclosure document (including higher fees and a modified or smaller Area of Protection).
d. Termination by franchisee	18.A of Franchise Agreement	If we breach Franchise Agreement and do not cure default after notice from you; you may not terminate without cause.
e. Termination by franchisor without cause	18.B of Franchise Agreement	We may not terminate your Franchise Agreement (or development rights) without cause.
f. Termination by franchisor with cause	18.B of Franchise Agreement and 8 of Development Rights Rider	We may terminate your Franchise Agreement (and development rights) only if you or your owners commit one of several violations.
g. "Cause" defined — curable defaults	18.B of Franchise Agreement	You have 5 days to cure monetary and insurance defaults; 10 days to satisfy unpaid judgments of at least \$25,000; 15 days to cure violations of material law; 30 days to pay suppliers and to cure other defaults not listed in (h) below; and 60 days to vacate attachment, seizure, or levy of Restaurant or appointment of receiver, trustee, or liquidator.

Provision	Section in franchise or other agreement	Summary
h. "Cause" defined — non-curable defaults	18.B of Franchise Agreement and 8 of Development Rights Rider	Non-curable defaults include: material misrepresentation or omission; failure to complete initial training to our satisfaction; failure to obtain our written site acceptance or to develop and open Restaurant (with fully-trained staff) by deadlines; abandonment or failure to operate for more than 3 consecutive days; unapproved transfer; felony conviction or guilty plea; dishonest, unethical, or immoral conduct adversely impacting our Marks; foreclosure on Restaurant's assets; misuse of confidential information; violation of non-compete; material underreporting of Gross Sales; failure to pay taxes due; repeated defaults; assignment for benefit of creditors or admission of inability to pay debts when due; violation of anti-terrorism laws; losing rights to Restaurant premises; causing or contributing to a data security incident or failure to comply with requirements to protect Consumer Data; or we send notice of termination under another franchise agreement with you or your affiliates, or you or your affiliates terminate another franchise agreement with us without cause. We may terminate Development Rights Rider if you do not satisfy development schedule or other obligations; if Franchise Agreement or another franchise agreement between us and you (or your affiliated entity) is terminated by us for cause or by you for any or no reason; or we have delivered formal notice of default to you (or your affiliated entity) under Franchise Agreement or another franchise agreement (whether or not default is cured).

Provision	Section in franchise or other agreement	Summary
i. Franchisee's obligations on termination/nonrenewal	19 of Franchise Agreement	Obligations include paying outstanding amounts; complete de-identification; returning confidential information; returning or destroying (at our option and at your own cost) branded materials and proprietary equipment and other items; assigning telephone and telecopy numbers and directory listings; and assigning or cancelling any website or other online presence or electronic media associating you with us or the Marks (also see (o) and (r) below); we may control de-identification process if you do not voluntarily take required action; we may assume Restaurant's management while deciding whether to buy Restaurant's assets.
j. Assignment of contract by franchisor	16.A of Franchise Agreement	No restriction on our right to assign; we may assign without your approval.
k. "Transfer" by franchisee — defined	16.B of Franchise Agreement	Includes transfer of Franchise Agreement; Restaurant or its profits, losses, or capital appreciation; all or substantially all Operating Assets; or ownership interest in you or controlling ownership interest in entity with ownership interest in you. Also includes pledge of Franchise Agreement or ownership interest.
l. Franchisor approval of transfer by franchisee	16.B of Franchise Agreement and 9 of Development Rights Rider	We must approve all transfers; no transfer without our prior written consent. Your development rights under Development Rights Rider are not assignable.

Provision	Section in franchise or other agreement	Summary
m. Conditions for franchisor approval of transfer	16.C of Franchise Agreement	We will approve transfer of non-controlling ownership interest in you if transferee (and each owner) qualifies and meets our then-applicable standards for non-controlling owners, is not (and has no affiliate) in a competitive business, signs our then-current form of guaranty (or, if applicable, Owner's Undertaking of Non-Monetary Obligations), and pays transfer fee. We will approve transfer of franchise rights or controlling ownership interest if transferee (and each owner) qualifies (including, if transferee is an existing franchisee, transferee is in substantial operational compliance under all other franchise agreements for NAF NAF Restaurants) and is not restricted by another agreement from moving forward with the transfer; you have paid us and our affiliates all amounts due, have submitted all reports, and are not then in breach; transferee and its owners and affiliates are not in a competitive business; training completed; transfer fee paid; transferee may occupy Restaurant's site for expected franchise term; transferee (at our option) assumes your Franchise Agreement or signs our then-current form of franchise agreement and other documents for unexpired portion of your original franchise term (then-current form may have materially different terms except that your original Royalty, Tech Fee, and Ad Fund contribution levels and the definition of Area of Protection will remain the same for unexpired portion of your original franchise term); transferee agrees to upgrade and remodel; you (and transferring owners) sign general release (if applicable state law allows); we determine that sales terms and financing will not adversely affect Restaurant's operation post-transfer; you subordinate amounts due to you; and you stop using Marks and our other intellectual property (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	16.G of Franchise Agreement	We may match any offer for your Restaurant or ownership interest in you or entity that controls you.
o. Franchisor's option to purchase franchisee's business	19.F of Franchise Agreement	We may buy Restaurant's assets at fair market value and take over site after Franchise Agreement is terminated or expires (without renewal).

Provision	Section in franchise or other agreement	Summary
p. Death or disability of franchisee	16.E of Franchise Agreement	Must transfer to approved party within 6 months; we may operate Restaurant in interim if it is not then managed properly.
q. Non-competition covenants during the term of the franchise	12 of Franchise Agreement	No owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or operating; no diverting business to competitive business. "Competitive Business" means a (a) restaurant or other food-service business for which 30% or more of the food menu (excluding beverages) consists of Middle Eastern- and/or Mediterranean-style items or (b) business granting franchises or licenses to others to operate the type of business described in clause (a).
r. Non-competition covenants after the franchise is terminated or expires	19.E of Franchise Agreement	For 2 years after franchise term, no owning interest in or performing services for Competitive Business at Restaurant's site, within 10 miles of Restaurant's site, or within 5 miles of another NAF NAF Restaurant (same restrictions apply after transfer).
s. Modification of the agreement	21.K of Franchise Agreement	No modifications generally, but we may change Operations Manual and Brand Standards.
t. Integration/merger clause	21.K of Franchise Agreement	Only terms of Franchise Agreement and other documents you sign with us are binding (subject to state and federal law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	21.F of Franchise Agreement	We and you must arbitrate all disputes within 10 miles of where we have our principal business address when the arbitration demand is filed (it currently is in Chicago, Illinois).
v. Choice of forum	21.H of Franchise Agreement	Subject to arbitration requirements, litigation generally must be in courts closest to where we, as franchisor, have our principal business address when the action is commenced (it currently is in Chicago, Illinois) (subject to applicable state law).
w. Choice of law	21.G of Franchise Agreement	Federal law and, with certain exceptions, Illinois law apply (subject to applicable state law).

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

This financial performance representation reflects the historical average and median 2017 Gross Sales, Cost of Goods Sold, Personnel Expenses, Advertising, Operating Expenses, Occupancy Expenses, General and Administrative Expenses, and EBITDAR, as we define those terms below, during the fiscal year ended December 31, 2017 ("Fiscal Year 2017") for 8 NAF NAF Restaurants owned and operated by our affiliates that operated continuously in traditional retail venues during the entire 2015, 2016, and 2017 calendar years (the "Three-Year Period"). We had no operational franchises as of this disclosure document's issuance date.

As of December 31, 2017, there were 38 affiliate-owned NAF NAF Restaurants in operation. This financial performance representation does not include the following 30 of those Restaurants: (1) the original 3 NAF NAF Restaurants in Illinois, which opened in 2010 and 2011, because they are not the same service model, and do not have the same menu, as the NAF NAF Restaurants that franchisees will operate; (2) 11 Restaurants (located in the District of Columbia, Illinois, Michigan, Minnesota, New Jersey, Ohio, Pennsylvania, and Wisconsin) that had not been open for a full 12-month period as of December 31, 2017; and (3) an additional 16 Restaurants (located in Illinois, Michigan, Minnesota, New Jersey, Pennsylvania, and Wisconsin) that had been open for at least a full 12-month period as of December 31, 2017, but not for the entire Three-Year Period. We excluded those 16 Restaurants from this Item 19 because the experiences of our affiliate-owned NAF NAF Restaurants confirm that the acceptability and financial performance of NAF NAF Restaurants in new markets, where consumers are unfamiliar with the brand and less accustomed to Middle-Eastern and Mediterranean fare, cannot be reliably measured until the Restaurants have been open and operating in those markets for at least 3 years.

The 8 affiliate-owned NAF NAF Restaurants included in this financial performance representation, all based in Illinois, are substantially similar to the NAF NAF Restaurants for which we are offering franchises in this disclosure document, and their products are the same as those to be offered and sold by franchised NAF NAF Restaurants. These affiliate-owned NAF NAF Restaurants reflect the standard NAF NAF Restaurant prototype.

During Fiscal Year 2017	Average	Percentage of Total Gross Sales During the Period	No. and Percentage of Restaurants Exceeding Average	Median
Total Gross Sales (1)	High: \$1,546,223 Avg.: \$1,107,232 Low: \$672,616		4/8 (50%)	\$1,132,213
Cost of Goods Sold (i.e., food, beverages, paper, and inventory)	\$274,046	24.8%	4/8 (50%)	\$275,115
Personnel Expenses (i.e., salaries, payroll, medical insurance, and unemployment taxes)	\$330,164	29.8%	5/8 (62.5%)	\$334,576
Advertising (i.e., local marketing, coupons, and discounts)	\$14,871	1.3%	4/8 (50%)	\$14,459
Operating Expenses (i.e., technology costs, maintenance, utilities, pest control, security, and other controllable expenses)	\$55,899	5.0%	3/8 (37.5%)	\$49,657
General and Administrative Expenses (i.e., credit card fees, bank fees, general liability insurance, and business license and fees)	\$84,949	7.7%	3/8 (37.5%)	\$77,015
Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent Expense (EBITDAR) (See Notes B and C below)	\$347,303	31.4%	4/8 (50%)	\$381,391

(1) "Gross Sales" means the aggregate amount of all revenue and other consideration generated from any source, including revenue and other consideration generated from the sale of products,

services, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance; and (if we allow barter) the value of products, services, and merchandise bartered in exchange for the Restaurant's products, services, or merchandise. Gross Sales are not reduced by the amount of any discounts on products or services sold to employees, family members, or other businesses you own or control or by the amount paid to, collected by, or shared with third-party food ordering and delivery systems with which we allow the Restaurant to do business. All of those transactions must be entered into the Computer System at the full, standard retail price for purposes of calculating Gross Sales. However, Gross Sales exclude: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities; and (iv) promotional or marketing discounts we permit. In addition, Gross Sales are reduced by the amount of any credits provided in compliance with our policies. Revenue from gift cards we approve for sale at NAF NAF Restaurants is included in Gross Sales when the gift card is used to pay for products and services.

Annual Franchise Expense Not Encompassed in Table Above (assuming the average and median annual Gross Sales reflected above) (See Note A below)

	<u>Average</u>	<u>Median</u>
Royalties (5%)	\$55,362	\$56,611
Technology Fee (1%)	\$11,072	\$11,322
Ad Fund (2%)	\$22,145	\$22,644
Local Marketing (2%)	\$22,145	\$22,644

Numerous factors will affect a particular NAF NAF Restaurant's performance, including goodwill and name recognition in the market; length of time in business; nearby businesses; nearby working and living population; traffic count; site accessibility and visibility; the local market and competition from other restaurants and food-service businesses; general economic conditions; the franchisee's management skill, experience, business acumen, and ability to promote and market its NAF NAF Restaurant effectively in the local market; service levels and customer satisfaction; local labor costs; rent and leasehold expenses in the market; and the degree of adherence to our methods and procedures in operating the NAF NAF Restaurant.

We expect to provide to franchisees some of the services that our affiliates' management provides to the NAF NAF Restaurants whose results appear above. However, we do not provide services that a NAF NAF Restaurant's owner normally would provide, such as financing, accounting, legal, personnel/labor, construction, and management services. The availability of these services to a franchisee, as well as their cost and quality, will affect operations.

Explanatory Notes

(A) Because the NAF NAF Restaurants whose results appear above are affiliate-

owned and operated, they paid no Royalties. You must consider your Restaurant's required Royalty payment (currently 5% of bi-weekly Gross Sales) as part of its expected operating expenses. The annual Royalty your Restaurant would have been required to pay had it achieved the average and median Gross Sales levels reflected in the table above is identified separately.

These affiliate-owned and operated NAF NAF Restaurants spent various amounts during Fiscal Year 2017 on advertising and marketing. Under the Franchise Agreement, you currently must contribute 2% of your Restaurant's bi-weekly Gross Sales to an Ad Fund and must spend at least 2% of your Restaurant's monthly Gross Sales on local advertising and marketing. The annual Ad Fund contributions your Restaurant would have been required to pay, and its Local Marketing Spending Requirement, had it achieved the average and median annual Gross Sales levels reflected in the table above are identified separately.

These affiliate-owned and operated NAF NAF Restaurants also spent various amounts on technology services during 2017. The Franchise Agreement obligates you to pay us bi-weekly technology fees. You also will incur costs for necessary technology services obtained from other service providers. The annual technology fees your Restaurant would have been required to pay us had it achieved the average and median annual Gross Sales levels reflected in the table above are identified separately.

(B) Depreciation of leasehold improvements and equipment is not included in EBITDAR. To the extent leasehold improvements (estimated in Item 7 of the disclosure document) are paid for and capitalized by a franchisee, these amounts are normally depreciated over the life of the lease. Equipment is normally depreciated over 3 to 5 years. Leasehold improvements are normally depreciated over 10 to 15 years depending on the lease's term.

(C) The financing, amortization, and interest costs for leasehold improvements and equipment are not included in EBITDAR. Similarly, amortization of the initial franchise fee and organization costs is not included.

Our management prepared this financial performance representation based on information provided by our affiliates that we believe to be reliable. This financial performance representation was prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form. Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request.

Some NAF NAF Restaurants have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Paul Damico, Naf-Naf Franchising

LLC, 720 North Franklin, Suite 401, Chicago, Illinois 60654, (773) 293-6120, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All figures in the tables below are as of December 31 of each year. The "Company-Owned" outlets referenced in tables 1 and 4 below are owned by one or more of our affiliates.

Table No. 1

**Systemwide Outlet Summary
For years 2015 to 2017**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Company-Owned	2015	12	17	+5
	2016	17	27	+10
	2017	27	38	+11
Total Outlets	2015	12	17	+5
	2016	17	27	+10
	2017	27	38	+11

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2015 to 2017**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
We had no franchise transfers during the past 3 fiscal years	2015	0
	2016	0
	2017	0
Total	2015	0
	2016	0
	2017	0

Table No. 3

**Status of Franchised Outlets
For years 2015 to 2017**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
We had no franchises during the past 3 fiscal years	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
Totals	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0

Table No. 4

**Status of Company-Owned Outlets
For years 2015 to 2017**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
District of Columbia	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
Illinois	2015	12	1	0	0	0	13
	2016	13	2	0	1	0	14
	2017	14	1	0	0	0	15
Michigan	2015	0	0	0	0	0	0
	2016	0	2	0	0	0	2
	2017	2	2	0	0	0	4
Minnesota	2015	0	3	0	0	0	3
	2016	3	4	0	0	0	7
	2017	7	2	0	0	0	9
New Jersey	2015	0	0	0	0	0	0
	2016	0	1	0	0	0	1
	2017	1	1	0	0	0	2
Ohio	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	1	0	0	0	1
Pennsylvania	2015	0	0	0	0	0	0

	2016	0	2	0	0	0	2
	2017	2	3	0	0	0	5
Wisconsin	2015	0	1	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	1	0	0	0	2
Totals	2015	12	5	0	0	0	17
	2016	17	11	0	1	0	27
	2017	27	11	0	0	0	38

Table No. 5

Projected Openings as of December 31, 2017

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Delaware	0	0	1
Illinois	0	0	1
Ohio	0	0	1
Total	0	0	3

We had no franchisees as of this disclosure document's issuance date. There were no franchisees that had NAF NAF Restaurants terminated, canceled, or not renewed, or that otherwise voluntarily or involuntarily ceased doing business under our Franchise Agreement or Development Rights Rider, during our last fiscal year or that have not communicated with us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses restricting them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the NAF NAF Restaurant franchise system.

Item 21
FINANCIAL STATEMENTS

We are a start-up franchisor formed on June 6, 2018. Exhibit A contains (1) an independent accountant's compilation report of our unaudited opening balance sheet dated as of June 30, 2018, and our unaudited statements of operations, changes in member's equity, and cash flows for the period ended June 30, 2018, and (2) an unaudited balance sheet dated as of October 28, 2018, and unaudited statements of operations, changes in member's equity, and cash flows for the period from inception (June 6, 2018) through October 28, 2018. We had no operations before the date of our opening balance sheet. Because we have not been in existence for at least 3 years, we do not have available and cannot yet include in this disclosure document 3 full years of audited financial statements.

Item 22
CONTRACTS

The following contracts/documents are exhibits:

1. Franchise Agreement (Exhibit B)
2. Development Rights Rider to Franchise Agreement (Exhibit C)
3. Franchisee Representations Document (Exhibit F)
4. Form of General Release (Exhibit G)
5. State-Specific Franchise Agreement Riders (Exhibit H)

Item 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT B
FRANCHISE AGREEMENT

NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

FRANCHISEE NAME

RESTAURANT ADDRESS

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EXHIBITS

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Exhibit B-1 – Guaranty and Assumption of Obligations

Exhibit B-2 – Owner’s Undertaking of Non-Monetary Obligations

Exhibit C – Franchisee and Its Owners

Exhibit D – Lease Rider

Exhibit E – Sample Form of Confidentiality Agreement

NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

This Franchise Agreement (this “**Agreement**”) is made by and between **Naf-Naf Franchising LLC**, a Delaware limited liability company whose principal business address is 720 North Franklin Street, Suite 401, Chicago, Illinois 60654 (“**we**,” “**us**,” or “**our**”), and _____, a(n) _____ (“**you**” or “**your**”), and is effective as of the date we sign it as the franchisor, which is set forth next to our signature at the end of this Agreement (the “**Effective Date**”).

1. Preambles

We and certain of our affiliates have created, designed, and developed a fast-casual restaurant brand identified by the Marks (defined below) that currently offers and sells Middle-Eastern and Mediterranean fare, including shawarma, falafel, hummus, and pita, and other food products and beverages.

We and certain of our affiliates have developed, and currently use, promote, and license, certain trademarks, service marks, and other commercial symbols for our restaurant brand, including “NAF NAF® Middle Eastern Grill” and “NAF NAF®,” and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the “**Marks**”). One of our affiliates owns the Marks, the Confidential Information (defined in Section 9 below), and all aspects of our branded system and has licensed us that intellectual property for use in our franchise program for NAF NAF Middle Eastern Grill restaurants (“**NAF NAF Restaurants**”).

We offer and grant franchises to operate a NAF NAF Restaurant using the NAF NAF business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications, and Marks, all of which we and our affiliate periodically may improve, further develop, and otherwise modify (collectively, the “**Franchise System**”).

You have applied for a franchise to operate a NAF NAF Restaurant, and we are willing to grant you the franchise on the terms and conditions contained in this Agreement.

2. Acknowledgments

You acknowledge that:

- i. You independently investigated the NAF NAF Restaurant franchise opportunity and recognize that, like any other business, the nature of a NAF NAF Restaurant’s business may, and probably will, evolve and change over time.
- ii. Investing in a NAF NAF Restaurant involves business risks that could result in your losing a significant portion or all of your investment.
- iii. We have not made, and you have not relied on, any express or implied guaranty or representation as to the extent to which we and our affiliates will continue developing and expanding the NAF NAF Restaurant network.

- iv. Your business abilities and efforts are vital to your success.
- v. Attracting customers for your NAF NAF Restaurant will require you to make consistent marketing efforts in your community, including through media advertising, direct mail and on-line advertising, social media marketing and networking, and display and use of in-Restaurant promotional materials.
- vi. Retaining customers for your NAF NAF Restaurant will require you to maintain the premises, provide a high level of customer service, and adhere strictly to the Franchise System and our Brand Standards (defined in Section 6.H below).
- vii. You are committed to maintaining our Brand Standards.
- viii. Other than for disclosures in our franchise disclosure document, you have not received from us or our affiliates and are not relying upon any representations or guarantees, express or implied, of a NAF NAF Restaurant's potential volume, sales, income, or profits.
- ix. In their dealings with you, our officers, directors, employees, consultants, lawyers, and agents act only in a representative, and not in an individual, capacity, and business dealings between you and them as a result of this Agreement are deemed to be only between you and us.
- x. You have represented to us, to induce our signing this Agreement, that all application and qualification materials you gave us are accurate and complete, and you made no misrepresentations or material omissions to obtain the franchise.
- xi. You read this Agreement and our franchise disclosure document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high product quality and service standards (and the uniformity of those standards at each NAF NAF Restaurant) and to protect and preserve the goodwill of the Marks.
- xii. We have not made any representation, warranty, or other claim regarding this NAF NAF Restaurant franchise opportunity other than those made in this Agreement and our franchise disclosure document, and you independently evaluated this opportunity (including by using your business professionals and advisors) and relied solely upon those evaluations in deciding to sign this Agreement.
- xiii. You had an opportunity to ask questions and to review materials of interest to you concerning the NAF NAF Restaurant franchise opportunity.
- xiv. You had an opportunity, and we encouraged you, to have an attorney or other professional advisor review this Agreement and all other materials we gave or made available to you.

3. Grant of Franchise

A. Grant of Franchise

Subject to this Agreement's terms, we grant you the right, and you commit, to operate a NAF NAF Restaurant at the address identified on Exhibit A (the "**Restaurant**") using the Franchise System and the Marks. (If the Restaurant's address is unknown as of the Effective Date, the address will be determined as provided in Section 4.A and then listed on an amended and restated Exhibit A we will give you.) Except as provided in this Agreement, your right to operate the Restaurant is limited to products prepared and sold, and services provided, at the Restaurant location and does not include the right to distribute products and services over the Internet or to engage in other supply or distribution channels. You may not engage in any product delivery or catering activities away from the Restaurant's location unless and until we notify you in writing that you may do so (although we have no obligation to allow such activities by a certain date or at all). If we allow you to engage in such activities, you must comply with all related Brand Standards.

B. Term

The franchise term (the "**Term**") begins on the Effective Date and expires ten (10) years from the day on which the Restaurant first opens to the public for business. The Term is subject to earlier termination under Section 18. You agree to operate the Restaurant in compliance with this Agreement for the entire Term unless this Agreement is properly terminated under Section 18.

C. Territorial Rights

During the Term, we and our affiliates will not, except as provided in this Section and in Section 3.D, own or operate, or allow another franchisee or licensee to own or operate, another NAF NAF Restaurant that has its physical location within the geographic area described on Exhibit A (the "**Area of Protection**"). We may modify the Area of Protection only as provided in Exhibit A. If the Restaurant's address is unknown as of the Effective Date, we will describe the Area of Protection on an amended and restated Exhibit A that we will send you after we accept the Restaurant's site as provided in Section 4.A. The Area of Protection will always be defined to exclude any and all Non-Traditional Venues physically located within the Area of Protection. This means there are no restrictions whatsoever on our and our affiliates' activities in or at Non-Traditional Venues physically located within the Area of Protection, including, but not limited to, our and our affiliates' right to own and operate and grant others the right to own and operate NAF NAF Restaurants, and to engage in other foodservice operations under the Marks, at such Non-Traditional Venues. A "**Non-Traditional Venue**" means a hospital or medical center, airport, public or private school, university or college campus, airport terminal, train or bus station, convention center, exhibition hall, amusement park, fairground, sports arena, military base, state or national park, hotel, lodge, country club, social club, resort, casino, theater, or similar venue.

D. Reservation of Rights

Except for your location exclusivity described in Section 3.C above (which is subject to our and our affiliates' various rights with respect to Non-Traditional Venues physically located within the Area of Protection), we and our affiliates retain all rights with respect to NAF NAF Restaurants, the Marks, the sale of similar or dissimilar products and services, and any other activities we and they deem appropriate, whenever and wherever we and they desire, whether inside or outside the Area of Protection. Specifically, but without limitation, we and our affiliates reserve the following rights:

- i. to own and operate, and to allow other franchisees and licensees to own and operate, NAF NAF Restaurants at any locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we deem appropriate;
- ii. to offer and sell, and to allow others to offer and sell, inside and outside the Area of Protection, products and services that are identical or similar to and/or competitive with those offered and sold by NAF NAF Restaurants, whether identified by the Marks or other trademarks or service marks, through any distribution channels (including the Internet) other than NAF NAF Restaurants physically located within the Area of Protection and on any terms and conditions we deem appropriate;
- iii. to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Area of Protection) businesses offering similar products and services under trademarks and service marks other than the Marks;
- iv. to acquire the assets or ownership interests of one or more businesses offering and selling products and services similar to those offered and sold at NAF NAF Restaurants, and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;
- v. to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling products and services similar to those offered and sold at NAF NAF Restaurants, or by another business, even if such business operates, franchises, or licenses Competitive Businesses (defined in Section 12 below) inside or outside the Area of Protection; and
- vi. to engage in all other activities this Agreement does not expressly prohibit.

E. Guaranty

The Guarantors must fully guarantee all of your financial and other obligations to us under this Agreement or otherwise arising from our franchise relationship with you, and agree

personally to comply with this Agreement's terms, by executing the form of Guaranty attached as Exhibit B-1. "Guarantors" means each owner owning at least a twenty percent (20%) ownership interest in you, or in an entity directly or indirectly owning at least a twenty percent (20%) ownership interest in you, and any other owner we designate as a Guarantor in Exhibit B. Each owner not owning at least a twenty percent (20%) ownership interest in you, or in an entity directly or indirectly owning at least a twenty percent (20%) ownership interest in you, must sign an Owner's Undertaking of Non-Monetary Obligations, in the form attached as Exhibit B-2, undertaking to be bound personally by specific non-monetary provisions in this Agreement. Each owner's name and his, her, or its percentage ownership interest in you are set forth in Exhibit C. Subject to our rights and your obligations in Section 16, you must notify us of any change in the information in Exhibit C within ten (10) days after the change occurs.

F. Your Form and Structure

As a corporation, limited liability company, or general, limited, or limited liability partnership (each, an "Entity"), you agree and represent that:

i. You have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly exist in good standing under the laws of the state of your incorporation or formation;

ii. Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, recite that this Agreement restricts the issuance and transfer of any direct or indirect ownership interests in you, and all certificates and other documents representing ownership interests in you will, at our request, bear a legend (the wording of which we may prescribe) referring to this Agreement's restrictions;

iii. Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, contain a provision requiring any dissenting or non-voting interest-holders to execute all documents necessary to effectuate any action that is properly authorized under the organizational documents, operating agreement, or partnership agreement, as applicable;

iv. Exhibit C to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date; and

v. You may not use any Mark (in whole or in part) in, or as part of, your legal business name or email address or use any name that is the same as or similar to, or an acronym or abbreviation of, the NAF NAF name (although you may register the "assumed name" or "doing business as" name "NAF NAF" in the jurisdictions where you are formed and qualify to do business).

4. Site Selection, Lease, and Developing the Restaurant

A. Site Selection and Acceptance

If the Restaurant's address is unknown as of the Effective Date, this Section 4.A will govern the site selection and acceptance process. Within six (6) months after the Effective Date (unless a different date is specified in a Development Rights Rider to which you (or your affiliate) and we are parties), you must obtain our written acceptance of, and secure, a site within the non-exclusive geographical area described in Exhibit A (the "Site Selection Area") at which to operate your Restaurant. The timeframe during which you must search for, propose, obtain our written acceptance of, and secure the Restaurant's site within the Site Selection Area (the "Site Selection Period") will expire upon the earliest of (i) our acceptance of the Restaurant's site and lease and giving you an amended and restated Exhibit A, (ii) this Agreement's termination, or (iii) six (6) months after the Effective Date (unless a different date is specified in a Development Rights Rider).

It is your responsibility to locate, evaluate, and select the Restaurant's site. We and our affiliates will not conduct site selection activities for you. We will review potential Restaurant sites you identify within the Site Selection Area and conduct one (1) visit to the Site Selection Area to review potential Restaurant sites. We may condition our proposed visit and acceptance of a proposed site on your first sending us complete site reports and other materials (including, without limitation, photographs and video recordings) we request. We will give you our then-current criteria for NAF NAF Restaurant sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help you select and identify your site. However, even if we give you information regarding a potential site or site criteria, you acknowledge that we have made, and will make, no representations or warranties of any kind, express or implied, about the site's suitability for a NAF NAF Restaurant or any other purpose or the likelihood that we ultimately will accept that site for the Restaurant's location.

You must submit all information we request when you propose a site, including a signed letter of intent specifying the key terms of the proposed lease or purchase transaction. We will use reasonable efforts to review and accept or reject each site you propose within twenty (20) days after we receive all requested information and materials. If we do not accept the site in writing within twenty (20) days, the site will be deemed rejected. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites for NAF NAF Restaurants in the past. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a NAF NAF Restaurant.

Our acceptance of a site indicates only that we believe the site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites for NAF NAF Restaurants in the past. Applying criteria appearing effective with other sites might not accurately reflect the potential of all sites, and demographic or other factors included in or

excluded from our criteria could change, altering a site's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a particular site fails to meet your expectations. Upon accepting a proposed site, we will list the accepted site's location as the Restaurant's address in Exhibit A. If you do not find and we do not accept a Restaurant site within six (6) months after the Effective Date (or a different date specified in a Development Rights Rider), then we or you may terminate this Agreement upon written notice to the other.

You may not relocate the Restaurant to a new site without our prior written consent, which we may grant or deny as we deem best. We may condition relocation approval on (1) the new site and its lease being acceptable to us, (2) your paying us a reasonable relocation fee (as set forth in the Operations Manual), (3) your reimbursing any costs we incur during the relocation process, (4) your confirming that this Agreement remains in effect and governs the Restaurant's operation at the new site with no change in the Term or, at our option, your signing our then-current form of franchise agreement to govern the Restaurant's operation at the new site for a new franchise term, (5) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) your continuing to operate the Restaurant at its original site until we authorize its closure, and (7) your taking, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Restaurant's former premises so it no longer is associated in any manner (in our opinion) with the Franchise System and the Marks.

B. Lease Acceptance

You must send us for our written acceptance, which we will not unreasonably withhold, any lease or sublease (and any renewals and amendments of the lease or sublease) that will govern your occupancy and lawful possession of the Restaurant's site at least twenty (20) days before you intend to sign it. The lease or sublease must either (i) include the lease rider attached to this Agreement as Exhibit D or (ii) provide within its body the terms and conditions found in the lease rider. You may not sign any lease or sublease (or any renewal or amendment of the lease or sublease) we have not accepted in writing. We may (but have no obligation to) guide or assist you with the leasing process but will not negotiate the lease or sublease for you or provide any legal advice. If we do not accept the proposed lease or sublease in writing within twenty (20) days after we receive a complete copy, the lease or sublease will be deemed rejected. You acknowledge that our guidance or assistance and written acceptance of the lease or sublease (or renewal or amendment) are not a guarantee or warranty, express or implied, of the Restaurant's success or profitability or of the suitability of the lease or sublease for your business purposes. Our acceptance indicates only that we believe the site and the terms of the lease or sublease adequately protect our interests and/or the interests of other franchisees in the NAF NAF system, to the extent those interests are implicated in the lease or sublease. You must have a signed lease or sublease by the end of the Site Selection Period. After your lease or sublease is executed, you must send us prior notice of any revisions to its terms that you or your landlord might propose, and we have the right to accept or reject those proposed revisions before they become effective.

C. Development of Restaurant

Besides the deadline for obtaining site acceptance and signing an accepted lease or sublease, you must within fourteen (14) months after the Effective Date (or, if earlier, on or

before the date specified in any Development Rights Rider to which we and you (or your affiliate) are parties) (the **"Opening Deadline"**) (i) secure all financing required to develop and operate the Restaurant, (ii) obtain all permits and licenses required to construct and operate the Restaurant, (iii) construct all required improvements to the site and decorate the Restaurant in compliance with our approved plans and specifications, (iv) purchase or lease and install all required Operating Assets (defined below), (v) purchase an opening inventory of required, authorized, and approved products, materials, and supplies, (vi) complete all required training, and (vii) open your Restaurant in accordance with all requirements of this Agreement.

You must develop the Restaurant at your expense. We will give you construction guidelines and mandatory and suggested specifications and layouts for a NAF NAF Restaurant (collectively, **"Plans"**), including requirements or recommendations (as applicable) for dimensions, design, interior layout, décor, signage, and Operating Assets. All other decisions regarding the Restaurant's development and layout, design, color scheme, finishes, improvements, décor, and Operating Assets are subject to our review and prior written approval. Our Plans might not reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations (collectively, **"Laws"**), including those arising under the Americans with Disabilities Act, or any lease requirements or restrictions. You are solely responsible for complying with all Laws and must inform us of any changes to the Restaurant's specifications that you believe are necessary to ensure such compliance. We have the right to pre-approve the architect and general contractor you propose to use to develop the Restaurant before you hire them.

You agree at your expense to construct, install all trade dress and Operating Assets in, and otherwise develop the Restaurant according to our standards, specifications, and directions. The Restaurant must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You agree to place or display at the Restaurant (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and display materials we approve from time to time.

You agree to purchase or lease from time to time only approved brands, types, and models of Operating Assets according to our standards and specifications and, if we specify, only from one or more suppliers we designate or approve (which may include or be limited to us and/or certain of our affiliates). **"Operating Assets"** means all required furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System (defined in Section 7.F)) we periodically require for the Restaurant and the business you operate under this Agreement.

You must adapt the Plans for the Restaurant (the **"Adapted Plans"**) and make sure they comply with all Laws and lease requirements and restrictions. You must send us the Adapted Plans for our written approval before beginning the Restaurant's build-out and all revised or "as built" plans and specifications prepared during the Restaurant's construction and development. You may not begin the Restaurant's build-out until we approve the Adapted Plans in writing. Our review of the Adapted Plans is limited to reviewing your compliance with our Plans. Our review is not intended or designed to assess your compliance with Laws or lease requirements and restrictions; compliance in those areas is your responsibility.

You must develop the Restaurant in accordance with the Adapted Plans we have approved in writing. We own the Plans and all Adapted Plans. During the Restaurant's build-out, we may physically inspect the Restaurant or require you to send us pictures and images (including recordings) of the Restaurant's interior and exterior so we can review your development of the Restaurant in accordance with our Brand Standards. If your general contractor fails to send us the images/recordings we require for the Restaurant by the specified deadline (but not more often than bi-weekly), we may require you to pay us One Hundred Dollars (\$100) for each day the requested images/recordings are late (the "Development Images Deficiency Fee"). The Development Images Deficiency Fee, should one be charged, is deemed by us and you to be a reasonable estimate of our administrative and management costs to address your failure to submit the required images/recordings by their due date. The Development Images Deficiency Fee is not a penalty. We may debit your account for the Development Images Deficiency Fee or set off monies otherwise due and payable to you to cover the payment of the Development Images Deficiency Fee. You also must correct your deficiency, which is a default under this Agreement, whether or not we charge the Development Images Deficiency Fee.

D. Opening

You must open the Restaurant for business on or before the Opening Deadline, provided, however, you may not do so until:

- i. we inspect and approve in writing the Restaurant as having been developed in accordance with our specifications and standards. You must give us at least sixty (60) business days' prior written notice of the Restaurant's planned opening date and also notify us in writing when the Restaurant is ready for inspection or review. If we do not inspect or review the Restaurant within sixty (60) business days after you deliver notice that the Restaurant is ready for inspection or review, or if we do not comment in writing within seven (7) business days after our inspection or review, then the Restaurant is deemed approved to open. Our inspection and approval are limited to ensuring your compliance with our standards and specifications; our approval is not a representation that the Restaurant in fact complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval likewise are not intended or designed to assess compliance with Laws; compliance with Laws is your responsibility. We will not unreasonably withhold our approval of the Restaurant;
- ii. your Operating Principal and the Restaurant's Managers, as applicable, have completed to our satisfaction the initial training program described in Section 6.A;
- iii. the Restaurant has sufficient employees, trained by you, to manage and operate the Restaurant on a day-to-day basis in compliance with Brand Standards (you must at all times have two (2) fully-trained, certified Restaurant Managers managing the Restaurant's day-to-day, on-site operations, one of whom may be your Operating Principal);

- iv. your Operating Principal, the Restaurant Managers, and the Restaurant's employees have completed all required third-party certifications for the food industry (including certifications required under Laws);
- v. you have satisfied all state and federal permitting, licensing, and other legal requirements for the Restaurant's lawful operation;
- vi. all amounts due to us, our affiliates, and principal suppliers have been paid;
- vii. you are not in default under any agreement with us, our affiliates, or principal suppliers;
- viii. we have received copies of all permits, licenses, and insurance policies required by this Agreement; and
- ix. you have met all other opening requirements we have established in our Operations Manual (defined in Section 6.H).

5. Fees

A. Initial Franchise Fee

You must pay us a Forty-Thousand Dollar (\$40,000) initial franchise fee in a lump sum when you sign this Agreement (the "**Initial Franchise Fee**"). The Initial Franchise Fee is not refundable under any circumstances. We will credit toward the Initial Franchise Fee any deposit you (or an affiliate) paid us under a Development Rights Rider.

B. Royalty

You agree to pay us, on or before the Wednesday following the end of each two (2) calendar-week period (the "**Payment Day**"), a royalty ("**Royalty**") equal to five percent (5%) of the Restaurant's Gross Sales during the preceding two (2) calendar-week period. Each calendar week currently begins on Monday and ends on Sunday, although upon notice to you we may change the first and last days of each calendar week for Royalty (and other payment) calculation purposes. In this Agreement, "**Gross Sales**" means the aggregate amount of all revenue and other consideration generated from any source, including, without limitation, revenue and other consideration generated from the sale of products, services, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance; and (if barter is permitted by us) the value of products, services, and merchandise bartered in exchange for the Restaurant's products, services, or merchandise.

Gross Sales are not reduced by the amount of any discounts on products or services sold to employees, family members, or other businesses you own or control or by the amount paid to, collected by, or shared with third-party food ordering and delivery systems with which we allow the Restaurant to do business. All of those transactions must be entered into the Computer System at the full, standard retail price for purposes of calculating Gross Sales. However, Gross Sales exclude: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business

interruption insurance; (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities; and (iv) promotional or marketing discounts we permit. In addition, Gross Sales are reduced by the amount of any credits the Restaurant provides in accordance with the terms and conditions set forth in the Operations Manual. Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, irrespective of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift cards we approve for offer and sale at NAF NAF Restaurants is included in Gross Sales when the gift card is used to pay for products and services. Your Restaurant may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We may grant or withhold our approval as we deem best.

C. Technology Fee

You agree to pay us a bi-weekly technology fee ("Tech Fee") in the amount we periodically specify, not to exceed three percent (3%) of the Restaurant's Gross Sales. The Tech Fee is due and payable at the same time and in the same manner as the Royalty, unless we otherwise specify. NAF NAF Restaurants that we or our affiliates own will pay the Tech Fee on the same percentage basis as franchisees once the total number of operational franchised NAF NAF Restaurants equals the total number of operational company- and affiliate-owned NAF NAF Restaurants. Until that time, operational company- and affiliate-owned NAF NAF Restaurants collectively are only required to match each calendar year the total Tech Fees paid during that calendar year by all operational franchised NAF NAF Restaurants. We will use the Tech Fee to fund the technology expenditures we deem best, including, without limitation, providing the Franchise System (as well as affiliated NAF NAF Restaurants) with general assistance and guidance on technology-related matters, researching and developing new technologies such as hardware, software, and cloud-based services, network maintenance and upgrading, website internet/intranet capabilities, and internal and external data storage and archiving.

We may allocate and spend Tech Fees in our sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for the activities described above. Despite payment of the Tech Fee to us, you must pay third-party vendors for the costs of and support services for your Restaurant's Computer System. We have no obligation to account to you or other franchisees for our use of Tech Fees or to ensure that you or the Restaurant benefits directly or pro rata based on your Tech Fee payments.

D. Payment Method and Timing

You agree to sign and send us the documents we periodically require, or enable the electronic mechanism, authorizing us to debit your business checking or other account automatically for the Royalty, Tech Fee, Ad Fund contribution, and other amounts due under this Agreement and any related agreement between us (or our affiliates) and you. If we institute an automatic debit program for the Restaurant, we will debit your account on or before the Payment Day for the Royalty, Tech Fee, Ad Fund contribution, and other amounts due. Funds must be available in the account before the Payment Day for withdrawal by electronic transfer. We may require you to obtain, at your expense, overdraft protection for your bank account in an amount

we specify. You must reimburse any "insufficient funds" charges and related expenses we incur due to your failure to maintain sufficient funds in your bank account.

If you fail to report the Restaurant's Gross Sales when required, we may debit your account for one hundred twenty-five percent (125%) of the Royalty, Tech Fee, and Ad Fund contribution we debited for the previous payment period. If the amount we debit from your account is less than the amount you actually owe us for the payment period (once we determine the Restaurant's actual Gross Sales), we will debit your account for the balance due on the day we specify. If the amount we debit from your account is greater than the amount you actually owe us for the payment period (once we determine the Restaurant's actual Gross Sales), we will credit the excess, without interest, against the amount we may debit from your account for the following payment period.

We have the right, at our sole option upon notice to you, to change from time to time the timing and terms for payment of Royalties, Tech Fees, Ad Fund contributions, and other amounts due to us under this Agreement. You may not subordinate to any other obligation your obligation to pay us Royalties, Tech Fees, Ad Fund contributions, or any other amount due under this Agreement.

E. Administrative Fee and Interest on Late Payments

In addition to our other remedies, including, without limitation, the right to terminate this Agreement under Section 18, if you fail to pay (or make available for withdrawal from your account) any amounts you owe us or our affiliates relating to this Agreement or the Restaurant, those amounts will bear interest, accruing as of their original due dates, at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the Law allows, whichever is less. In addition, you must pay us a One Hundred Dollar (\$100) administrative fee for each payment not made to us or our affiliate when due (or for each dishonored payment) to cover the increased costs and expenses incurred due to your failure to pay the amounts when due.

F. Application of Payments and Right of Set-Off

Notwithstanding any designation you make, we may apply any of your payments (whether made by debit or otherwise) to any of your past due indebtedness to us or our affiliates relating to this Agreement or the Restaurant. We may set off any amounts you or your owners owe us or our affiliates against any amounts that we or our affiliates owe you or your owners, whether in connection with this Agreement or otherwise.

G. Annual Increase in Fixed Fees and Amounts

We reserve the right to increase the amount of any fixed fee, fixed payment, or fixed amount stated under this Agreement based on changes in the Index (defined below) ("Annual Increase"). An Annual Increase to such fees, payments, and amounts may occur only once during any calendar year and may not exceed the corresponding cumulative increase in the Index since the Effective Date or, as the case may be, the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made at the same time during the calendar year. "Index" refers to the

Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. Notwithstanding this Section, if any fixed fee, payment, or amount due under this Agreement encompasses any third-party charges we collect from you on a pass-through basis (i.e., for ultimate payment to the third party), we also reserve the right to increase the fixed fee, fixed payment, or fixed amount beyond the Annual Increase to reflect increases in the third party's charges to us.

6. Training, Guidance, and Assistance

A. Initial Training

We will furnish without additional charge, at a designated training location of our choice (which may be our corporate headquarters, an operating NAF NAF Restaurant, and/or your Restaurant) and/or through video and other electronic means, an initial training program ("**Initial Training**") on operating a NAF NAF Restaurant for up to four (4) people, including your Operating Principal and the Restaurant's on-site managers (each, a "**Restaurant Manager**"). Initial Training will last for approximately four (4) weeks and focuses on our philosophy, Brand Standards, and the material aspects of operating a NAF NAF Restaurant, excluding aspects relating to labor relations and employment practices. Before you open the Restaurant to the public, at least three (3) people (or at least two (2) people if this is your second or subsequent NAF NAF Restaurant), including your Operating Principal, must complete Initial Training to our satisfaction and pass applicable operations and proficiency tests. Our training program may include a "train the trainer" module so that your senior-level personnel can learn how to train your other employees to follow our Brand Standards. You must at all times have one (1) fully-trained, certified Restaurant Manager (which may be your Operating Principal) managing the Restaurant's day-to-day, on-site operations.

You are responsible for paying your employees' wages, benefits, and travel, hotel, and food expenses while they attend training. We will give you information about the number of hours your employees are actively involved in classroom and in-restaurant training, and you are responsible for evaluating any other information you believe you need to ensure your employees are accurately paid during training. You also are responsible for maintaining workers' compensation insurance over your employees during training and must send us proof of that insurance at the outset of the training program. Everyone attending training must have a state health certificate.

B. Retraining

If your Operating Principal or a Restaurant Manager fails to complete Initial Training to our satisfaction, or we determine after an inspection that retraining is necessary because the Restaurant is not operating according to Brand Standards, he or she may attend a retraining session at our designated training location for no additional fee. You are responsible for all employee compensation and expenses during retraining. We may terminate this Agreement if your Operating Principal fails to complete Initial Training to our satisfaction. The Initial Franchise Fee is not refundable under any circumstances.

You may request additional or repeat training for the Operating Principal and your Restaurant Managers at the end of Initial Training if they do not feel sufficiently trained to operate a NAF NAF Restaurant. We and you will jointly determine the duration of any additional training, which is subject to our personnel's availability. You must pay our then-current training fee for additional or repeat training conducted at your Restaurant or in your market area. No fee is due for training at our own designated training location. However, if you do not expressly inform us that your Operating Principal or Restaurant Managers do not feel sufficiently trained to operate a NAF NAF Restaurant, they will be deemed to have been trained sufficiently to operate a NAF NAF Restaurant.

C. Opening Set-Up and Support

We will send an "opening team" (involving the number of people we determine) to the Restaurant in connection with its opening to the public for business for up to five (5) days (typically starting before and continuing after opening), as we deem best under the circumstances, to help you train your employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices) and prepare the Restaurant for opening. We will pay for our opening team's wages and travel, hotel, and living expenses. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase (excluding training relating to labor relations and employment practices), you must pay our personnel's daily charges (including wages) and travel, hotel, and living expenses. We may delay the Restaurant's opening until all required training has been satisfactorily completed.

D. Ongoing and Supplemental Training/Convention

We may require your Operating Principal and/or Restaurant Managers to attend and complete satisfactorily various training courses and programs offered periodically during the Term by us or third parties at the times and locations we designate. You are responsible for all compensation and expenses during their attendance. If you request any training courses and programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee and the travel and living expenses for our training personnel.

Besides attending and/or participating in various training courses and programs, at least one of your representatives (an owner or another designated representative we approve) must at our request (in our sole discretion) attend an annual meeting of all NAF NAF Restaurant franchisees at a location we designate. You must pay all costs to attend. You must pay any meeting fee we charge even if your representative does not attend (whether or not we excuse that non-attendance).

E. Training For Replacement Restaurant Managers

If you no longer employ a Restaurant Manager or become aware that a Restaurant Manager intends to leave his or her position, you must immediately seek a new manager for the Restaurant (the "Replacement Manager") in order to protect the NAF NAF Restaurant brand. You must appoint the Replacement Manager within thirty (30) days after the last day of the former Restaurant Manager's employment. The Replacement Manager must satisfactorily

complete training appropriate for the position, including our standard Initial Training. No fee is due for training at our own designated training location. However, you are responsible for the compensation and expenses of training attendees.

F. Training for Restaurant Employees

Your Operating Principal or Restaurant Managers must properly train all Restaurant employees to perform the tasks required of their positions. We may develop and make available training tools and recommendations for you to use in training the Restaurant's employees to comply with Brand Standards. We may update these training materials periodically to reflect changes in our training methods and procedures and changes in Brand Standards.

We may periodically and without prior notice review the Restaurant's performance to determine if the Restaurant meets our Brand Standards. If we determine that the Restaurant is not operating according to Brand Standards, we may, in addition to our other rights under this Agreement, recommend that your Operating Principal or a Restaurant Manager retrain one or more Restaurant employees.

G. Training Cancellation Fees

If your Operating Principal or any Restaurant Manager cancels participation in any training program for which he or she pre-registers and pays us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than two (2) weeks before the class or program is scheduled to begin, we will apply one-half (½) of the training fee as a credit toward the fees due for a future training class or program that your Operating Principal or Restaurant Manager attends. However, if participation is cancelled two (2) weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees due.

H. General Guidance and the Operations Manual

We periodically will advise you or make recommendations regarding the Restaurant's operation with respect to:

- i. standards, specifications, operating procedures, and methods that NAF NAF Restaurants use;
- ii. purchasing required or recommended Operating Assets and other products, services, supplies, and materials;
- iii. supervisory employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Restaurant employees); and
- iv. accounting, advertising, and marketing.

We may guide you through our operations manual and other technical manuals ("Operations Manual"), in bulletins or other written materials, by electronic media, by telephone consultation,

and/or at our office or the Restaurant. If you request and we agree to provide, or we determine that you need, additional or special guidance, assistance, or training, you agree to pay our then-applicable charges, including reasonable training fees and our personnel's daily charges and travel and living expenses. Any specific ongoing training, conventions, advice, or assistance we provide does not obligate us to continue providing that training, convention, advice, or assistance, all of which we may discontinue and modify at any time.

We will give you access to our Operations Manual, which will be made available to you through the Intranet (defined in Section 7.G below) or another restricted website to which you will have password access. Any passwords or digital identifications necessary to access the Operations Manual are considered part of Confidential Information. The Operations Manual may consist of and is defined to include audio, video, computer software, other electronic and digital media, and/or written and other tangible materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules we periodically issue for developing and operating a NAF NAF Restaurant ("Brand Standards") and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under this Agreement. You agree to communicate to your employees, in a timely fashion, all updates to the Operations Manual. You must monitor the website weekly for updates to the Operations Manual or Brand Standards. You agree to keep all parts of the Operations Manual secure and restrict access to any passwords for accessing the Operations Manual. If there is a dispute over its contents, our master copy of the Operations Manual controls. You agree that the Operations Manual's contents are confidential and not to disclose any part of the Operations Manual to any person other than Restaurant employees and others needing access in order to perform their duties, but only if they agree to maintain its confidentiality by signing a form of confidentiality agreement. We have the right to pre-approve the form used (an acceptable sample of which is attached as Exhibit E). You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual, except for certain forms specified in the Operations Manual.

While we have the right to pre-approve the form of confidentiality agreement you use with Restaurant employees and others having access to our Confidential Information in order to protect that Confidential Information, under no circumstances will we control the forms or terms of employment agreements you use with Restaurant employees or otherwise be responsible for your labor relations. In addition, Brand Standards do not include any personnel policies or procedures, or any Restaurant security-related policies or procedures, that we (at our option) may make available to you in the Operations Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your Restaurant's operation. You and we agree that we do not dictate or control labor or employment matters for franchisees and NAF NAF Restaurant employees, and we are not responsible for the safety and physical security of Restaurant employees, guests, and visitors.

I. Delegation

We have the right from time to time to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether they are our affiliates, agents, or independent contractors with which we contract to perform such obligations.

7. Restaurant Operation and Brand Standards

A. Condition and Appearance of Restaurant

You may not use, or allow another to use, any part of the Restaurant for any purpose other than operating a NAF NAF Restaurant in compliance with this Agreement. You must place or display at the Restaurant (interior and exterior), according to our guidelines, only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials we periodically specify. You agree to maintain the condition and appearance of the Restaurant, the site, and the Operating Assets in accordance with Brand Standards. Without limiting that obligation, you must take the following actions during the Term at your own expense: (i) thorough cleaning, repainting, and redecorating of the Restaurant's interior and exterior at intervals we periodically specify and at our direction; (ii) interior and exterior repair of the Restaurant and the site as needed; and (iii) repair or replacement, at our direction, of damaged, worn-out, unsafe, or obsolete Operating Assets, or Operating Assets no longer meeting our Brand Standards, at intervals we periodically specify (or, if we do not specify an interval for replacing an Operating Asset, as that Operating Asset needs to be repaired or replaced).

In addition to your obligations described above, we periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Restaurant and/or incur higher operating costs. You agree to implement any changes in mandatory Brand Standards within the time period we request as if they were part of this Agreement on the Effective Date. However, except for changes in the Computer System and signage and logo (i.e., Restaurant exterior and interior graphics), the timing and amounts for which are not limited, and except for changes provided in Sections 16.C.ii.(f) and (h) in connection with a transfer, the timing and amounts for which are not limited, we will not obligate you, unless the expenditure is required by a lease or applicable Law, to make any capital modifications:

- i. during the first two (2) years of the Term (unless we also then require all other NAF NAF Restaurants, including NAF NAF Restaurants owned by us or our affiliates, to make the particular capital modifications, in which case you must take the action required of all other NAF NAF Restaurants); or
- ii. during the last two (2) years of the Term, unless the proposed capital modifications during those last two (2) years (the amounts for which are not limited) are in connection with Restaurant upgrades, remodeling, refurbishing, and similar activities for your acquisition of a successor franchise (as provided in Section 17.iii).

This means that, besides the rights we reserve above, we may from time to time, but not more than once during the Term by the end of the seventh (7th) year after the Restaurant commences operation (and unrelated to your potential acquisition of a successor franchise), require you substantially to alter the Restaurant's appearance, layout and/or design, and/or replace a material portion of the Operating Assets, in order to meet our then-current requirements and then-current Brand Standards for new NAF NAF Restaurants. You acknowledge that this could obligate you to make extensive structural changes to, and significantly remodel and renovate, the Restaurant, and/or to spend substantial amounts for new Operating Assets. You agree to spend any sums

required in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining Term). Within sixty (60) days after receiving written notice from us, you must prepare plans according to the standards and specifications we prescribe and, if we require, using architects and contractors we designate or approve, and you must submit those plans to us for written approval. You agree to complete all work according to the plans we approve within the time period we reasonably specify and in accordance with this Agreement.

We also may from time to time require you to participate in certain test programs for new products, services, and/or Operating Assets. This could obligate you to spend money for new Operating Assets and to incur other operating costs associated with the Restaurant. We need not reimburse you for those items. You agree to maintain and timely send us any records and reports we require related to the test programs. We may discontinue any test programs before their scheduled completion dates and choose not to implement any changes to the Franchise System.

B. Compliance with Applicable Laws and Good Business Practices

You must secure and maintain all licenses, permits, and certificates required for the Restaurant's operation and operate the Restaurant in full compliance with all Laws, including government regulations relating to occupational hazards, advertising, health, environment, employment, workers' compensation and unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales and service taxes. Your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. The Restaurant must in all dealings with its customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You may not engage in any business or advertising practice that could injure our business and the goodwill associated with the Marks, the Franchise System, and other NAF NAF Restaurants. You must notify us in writing immediately if (i) any legal charge is asserted against you or the Restaurant (even if there is no formal proceeding), (ii) any action, suit, or proceeding is commenced against you or the Restaurant, (iii) you receive any report, citation, or notice regarding the Restaurant's failure to comply with any licensing, health, cleanliness, or safety Law or standard, or (iv) any bankruptcy or insolvency proceeding or an assignment for the benefit of creditors is commenced by or against you, your owners, or the Restaurant.

C. Compliance with Brand Standards

You agree to comply with all Brand Standards, as we may periodically modify them, as if they were part of this Agreement. You may not offer, sell, or provide at or from the Restaurant any products or services not authorized in the Operations Manual. You must offer, sell, and provide all products and services we prescribe from time to time. Brand Standards may direct any aspect of the Restaurant's operation and maintenance, including any one or more of the following:

- i. required and/or authorized food products, beverages, recipes, and food-handling and preparation procedures; required and/or authorized services; unauthorized and prohibited food products, beverages, and services; storage, cooking, baking, and packaging procedures and techniques; and inventory requirements so the Restaurant may operate at full capacity. We always have the right to approve or

disapprove in advance all items and services to be used or sold by the Restaurant. We may withdraw our approval of previously-authorized products and services;

- ii. sales, marketing, advertising, and promotional programs and the materials and media used in those programs, including participating in and complying with the requirements of any special advertising, marketing, and promotional programs we periodically specify;
- iii. adequate staffing levels for the Restaurant to operate the Restaurant in compliance with Brand Standards, appearance of Restaurant personnel, and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Restaurant employees are exclusively under your control at the Restaurant. You must communicate clearly with Restaurant employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of NAF NAF Restaurants, and our affiliates are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment (in the form we specify or approve) from all Restaurant employees that you (and not we or our affiliates) are their employer;
- iv. standards, procedures, and requirements for responding to customer complaints, including reimbursing us promptly if we resolve a customer complaint because you fail to do so as or when required;
- v. maximum, minimum, or other pricing requirements for products and services the Restaurant sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all NAF NAF Restaurants must participate, and price advertising policies, in each case to the maximum extent the law allows;
- vi. standards and recommendations for training your Restaurant's supervisory personnel to follow Brand Standards;
- vii. use and display of the Marks at the Restaurant and on napkins, boxes, bags, wrapping paper, labels, forms, paper and plastic products, and other supplies;
- viii. delivery and catering services, including your obligation to deliver products to customers, to engage with third-party food ordering and delivery systems, and to ring up and account for delivery and catering charges not included in the price of products only in the manner we permit;
- ix. quality-assurance, food-safety audit, guest-satisfaction, "mystery-shop," and in-Restaurant music programs, including your using and paying directly our designated third-party service providers;

- x. days and hours of operation;
- xi. accepting credit and debit cards and other payment systems;
- xii. issuing and honoring/redeeming gift certificates, coupons, and gift and loyalty cards and administering customer loyalty and similar programs. You must participate in, and comply with the requirements of, our gift card and other customer loyalty programs. You agree that we may draft from your bank account all monies paid to you for gift cards and similar customer loyalty initiatives and hold those monies until the gift cards and similar customer loyalty initiatives are redeemed at a NAF NAF Restaurant. However, we may keep any prepaid amounts that are not used by customers to the extent allowed by Law. We also may cap the amounts we reimburse you when a gift card is used to pay for the Restaurant's products and services if that gift card was purchased at a discounted price at a retailer other than a NAF NAF Restaurant;
- xiii. standards and procedures for using blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio, and video-sharing sites, and other similar social-networking media or tools (collectively, "Social Media") that in any way reference the Marks or involve the Restaurant (except to the extent our standards or procedures are prohibited under Law); and
- xiv. any other aspects of operating and maintaining the Restaurant that we determine are useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and NAF NAF Restaurants.

Brand Standards will not include any employment-related policies or procedures or dictate or regulate the employment terms and conditions for the Restaurant's employees. Any information we provide (in the Operations Manual or otherwise) concerning employment-related policies or procedures, or relating to employment terms and conditions for Restaurant employees, is only a recommendation, and not a requirement, for your optional use.

As described in Section 7.A above, we have the right periodically to modify and supplement Brand Standards, which may require you to invest additional capital in the Restaurant and incur higher operating costs. Those Brand Standards will constitute legally binding obligations on you when we communicate them. Although we retain the right to establish and modify periodically the Brand Standards you have agreed to follow, you retain complete responsibility and authority for the Restaurant's management and operation and for implementing and maintaining Brand Standards at the Restaurant.

You acknowledge the importance of operating the Restaurant in full compliance with this Agreement and Brand Standards. You further acknowledge that your deviation from any contractual requirement, including any Brand Standard, is a violation of this Agreement and will trigger incalculable administrative and management costs for us to address the violation (separate and apart from any damages your violation might cause to the Franchise System, our business opportunities, or the goodwill associated with the Marks). Therefore, you agree to compensate us

for our incalculable administrative and management costs by paying us Two Hundred Fifty Dollars (\$250) for each deviation from a contractual requirement, including any Brand Standard, cited by us (the **"Non-Compliance Fee"**). (The Non-Compliance Fee does not apply to payment defaults for which we may charge late fees and interest under Section 5.D above.) We and you deem the Non-Compliance Fee to be a reasonable estimate of our administrative and management costs and not a penalty. We may debit your bank account for Non-Compliance Fees or set off monies otherwise due and payable to you to cover the payment of Non-Compliance Fees. We must receive the Non-Compliance Fee within five (5) days after we notify you that we are charging it due to your violation. We need not give you a cure opportunity before charging the Non-Compliance Fee. Charging the Non-Compliance Fee does not prevent us from seeking to recover damages to the Franchise System, our business opportunities, or the goodwill associated with the Marks due to your violation, seeking injunctive relief to restrain any subsequent or continuing violation, and/or formally defaulting you and terminating this Agreement under Section 18.B.

D. Operating Principal

Upon signing this Agreement, you must designate an owner owning at least twenty-five percent (25%) of your ownership interests to serve as your operating principal (the **"Operating Principal"**). At all times during the Term, there must be an Operating Principal meeting the following qualifications and any other standards we set forth from time to time in the Operations Manual or otherwise communicate to you:

- i. We must approve the proposed Operating Principal in writing before the Effective Date. We have the right, as we deem best, to approve or disapprove the proposed Operating Principal or any proposed change in the individual designated as the Operating Principal.
- ii. The Operating Principal is responsible for managing your day-to-day business. The Operating Principal must have sufficient decision-making authority to make decisions on your behalf that are essential to the Restaurant's effective and efficient operation. The Operating Principal must communicate directly with us regarding any Restaurant-related matters (excluding matters relating to labor relations and employment practices). Your Operating Principal's decisions will be final and binding on you, we may rely solely on the Operating Principal's decisions without discussing the matter with another party, and we will not be liable for actions we take based on your Operating Principal's decisions or actions.
- iii. The Operating Principal may be a Restaurant Manager or may designate other individuals to serve as Restaurant Managers, provided the Operating Principal ensures that the designees fulfill all obligations in accordance with this Agreement's terms. The Operating Principal remains fully responsible for each Restaurant Manager's performance.
- iv. The Operating Principal must successfully complete Initial Training before you open the Restaurant to the public. If the Operating Principal fails to complete Initial

Training to our satisfaction, we may terminate this Agreement in accordance with Section 18. The Initial Franchise Fee is not refundable.

- v. If you want or need to change the individual designated as the Operating Principal, you must immediately seek a new individual (the "**Replacement Operating Principal**") for that role in order to protect our brand. You must appoint the Replacement Operating Principal within thirty (30) days after the former Operating Principal no longer occupies that position. One of your other owners must serve as the operating principal until you designate, and we approve in writing, the Replacement Operating Principal. The Replacement Operating Principal must satisfactorily complete Initial Training within thirty (30) days after we approve the individual. No fee is due for training at our own designated training location. However, you are responsible for the Replacement Operating Principal's compensation and travel and living expenses during training.

E. Approved Products, Services, and Suppliers

We may periodically designate and approve standards, specifications, brands, models, manufacturers, suppliers, and/or distributors for the Operating Assets and other products and services we periodically authorize for use or sale by NAF NAF Restaurants. You must purchase or lease all Operating Assets and other products and services you use or sell at the Restaurant only according to our Brand Standards and, if we require, only from suppliers or distributors we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources). We and/or our affiliates may derive revenue based on your purchases and leases, including, without limitation, from charging you (at prices exceeding our and their costs) for products and services we or our affiliates sell you and from promotional allowances, volume discounts, and other amounts paid to us and our affiliates by suppliers that we designate, approve, or recommend for some or all NAF NAF Restaurant franchisees. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes we and our affiliates deem appropriate.

If you want to purchase or lease any Operating Assets or other products or services from a supplier or distributor we have not then approved (if we require you to buy or lease the product or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the product or service is of equivalent quality and functionality to the product or service it replaces and the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product liability claims. You must pay upon request any actual expenses we incur to determine whether or not the products, services, suppliers, or distributors meet our requirements and specifications. We may condition our written approval of a supplier or distributor on requirements relating to product quality and safety, prices, consistency, warranty, reliability, financial capability, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any third party we designate for testing. If we approve a supplier or distributor you recommend, you agree that we may allow other NAF

NAF Restaurants to purchase or lease the Operating Assets or other products or services from those suppliers or distributors without limitation and without compensation to you. Despite the foregoing, we may limit the number of approved suppliers and distributors with which you may deal, designate sources you must use, and refuse any of your requests for any reason, including, without limitation, because we have already designated an exclusive source (which might be us or one of our affiliates) for a particular item or service or believe that doing so is in the NAF NAF Restaurant network's best interests. We make no guaranty, warranty, or promise that we will obtain the best pricing or most advantageous terms on behalf of NAF NAF Restaurants. We also do not guaranty the performance of suppliers and distributors to NAF NAF Restaurants. We are not responsible or liable if the products or services provided by a supplier or distributor fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

We have the right (without liability) to consult with your suppliers about the status of your account with them and to advise your suppliers and others with whom you, we, our affiliates, and other franchisees deal that you are in default under any agreement with us or our affiliates (but only if we or our affiliate has notified you of such default).

F. Computer System

You agree to obtain and use the computer hardware and software, point-of-sale system, dedicated telephone and power lines, modems, printers, tablets, smart phones, and other computer-related accessories and peripheral equipment we periodically specify (the "**Computer System**"). At our option, you must use the Computer System to access the Intranet and to input and access information about your sales and operations. You must maintain the Computer System's continuous operation. We will have unlimited access to all information maintained on the Computer System (excluding matters relating to labor relations and employment practices) and to the content of any NAF NAF e-mail accounts we provide you.

We may periodically modify the Computer System's specifications and components. Our modification of Computer System specifications, and/or other technological developments or events, may require you to purchase, lease, or license new or modified computer hardware, software, peripherals, and other components and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, you must incur the costs to obtain the computer hardware, software, peripherals, and other components comprising the Computer System (and additions and modifications) and required service or support. These costs are not covered by the Tech Fee you must pay us under Section 5.C above. Within ninety (90) days after we deliver notice to you, you must obtain the Computer System components we designate and ensure that your Computer System, as modified, is functioning properly.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us (including the Intranet), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically prescribe to regulate your use of, and our (or our affiliates') and your respective rights and responsibilities with

respect to, the software or technology. We and our affiliates may charge you upfront and ongoing fees for any required or recommended proprietary software or technology we or our affiliates license to you if we determine in our sole judgment that the license of the proprietary software or technology is not covered by the Tech Fee you must pay us.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) independently determining what is required for you to comply (and then complying) at all times with the most current version of the Payment Card Industry Data Security Standards, and with all Laws governing the use, disclosure, and protection of Consumer Data (defined in Section 10) and the Computer System, and validating compliance with those standards and Laws as may be periodically required. The Computer System must permit twenty-four (24) hours per day, seven (7) days per week electronic communications between you and us, including access to the Internet and Intranet (but excluding matters relating to labor relations and employment practices).

G. Intranet

We may, at our option, establish and maintain an Intranet. We will issue Brand Standards for the Intranet's use. Those Brand Standards will address, among other things, (1) restrictions on using abusive, slanderous, or otherwise offensive language in electronic communications, (2) restrictions on communications among franchisees endorsing or encouraging breach of any franchisee's franchise agreement, (3) confidential treatment of materials we transmit via the Intranet, (4) password protocols and other data security precautions, (5) grounds and procedures for our suspending or revoking a franchisee's access to the Intranet, (6) a privacy policy governing our access to and use of electronic communications that franchisees post on the Intranet, and (7) our right to remove any posts we consider to be inconsistent with our Brand Standards for the Intranet's use. We expect to adopt and adhere to a reasonable privacy policy. However, as the Intranet's administrator, we have the right to access and view any communication posted on the Intranet. We will own all intellectual property and other rights in the Intranet and all information it contains, including its domain name or URL, the log of "hits" by visitors, any personal or business data visitors supply, and all information relating to the Restaurant's customers, whether that information is contained on your Computer System or our (or our designee's) computer system (collectively, the "Data").

After we notify you that the Intranet has become functional, you must establish and continually maintain electronic connection with the Intranet allowing us to send messages to and receive messages from you. Your obligation to maintain connection with the Intranet applies during the entire Term (unless we dismantle the Intranet or suspend your access). You must pay our then-current monthly or other fee to participate in the Intranet or as we otherwise require to maintain and operate the Intranet (if, or to the extent, the Ad Fund does not pay for those costs). If you fail to pay when due any required amount, or fail to comply with any Intranet Brand Standard, we may (in addition to our other rights under this Agreement) temporarily suspend

your access to any chat room, bulletin board, list-serve, or similar feature the Intranet includes until you fully cure the breach.

8. Marks

A. Ownership and Goodwill of Marks

Your right to use the Marks is derived only from this Agreement and is limited to your operating the Restaurant according to this Agreement and all mandatory Brand Standards we prescribe during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our (and our licensor's) rights in the Marks. Any use of the Marks relating to the Restaurant, and any goodwill that use establishes, are for our (and our licensor's) exclusive benefit. We (and our licensor) may take the action necessary to enforce all trademark use obligations under this Agreement. This Agreement does not confer any goodwill or other interests in the Marks upon you, other than the right to operate the Restaurant according to this Agreement. All provisions in this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we periodically authorize you to use. You may not at any time during or after the Term contest or assist any other person to contest the validity, or our (or our licensor's) ownership, of the Marks.

B. Limitations on Use of Marks

You agree to use the Marks as the Restaurant's sole identification, subject to the notices of independent ownership we periodically designate. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you), (iii) in selling any unauthorized products or services, (iv) as part of any domain name, homepage, electronic address, metatag, or otherwise in connection with any website or other online presence without our consent, (v) in any user name, screen name, or profile in connection with any Social Media sites, except in compliance with our guidelines set forth in the Operations Manual or otherwise communicated to you, or (vi) in any other manner we have not expressly authorized in writing. You may not use any Mark to advertise the transfer, sale, or other disposition of the Restaurant or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must give the notices of trademark and service mark registrations we periodically specify and obtain any fictitious or assumed name registrations that applicable Law requires. You may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction.

To the extent you use any Mark in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of Restaurant employees and that we, as the franchisor of NAF NAF Restaurants, and our affiliates are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all Restaurant employees that you (and not we or our affiliates) are their employer.

C. Notification of Infringements and Claims

You agree to notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and our licensor, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and our licensor may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions we and our, and our licensor's, attorneys deem necessary or advisable to protect and maintain our (and our licensor's) interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our (and our licensor's) interests in the Marks.

D. Discontinuance of Use of Marks

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or to replace supplies for the Restaurant), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

E. Indemnification for Use of Marks

We agree to reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided your use has been consistent with this Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliate(s) may defend and control the defense of any proceeding arising from or relating to your use of any Mark under this Agreement.

9. Confidential Information

We and certain of our affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law, relating to developing and operating NAF NAF Restaurants (the "**Confidential Information**"), which includes, but is not limited to:

- i. information in the Operations Manual and our Brand Standards;
- ii. layouts, designs, and other Plans for NAF NAF Restaurants;

- iii. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating NAF NAF Restaurants;
- iv. marketing research and promotional, marketing, and advertising programs for NAF NAF Restaurants;
- v. strategic plans, including expansion strategies and targeted demographics;
- vi. knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, services, materials, and supplies that NAF NAF Restaurants use and sell;
- vii. knowledge of the operating results and financial performance of NAF NAF Restaurants other than the Restaurant;
- viii. customer solicitation, communication, and retention programs, along with Data used or generated in connection with those programs;
- ix. all Data and other information generated by, or used or developed in, operating the Restaurant, including Consumer Data, and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- x. any other information we reasonably designate as confidential or proprietary.

You will not acquire any interest in any Confidential Information, other than the right to use certain Confidential Information as we specify in operating the Restaurant during the Term according to Brand Standards and this Agreement's other terms and conditions. You acknowledge that using any Confidential Information in another business would constitute an unfair method of competition with us and our affiliates, suppliers, and franchisees. You acknowledge and agree that Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you, your owners, your Operating Principal, and your employees agree, and you and they do agree:

- i. not to use any Confidential Information in another business or capacity and at all times to keep Confidential Information absolutely confidential, both during and after the Term (afterward for as long as the information is not generally known in the restaurant industry);
- ii. not to make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;
- iii. to adopt and implement all reasonable procedures we periodically specify to prevent unauthorized use or disclosure of Confidential Information, including disclosing it only to Restaurant personnel and others needing to know the Confidential Information in order to operate the Restaurant and using confidentiality and non-disclosure agreements with those having access to

Confidential Information. (We have the right to pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of NAF NAF Restaurants. Under no circumstances will we control the forms or terms of employment agreements you use with Restaurant employees or otherwise be responsible for your labor relations or employment practices); and

- iv. not to sell, trade, or otherwise profit in any way from the Confidential Information (including by selling or assigning any Consumer Data or related information or Data), except during the Term using methods we have approved.

“Confidential Information” does not include information, knowledge, or know-how that lawfully is or becomes generally known in the restaurant industry or that you knew from previous business experience before we gave you access to it (directly or indirectly) or before you began training or operating the Restaurant. If we include any matter in Confidential Information, anyone claiming it is not Confidential Information must prove that the exclusion in this paragraph applies.

10. Consumer Data

You must comply with our reasonable instructions regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, e-mail addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally-identifiable information of customers (“**Consumer Data**”) and, in any event, employ reasonable means to safeguard the confidentiality and security of Consumer Data. You must comply with all Laws governing the use, protection, and disclosure of Consumer Data. If there is a Data Security Incident at the Restaurant, you must notify us immediately after becoming aware of the actual or suspected occurrence, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the Data Security Incident in order to protect Consumer Data and the NAF NAF Restaurant brand (including giving us or our designee access to your Computer System, whether remotely or at the Restaurant). We (and our designated affiliates) have the right, but no obligation, to take any action or pursue any proceeding or litigation with respect to the Data Security Incident, control the direction and handling of such action, proceeding, or litigation, and control any remediation efforts. If we determine that any Data Security Incident results from your failure to comply with this Agreement or any requirements for protecting the Computer System and Consumer Data, you must indemnify us under Section 20.E. “**Data Security Incident**” means any act that initiates either internally or from outside the Restaurant’s computers, point-of-sale terminals, and other technology or networked environment and violates the Law or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the Franchise System, NAF NAF Restaurants, or their Data or to view, copy, or use Consumer Data or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of Data; and changes to system hardware, firmware, or software characteristics without our knowledge, instruction, or consent.

11. Innovations

All ideas, concepts, techniques, or materials relating to a NAF NAF Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors ("**Innovations**"), must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any Innovation does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of and all related rights to that Innovation to us and agree to sign (and to cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the Restaurant or otherwise without our prior written approval.

12. Exclusive Relationship

You acknowledge that we granted you the rights under this Agreement in consideration of and reliance upon your and your owners' agreement to deal exclusively with us with respect to the products and services that NAF NAF Restaurants offer and sell. You therefore agree that, during the Term, neither you, your owners, nor any members of your or their Immediate Families (defined below) will:

- i. have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;
- ii. perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- iii. directly or indirectly loan any money or other thing of value, or guarantee any other person's loan, to any Competitive Business or any owner, director, officer, manager, employee, or agent of any Competitive Business, wherever located or operating; or
- iv. divert or attempt to divert any actual or potential business or customer of the Restaurant to a Competitive Business.

The term "**Competitive Business**," as used in this Agreement, means any (a) restaurant or other food-service business for which thirty percent (30%) or more of the food menu (i.e., excluding beverages) consists of Middle Eastern- and/or Mediterranean-style items, or (b) business granting franchises or licenses to others to operate the type of business described in clause (a), other than a NAF NAF Restaurant operated under a franchise agreement with us. The term "**Immediate Family**" includes the named individual, his or her spouse, and all children of the named individual or his or her spouse. You agree to obtain similar covenants from your senior personnel whom we specify, including the Restaurant Manager and officers and directors, by

having them sign the form of agreement we specify or pre-approve. We may pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of NAF NAF Restaurants. Under no circumstances will we control the forms or terms of employment agreements you use with Restaurant employees or otherwise be responsible for your labor relations or employment practices.

13. Advertising and Marketing

A. Market Introduction Program

You must conduct and spend at least Thirty-Five Thousand Dollars (\$35,000) on a market introduction program for the Restaurant. We expect this program to begin approximately one (1) month before and to continue for approximately one (1) month after the Restaurant opens (although we may specify a different timeframe). We will consult with you about the type of market introduction program that we believe is most suitable for your Restaurant's market. We must pre-approve in writing your proposed market introduction program, and you must send it to us for review at least forty-five (45) days, before its planned rollout date. If we do not accept the market introduction program in writing within fifteen (15) days after receiving it, it will be deemed rejected. You agree to implement the approved program according to Brand Standards and our other requirements. At our request, you must pay us for the program's anticipated costs, which we then will either spend on your behalf in the Restaurant's market or re-pay you as you send us invoices or receipts confirming your commitment with vendors to move forward with the approved program.

B. Ad Fund

We have established a fund ("Ad Fund" or "Fund") for advertising, marketing, research and development, public relations, social media management, and customer relationship management programs and materials, the purpose of which is to enhance, promote, and protect the NAF NAF Restaurant brand and Franchise System. You agree to contribute to the Ad Fund the amounts we periodically specify, not to exceed four percent (4%) of the Restaurant's Gross Sales during each two (2) calendar-week period (except as provided below). Your Ad Fund contribution is due and payable at the same time and in the same manner as the Royalty or in such other manner we periodically specify. NAF NAF Restaurants that we and our affiliates own will contribute to the Ad Fund on the same percentage basis as franchisees once the total number of operational franchised NAF NAF Restaurants equals the total number of operational company- and affiliate-owned NAF NAF Restaurants. Until that time, operational company- and affiliate-owned NAF NAF Restaurants collectively are only required to match each calendar year the total Ad Fund contributions made during that calendar year by all operational franchised NAF NAF Restaurants.

We may increase your required Ad Fund contribution by up to an additional two percent (2%) of the Restaurant's Gross Sales (for a total of up to six percent (6%) of the Restaurant's Gross Sales) to the extent we concurrently and proportionately reduce your minimum required Local Marketing Spending Requirement under Section 13.D below. (Your minimum required expenditures under this Section 13.B and under Sections 13.D and 13.E below will not exceed, in

the aggregate, six percent (6%) of the Restaurant's Gross Sales. We may adjust the percentages among the various required expenditures throughout the Term.)

We will direct all programs the Ad Fund finances, with sole control over all creative and business aspects of the Fund's activities. The Ad Fund may pay for preparing, producing, and placing video, audio, and written materials, digital and electronic media, and Social Media; developing, maintaining, and administering one or more System Websites; administering national, regional, and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; establishing regional and national promotions and partnerships and hiring spokespersons to promote the NAF NAF Restaurant brand; and supporting public relations, market research and development, and other advertising, promotion, marketing, and brand-related activities. The Ad Fund periodically may give you samples of advertising, marketing, and promotional formats and materials (collectively, "Marketing Materials") at no cost. We may sell you multiple copies of Marketing Materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Ad Fund separately from our other funds (although we need not keep Ad Fund contributions in a separate bank account) and not use the Ad Fund for any of our general operating expenses. However, the Ad Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Ad Fund (including, without limitation, our culinary, creative, public relations, marketing, and social media personnel); the Ad Fund's administrative costs; travel expenses of personnel while they are on Ad Fund business; meeting costs; overhead relating to Ad Fund business; and other expenses we and our affiliates incur administering or directing the Ad Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Ad Fund contributions, paying taxes due on Ad Fund contributions we receive, and any other costs or expenses we incur operating or as a consequence of the Fund. The Ad Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Ad Fund or for any other reason. The Ad Fund may spend in any fiscal year more or less than the total Ad Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use new Ad Fund contributions to pay Ad Fund deficits incurred during previous years. We will use all interest earned on Ad Fund contributions to pay costs before using the Ad Fund's other assets. We will prepare an annual, unaudited statement of Ad Fund collections and expenses and allow you to review it upon reasonable request. We may (but need not) have the Ad Fund audited annually, at the Ad Fund's expense, by a certified public accountant we designate. We may incorporate the Ad Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 13.B.

The Ad Fund's principal purposes are to maximize recognition of the Marks, increase patronage of NAF NAF Restaurants, and enhance, promote, and protect the NAF NAF Restaurant brand and Franchise System. Although we will try to use the Ad Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all NAF NAF Restaurants, we need not ensure that Ad Fund expenditures in or affecting any geographic area

are proportionate or equivalent to Ad Fund contributions by NAF NAF Restaurants operating in that geographic area or that any NAF NAF Restaurant benefits directly or in proportion to its Ad Fund contribution from the development of Marketing Materials or the implementation of programs. The Ad Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs (including the System Website) prepared using Ad Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Ad Fund's expense to collect unpaid Ad Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Ad Fund. Except as expressly provided in this Section 13.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Ad Fund.

We may at any time defer or reduce the Ad Fund contributions of any NAF NAF Restaurant franchisee and, upon thirty (30) days' prior written notice to you, reduce or suspend Ad Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Ad Fund. If we terminate the Ad Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Ad Fund contributions during the preceding twelve (12) month period.

C. Approval of Marketing and Other External Communications

All advertising, promotion, marketing, and public relations activities you conduct and Marketing Materials you prepare must be legal and not misleading and conform to the policies set forth in the Operations Manual or that we otherwise prescribe from time to time. To protect the goodwill that we and certain of our affiliates have accumulated in the "NAF NAF" name and other Marks, at least thirty (30) days before you intend to use them, you must send us samples or proofs of (a) all Marketing Materials we have not prepared or already approved, and (b) all Marketing Materials we have prepared or already approved which you propose to change in any way. However, you need not send us any Marketing Materials in which you have simply completed the missing Restaurant-specific or pricing information based on templates we sent you. If we do not approve your Marketing Materials in writing within twenty (20) business days after we actually receive them, they will be deemed approved for use. We will not unreasonably withhold our approval. You may not use any Marketing Materials we have not approved or have disapproved. We reserve the right upon thirty (30) days' prior written notice to require you to discontinue using any previously-approved Marketing Materials.

D. Local Marketing

You agree to spend at least two percent (2%) of the Restaurant's monthly Gross Sales on approved Marketing Materials and advertising, marketing, and promotional programs for the Restaurant (the "Local Marketing Spending Requirement"). You must prepare a written, calendar-quarterly local marketing plan for the Local Marketing Spending Requirement and send us the plan before each calendar quarter for review and pre-approval according to our specified process. We will not count any of the following expenditures towards your Local Marketing Spending Requirement: Ad Fund contributions, price discounts or reductions you provide as a

promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), employee incentive programs, and other amounts that we, in our reasonable judgment, deem inappropriate to satisfy the Local Marketing Spending Requirement. We may review your books and records, and require you to submit reports periodically, to determine your advertising, marketing, and promotion expenses. If you fail to spend (or prove that you spent) the Local Marketing Spending Requirement, we may, in addition to and without limiting our other rights and remedies, require you to contribute the shortfall to the Ad Fund for use as provided in Section 13.B above.

Notwithstanding the above, at our request you must pay us the Local Marketing Spending Requirement, which we will then re-pay you as you send us invoices or receipts confirming your commitment with vendors to move forward with the approved local marketing programs. You must pay us the Local Marketing Spending Requirement at the same time and in the same manner as the Royalty, or in such other manner as we periodically specify.

You acknowledge that the marketing activities in which you engage will materially affect your Restaurant's success or lack of success. While you agree to the Local Marketing Spending Requirement above, that amount might be insufficient for you to achieve your business objectives. Subject to the minimum above, you alone are responsible for determining how much to spend on, and the nature of, Marketing Materials and other approved advertising, marketing, and promotional programs for the Restaurant in order to achieve your business objectives.

E. Regional Advertising Cooperatives

We may designate a geographic area for an advertising cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of all NAF NAF Restaurants located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. We may change, dissolve, and merge Cooperatives. Each Cooperative's purpose is, with our approval, to administer advertising programs and develop Marketing Materials for the area the Cooperative covers. If, as of the Effective Date, we have established a Cooperative for the geographic area in which the Restaurant is located, or if we establish a Cooperative in that area during the Term, you automatically will become a member of the Cooperative and then must participate as its governing documents require. We reserve the right to require you to contribute up to two percent (2%) of the Restaurant's monthly Gross Sales to the Cooperative. Any Cooperative dues you contribute will count toward the Local Marketing Spending Requirement under Section 13.D but will not affect your market introduction program obligations under Section 13.A or be credited toward your required Ad Fund contributions.

F. System Website

We or our designees may establish a website or series of websites for the NAF NAF Restaurant network: (1) to advertise, market, and promote NAF NAF Restaurants, the products and services they offer, and/or the NAF NAF Restaurant franchise opportunity; (2) to function as the Intranet; and/or (3) for any other purposes we deem appropriate for NAF NAF Restaurants (collectively, the "System Website"). The System Website may, but need not, provide you with a separate interior webpage or "micro-site" (accessible only through the System Website).

referencing your Restaurant and/or otherwise allow you to participate in the System Website. Only we may develop and modify a micro-site for you. Your micro-site always must comply with Brand Standards. You must give us the information and materials we request for you to participate in the System Website, whether or not on a micro-site. In doing so, you represent that they are accurate and not misleading and do not infringe another party's rights. We will own all intellectual property and other rights in the System Website, your micro-site, and all information they contain (including, without limitation, any Data).

We will control, and may use Ad Fund contributions to develop, maintain, operate, update, and market, the System Website, including your micro-site (if any). We will update or add information on your micro-site, if any, as frequently as we deem appropriate. You must pay our then-current monthly or other fee to participate in the various aspects of the System Website or as we otherwise require to maintain and operate the System Website's various features and functions (if, or to the extent, the Ad Fund or Tech Fee does not pay for these costs). We have final approval rights over all information on the System Website, including your micro-site, if any. We may implement and periodically modify Brand Standards for the System Website.

We will maintain your micro-site, if any, and otherwise allow you to participate in the System Website only while you are in substantial compliance with this Agreement and all Brand Standards (including those for the System Website). If you are in material default of any obligation under this Agreement or Brand Standards, we may, in addition to our other remedies, temporarily suspend your participation in the System Website until you fully cure the default. We will permanently terminate your access to and participation in the System Website upon this Agreement's expiration or termination.

All Marketing Materials you develop for the Restaurant must contain notices of the System Website's URL in the manner we periodically designate. You may not develop, maintain, or authorize any other website, online presence, or electronic medium mentioning or describing the Restaurant or displaying any Marks without our prior written approval. Except for the System Website, you may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet.

Nothing in this Section limits our right to maintain websites other than the System Website or to offer and sell products and services under the Marks from the System Website, another website, or otherwise over the Internet without payment or any other obligation to you.

14. Records, Reports, and Financial Statements

In order to assure consistency and reliability with respect to the various forms of financial reporting you must make to us, you must establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting methods and chart of accounts) we prescribe from time to time. The records and information contained in this system will not include any records or information relating to the Restaurant's employees, as you control exclusively your labor relations and employment practices. You must use a Computer System to maintain certain revenue data and other information (including Consumer Data) and give us access to that data and other information (but excluding employee records, as you control exclusively your labor

relations and employment practices) in the manner we specify. We may, as often as we deem appropriate (including on a daily, continuous basis), independently access the Computer System and retrieve all information regarding the Restaurant's operation (other than Restaurant employee records, as you control exclusively your labor relations and employment practices). You must give us:

- i. on or before the Payment Day, statistical reports showing the Restaurant's total Gross Sales, product mix, customer count, and other information we request regarding you and the Restaurant covering the previous two-week period;
- ii. within ninety (90) days after the end of each of your fiscal years, annual profit and loss and cash flow statements; and
- iii. within fifteen (15) days after our request, exact copies of federal and state income, sales tax, and other tax returns and any other forms, records, books, reports, and other information we periodically require relating to you or the Restaurant (other than Restaurant employee records, as you control exclusively your labor relations and employment practices).

We may periodically specify the form and content of the reports and financial statements described above. You must verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data from such reports and statements (and to identify the Restaurant as the source of such reports and statements) for any business purpose we determine in our sole judgment, including the right to identify the Restaurant and disclose its individual financial results in both a financial performance representation appearing in Item 19 of our franchise disclosure document and a supplemental financial performance representation.

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location at the Restaurant or at another location we have approved in writing for at least five (5) years after the end of the fiscal year to which such records relate or for any longer time the Law requires. If we reasonably determine that any report or financial statement you send us is willfully or recklessly, and materially, inaccurate, we may require you to prepare audited financial statements annually during the Term until we determine that your reports and statements accurately reflect the Restaurant's business and operations.

If you fail to give us any statistical, financial, accounting, or other report, statement, or record we require for the Restaurant by the specified deadline, we may require you to pay us One Hundred Dollars (\$100) for each day the requested report, statement, or record is late (the "Records Deficiency Fee"). The Records Deficiency Fee, should one be charged, is deemed by us and you to be a reasonable estimate of our administrative and management costs to address your failure to submit the required report, statement, or record by its due date. The Records Deficiency Fee is not a penalty. We may debit your account for the Records Deficiency Fee or set off monies otherwise due and payable to you to cover the payment of the Records Deficiency Fee. You also must correct your records deficiency, which is a default under this Agreement, whether or not we charge the Records Deficiency Fee.

15. Inspections and Audits

A. Inspections

To determine whether you and the Restaurant are complying with this Agreement, all Brand Standards, and food safety standards, we and our designated representatives and vendors (including "mystery" shoppers) have the right before you open the Restaurant for business and afterward from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Restaurant, observe and record operations (including through electronic monitoring), remove samples of products and supplies, interview and interact with the Restaurant's supervisory employees and customers, inspect all books and records relating to the Restaurant, and access all electronic records on your Computer System to the extent necessary to ensure compliance with this Agreement and all Brand Standards (in all cases excluding records relating to labor relations and employment practices, as you control exclusively labor relations and employment practices for Restaurant employees). You must cooperate with us and our representatives and vendors in those activities. We will give you a written summary of the evaluation. Without limiting our other rights and remedies under this Agreement, you must promptly correct at your own expense all deficiencies (i.e., failures to comply with Brand Standards) noted by our evaluators within the time period we specify after you receive notice of those deficiencies. We then may conduct one or more follow-up evaluations to confirm that you have corrected the deficiencies and otherwise are complying with this Agreement and all Brand Standards. You must pay the actual costs of the first follow-up audit, including our personnel's daily charges (including wages) and travel, hotel, and living expenses. We may charge you a Two Thousand Five Hundred Dollar (\$2,500) inspection fee for the second and each follow-up evaluation we make and for each inspection you specifically request.

Because we do not have the right to inspect your employment records, you agree to confirm for us periodically (in the manner specified in Brand Standards) that the Restaurant's employees have all certifications required by Law.

B. Our Right to Audit

We and our designated representatives may at any time during your business hours, and without prior notice to you, examine the Restaurant's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records (other than records we have no authority to control and/or remedy, such as your employment records, as you control exclusively your labor relations and employment practices). You must fully cooperate with our representatives and independent accountants conducting any inspection or audit. If any inspection or audit discloses an understatement of the Restaurant's Gross Sales, you must pay us, within ten (10) days after receiving the inspection or audit report, the amounts due on the understatement plus our administrative fee and interest from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the Restaurant's Gross Sales, we will credit you (without interest) for the overpayment. Further, if an inspection or audit is necessary due to your failure to furnish reports, supporting records, or other information as required or on a timely basis, or if our examination reveals an understatement exceeding two percent (2%) of the amount you actually reported to us for the period examined, you must reimburse our costs for the examination, including, without limitation, legal fees, independent

accountants' fees, and travel expenses, room and board, and compensation for our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable Law.

16. Transfer

A. Transfer by Us

We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After we assign this Agreement to a third party that expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, you agree that we may sell our assets (including this Agreement), the Marks, or the Franchise System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

B. Transfer by You and Definition of Transfer

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners, and we have granted you the rights under this Agreement in reliance upon our perceptions of your and your owners' character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither: (i) this Agreement or any interest in this Agreement; (ii) the Restaurant or any right to receive all or a portion of the profits, losses, or capital appreciation relating to the Restaurant; (iii) all or substantially all of the Operating Assets; (iv) any ownership interest in you; nor (v) a controlling ownership interest in an Entity with an ownership interest in you, may be transferred without our prior written approval. A transfer of the Restaurant's ownership, possession, or control, or all or substantially all of the Operating Assets, may be made only with the concurrent transfer (to the same proposed transferee) of the franchise rights (with the transferee assuming this Agreement or signing our then-current form of franchise agreement and related documents, as we may require). Any transfer without our prior written approval is a breach of this Agreement and has no effect, meaning you and your owners will continue to be obligated to us for all your obligations under this Agreement.

In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including the following events:

- i. transfer of record or beneficial ownership of stock or any other ownership interest or the right to receive (directly or indirectly) all or a portion of the profits, losses, or any capital appreciation relating to the Restaurant;
- ii. a merger, consolidation, or exchange of ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or a redemption of ownership interests;

- iii. any sale or exchange of voting interests or securities convertible to voting interests, or any management or other agreement granting the right (directly or indirectly) to exercise or control the exercise of any owner's voting rights or to control your (or an Entity with an ownership interest in you) or the Restaurant's operations or affairs;
- iv. transfer in a divorce, insolvency, or Entity dissolution proceeding or otherwise by operation of law;
- v. transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- vi. pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security or collateral, foreclosure upon or attachment or seizure of the Restaurant, or your transfer, surrender, or loss of the Restaurant's possession, control, or management. You may grant a security interest (including a purchase money security interest) in the Restaurant's assets (not including this Agreement or the franchise rights) to a lender that finances your acquisition, development, and/or operation of the Restaurant without having to obtain our prior written approval as long as you give us ten (10) days' prior written notice. Notwithstanding the above, you may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction.

C. Conditions for Approval of Transfer

If you and your owners are in full compliance with this Agreement, then, subject to this Section 16.C's other provisions, we will approve a transfer meeting all of this Section's requirements.

- i. We will approve the transfer of a non-controlling ownership interest in you if the proposed transferee's owners are of good moral character, have no ownership interest in and do not perform services for (and have no affiliates with an ownership interest in or performing services for) a Competitive Business, otherwise meet our then-applicable standards for non-controlling owners of NAF NAF Restaurant franchisees, sign our then-current form of Guaranty and Assumption of Obligations or, if applicable, Owner's Undertaking of Non-Monetary Obligations, and pay us a Two Thousand Five Hundred Dollar (\$2,500) transfer fee. The term "controlling ownership interest" is defined in Section 21.M.
- ii. If the proposed transfer involves the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, or is one of a series of transfers (regardless of the timeframe over which those transfers take place) in the aggregate transferring the franchise rights granted by this Agreement or a controlling ownership interest in

you or in an Entity owning a controlling ownership interest in you, then all of the following conditions must be met before or concurrently with the proposed transfer's effective date (provided, however, there may be no such transfer until after the Restaurant has opened for business):

- a. (i) the transferee and its direct and indirect owners have the necessary business experience, aptitude, and financial resources to operate the Restaurant, (ii) the transferee otherwise is qualified under our then-existing standards for the approval of new franchisees or of existing franchisees interested in acquiring additional franchises (including the transferee and its affiliates are in substantial operational compliance, at the time of the application, under all other franchise agreements for NAF NAF Restaurants to which they then are parties with us), and (iii) the transferee and its owners are not restricted by another agreement (whether or not with us) from purchasing the Restaurant or the ownership interest in you or the Entity that owns a controlling ownership interest in you;
- b. you have paid all required Royalties, Ad Fund contributions, Tech Fees, and other amounts owed to us and our affiliates relating to this Agreement and the Restaurant, have submitted all required reports and statements, and are not in breach of any provision of this Agreement or another agreement with us or our affiliates relating to the Restaurant;
- c. neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in, or performs services for a Competitive Business;
- d. the transferee's Operating Principal and management personnel, if different from your management personnel, satisfactorily complete our then-current Initial Training;
- e. the transferee has the right to occupy the Restaurant's site for the expected franchise term;
- f. the transferee and each of its owners (if the transfer is of the franchise rights granted by this Agreement), or you and your owners (if the transfer is of a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you), if we so require, sign our then-current form of franchise agreement and related documents (including a Guaranty and Assumption of Obligations and, if applicable, Owner's Undertaking of Non-Monetary Obligations), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, provided, however, that (i) the term of the new franchise agreement signed will equal this Agreement's unexpired Term, (ii) the Royalty, Tech Fee, and Ad Fund contribution levels specified in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term, and

(iii) the Area of Protection defined in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term. If the transferee has the right to possess the Restaurant for no less than an additional ten (10) years following the transfer's proposed effective date, we may (but have no obligation to) grant the transferee a full ten (10) year term under the new franchise agreement signed if the transferee commits to repair and/or replace Operating Assets and upgrade the Restaurant in accordance with our then-current requirements and specifications for new NAF NAF Restaurants within the timeframe we specify following the transfer's effective date. If we grant a full ten (10) year term, however, our then-current fees, including the Royalty, Tech Fee, and Ad Fund contributions, will apply to the Restaurant, and we may change the definition of the Area of Protection;

- g. you or the transferee pays us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee for new franchisees;
- h. the transferee agrees to repair and/or replace Operating Assets and upgrade the Restaurant in accordance with our then-current requirements and specifications for new NAF NAF Restaurants within the timeframe we specify following the transfer's effective date;
- i. you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors, and assigns;
- j. we have determined that the purchase price, payment terms, and required financing will not adversely affect the transferee's operation of the Restaurant;
- k. if you or your owners finance any part of the purchase price, you and they agree that the transferee's obligations under promissory notes, agreements, or security interests reserved in the Operating Assets or ownership interests in you are subordinate to the transferee's (and its owners') obligation to pay Royalties, Ad Fund contributions, Tech Fees, and other amounts due to us and our affiliates and otherwise to comply with this Agreement;
- l. you and your transferring owners (and members of their Immediate Families) agree, for two (2) years beginning on the transfer's effective date, not to engage in any activity proscribed in Section 19.E below; and
- m. you and your transferring owners will not directly or indirectly at any time afterward or in any manner (except with other NAF NAF Restaurants you or they own or operate): (i) identify yourself or themselves in any business

as a current or former NAF NAF Restaurant or as one of our franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, or other indicia of a NAF NAF Restaurant for any purpose; or (iii) utilize for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.

If the proposed transfer is to or among your owners, your or their Immediate Family members, or an Entity you control, or if the transferee either is a franchisee in good standing for the past five (5) years or managed a franchised or company-owned NAF NAF Restaurant for at least five (5) years, then the transfer fee in clause (g) will be Five Thousand Dollars (\$5,000). You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you, and our contact with potential transferees to protect our business interests will not constitute improper or unlawful conduct. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms, to communicate candidly and truthfully with the transferee regarding your operation of the Restaurant, and to withhold consent for the reasons specified above. You waive any claim that the action we take in good faith to protect our business interests in connection with a proposed transfer constitutes tortious interference with contractual or business relationships. Similarly, we may review all information regarding the Restaurant you give the proposed transferee, correct any information we believe is inaccurate, and give the proposed transferee copies of any reports you have given us or we have made regarding the Restaurant.

Notwithstanding anything to the contrary in this Section 16, we need not consider a proposed transfer of a controlling or non-controlling ownership interest in you, or a proposed transfer of this Agreement, until you (or an owner) and the proposed transferee first send us a copy of the bona fide offer to purchase or otherwise acquire the particular interest from you (or the owner). For an offer to be considered "bona fide," we may require it to include a copy of all proposed agreements between you (or your owner) and the proposed transferee related to the sale, assignment, or transfer.

D. Transfer to a Wholly-Owned or Affiliated Entity

Notwithstanding Section 16.C above, if you are in full compliance with this Agreement, you may transfer this Agreement, together with the Operating Assets and all other assets associated with the Restaurant, to an Entity that will conduct no business other than the Restaurant and, if applicable, other NAF NAF Restaurants and of which you or your then-existing owners own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all Restaurant assets are owned, and the Restaurant is operated, only by that single Entity. The Entity must expressly assume all of your obligations under this Agreement, but you will remain personally liable under this Agreement as if the transfer to the Entity did not occur. Transfers of ownership interests in that Entity are subject to the restrictions in Section 16.C.

E. Death or Disability

i. Transfer Upon Death or Disability

Upon the death or disability of one of your owners, that owner's executor, administrator, conservator, guardian, or other personal representative (the "**Representative**") must transfer the owner's ownership interest in you (or an owner) to a third party. That transfer (including transfer by bequest or inheritance) must occur, subject to our rights under this Section 16.E, within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all terms and conditions in this Section 16. A failure to transfer such interest within this time period is a breach of this Agreement.

ii. Operation upon Death or Disability

If, upon the death or disability of one of your owners, the Restaurant's day-to-day operations are not being managed by two (2) fully-trained, certified Restaurant Managers, then you or the Representative (as applicable) must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint one or more new managers to operate the Restaurant. The managers must at your expense satisfactorily complete the training we designate within the time period we specify. We have the right to assume the Restaurant's management, as described in Section 18.C, for the time we deem necessary if the Restaurant is not in our opinion being managed properly upon the death or disability of one of your owners.

F. Effect of Consent to Transfer

Our consent to any transfer is not a representation of the fairness of any contract terms between you (or your owner) and the transferee, a guarantee of the Restaurant's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance with this Agreement.

G. Our Right of First Refusal

If you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you at any time determines to sell or transfer for consideration the franchise rights granted by this Agreement and the Restaurant (or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you (except to or among your current owners or in a transfer under Section 16.D, which are not subject to this Section 16.G), you agree to obtain from a responsible and fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which, as noted in Section 16.C above, we may require to include a copy of all proposed agreements related to the sale or transfer). The offer must include details of the proposed sale's payment terms and the financing sources and terms of the proposed purchase price and provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to the rights granted by this Agreement and the Restaurant (or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling

ownership interest in you. It may not relate to any other interests or assets. We may require you (or your owners) to send us copies of any materials or information you send to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (i) we may substitute cash for any form of payment proposed in the offer; (ii) our credit will be deemed equal to the credit of any proposed buyer; (iii) the closing will be not less than sixty (60) days after we notify you of our election to purchase or, if later, the closing date proposed in the offer; (iv) you and your owners must sign the general release described in Section 16.C(i) above; and (v) we must receive, and you and your owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or of ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; your and your owners' authorization to sell, as applicable, any ownership interests or assets without violating any Law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Restaurant before the closing of our purchase. If the offer is to purchase all of your ownership interests, we may elect instead to purchase all of the Restaurant's assets (and not any of your ownership interests) on the condition that the amount we pay you for such assets equals the full value of the transaction as proposed in the offer (i.e., the value of all assets to be sold and of all liabilities to be assumed).

Once you or your owners submit the offer and related information to us triggering the start of the thirty (30) day decision period referenced above, the offer is irrevocable for that thirty (30) day period. This means we have the full thirty (30) days to decide whether to exercise the right of first refusal and may choose to do so even if you or your owners change your, his, her, or its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and we may exercise the right to purchase the particular interest in accordance with this Section's terms.

If we exercise our right of first refusal and close the transaction, you and your transferring owners agree that, for two (2) years beginning on the closing date, you and they (and members of your or their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section 16. If you or your owners do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the sale's terms (which you agree to tell us promptly), we will have an additional right of first refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

We have the unrestricted right to assign this right of first refusal to a third party (including an affiliate), which then will have the rights described in this Section 16.G. We waive our right of first refusal for sales or transfers to Immediate Family members meeting the criteria in Section 16.C.

17. Expiration of Agreement

When this Agreement expires (unless it is terminated sooner), you will have the right to acquire a successor franchise to continue operating the Restaurant as a NAF NAF Restaurant for ten (10) years under our then-current form of franchise agreement, but only if you have:

- i. requested in writing a business review at least six (6) months, but not more than nine (9) months, before the end of the Term;
- ii. substantially complied with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the Restaurant, and operated the Restaurant in substantial compliance with Brand Standards, during the Term, as noted in the business review we conduct; and
- iii. at our option, either (a) remodeled and upgraded the Restaurant and otherwise brought the Restaurant into full compliance with then-applicable specifications and standards for new NAF NAF Restaurants (regardless of cost) before this Agreement expires, or (ii) agreed to relocate the Restaurant to a substitute site we have accepted and construct and develop a new NAF NAF Restaurant at that site.

To acquire a successor franchise, you and your owners must: (i) sign our then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement, including higher Royalties, Tech Fees, and Ad Fund contributions and a modified or smaller Area of Protection, and will be modified to reflect that it is for a successor franchise; (ii) pay us a successor franchise fee equal to Ten Thousand Dollars (\$10,000); and (iii) sign a general release in the form we specify as to any and all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If you fail to sign and return the documents referenced above, together with the successor franchise fee, within thirty (30) days after we deliver them to you, that will be deemed your irrevocable election not to acquire a successor franchise. If you (and your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise (at or after the business review) and on the date on which this Agreement expires, in substantial compliance with this Agreement and all other agreements with us or our affiliates related to the Restaurant, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 18. We may condition our grant of a successor franchise on your completing certain requirements on or before designated deadlines following commencement of the successor franchise term.

18. Termination of Agreement

A. Termination by You

You may terminate this Agreement if we materially breach any of our obligations under this Agreement and fail to correct that breach within thirty (30) days after you deliver written notice to us of the breach; provided, however, if we cannot reasonably correct the breach within those thirty (30) days but give you, within the thirty (30) days, evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of that reasonable time period. Your termination of this Agreement other than according to this Section 18.A will be deemed a termination without cause and your breach of this Agreement.

B. Termination by Us

We may, at our option, terminate this Agreement, effective immediately upon delivery of written notice of termination to you, upon the occurrence of any one of the following events:

- i. you (or any of your direct or indirect owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the franchise or your operation of the Restaurant, including, without limitation, by intentionally or through your gross negligence understating the Restaurant's Gross Sales for any period;
- ii. you fail (a) to obtain our written acceptance of the site, to secure the accepted site under a lease or sublease we accept, or otherwise to meet any development obligation identified in Section 4 on or before the deadline, or (b) to develop, open, and begin operating the Restaurant in compliance with this Agreement and Brand Standards (including with a fully-trained staff) on or before the Opening Deadline;
- iii. you (a) abandon the Restaurant, meaning you have deserted, walked away from, or closed the Restaurant under circumstances leading us to conclude that you have no intent to return to the Restaurant, regardless of how many days have passed since the apparent abandonment, or (b) fail actively and continuously to operate the Restaurant (a failure to operate the Restaurant for over three (3) consecutive days will be deemed a default under this clause (b), except where closure is due to fire, riot, flood, terrorist acts, or natural disaster and you notify us within three (3) days after the particular occurrence to obtain our written approval to remain closed for an agreed-upon amount of time as is necessary under the circumstances before we will require you to re-open);
- iv. you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you makes a purported transfer in violation of Section 16;
- v. you (or any of your direct or indirect owners) are or have been convicted by a trial court of, or plead or have pleaded guilty or no contest to, a felony;

- vi. you (or any of your direct or indirect owners) engage in any dishonest, unethical, immoral, or similar conduct as a result of which your (or the owner's) association with the Restaurant (or the owner's association with you) could, in our reasonable opinion, have a material adverse effect on the goodwill associated with the Marks;
- vii. a lender forecloses on its lien on a substantial and material portion of the Restaurant's assets;
- viii. an entry of judgment against you involving aggregate liability of Twenty-Five Thousand Dollars (\$25,000) or more in excess of your insurance coverage, and the judgment remains unpaid for ten (10) days or more following its entry;
- ix. you (or any of your direct or indirect owners) misappropriate any Confidential Information or violate any provisions of Section 12, including, but not limited to, by holding interests in or performing services for a Competitive Business;
- x. you violate any material Law relating to the Restaurant's development, operation, or marketing and do not (a) correct the noncompliance or violation within fifteen (15) days after delivery of written notice of the noncompliance or violation or (b) completely correct the noncompliance or violation within the time period prescribed by Law, unless you are in good faith contesting your liability for the violation through appropriate proceedings or provide reasonable evidence of your continued efforts to correct the violation within a reasonable time period;
- xi. you fail to report the Restaurant's Gross Sales or to pay us or any of our affiliates any amounts when due and do not correct the failure within five (5) days after delivery of written notice;
- xii. you underreport the Restaurant's Gross Sales by two percent (2%) or more on three (3) separate occasions within any twenty-four (24) consecutive-month period or by five percent (5%) or more during any reporting period;
- xiii. you fail to maintain the insurance this Agreement requires or to send us satisfactory evidence of such insurance within the required time, or significantly modify your insurance coverage without our written approval, and do not correct the failure within five (5) days after delivery of written notice;
- xiv. you fail to pay when due any federal or state income, service, sales, employment, or other taxes due on the Restaurant's operation, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;
- xv. you (or any of your direct or indirect owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive-month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A), or (b) fail on two (2) or more separate

occasions within any six (6) consecutive-month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A);

- xvi. you fail to pay amounts you owe to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material relating to the Restaurant's operation or ownership, and do not correct the failure within five (5) days after delivery of written notice;
- xvii. you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Restaurant is attached, seized, or levied upon, unless the attachment, seizure, or levy is vacated within sixty (60) days; or any order appointing a receiver, trustee, or liquidator of you or the Restaurant is not vacated within sixty (60) days following its entry;
- xviii. your or any of your owners' assets, property, or interests are blocked under any Law relating to terrorist activities, or you or any of your owners otherwise violate any such Law;
- xix. you lose the right to occupy the Restaurant's premises due to your lease default (even if you have not yet vacated the Restaurant's premises);
- xx. you lose the right to occupy the Restaurant's premises (but not due to your lease default), or the Restaurant is damaged to such an extent that you cannot operate the Restaurant at its existing location over a thirty (30) day period, and you fail both to relocate the Restaurant to a substitute site we accept and to begin operating the Restaurant at that substitute site within one hundred fifty (150) days from the first date on which you could not operate the Restaurant at its existing location;
- xxi. you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our affiliates) and you relating to the Restaurant, including, without limitation, any Brand Standard, and do not correct the failure to our satisfaction within thirty (30) days after we deliver written notice;
- xxii. you cause or contribute to a Data Security Incident or fail to comply with any requirements to protect Consumer Data; or
- xxiii. we have sent a notice of termination under another franchise agreement for a NAF NAF Restaurant between you (or any of your affiliates) and us, regardless of the reason for such termination, or you (or any of your affiliates) have terminated another franchise agreement with us without cause.

C. Assumption of Restaurant's Management

If you abandon or fail actively to operate the Restaurant for any period, and under the circumstances described in Sections 16.E and 18.D, we or our designee has the right (but not the obligation) to enter the site and assume the Restaurant's management for any time period we deem appropriate. Our manager will exercise control over the working conditions of the Restaurant's employees only to the extent such control is related to our legitimate interest in protecting, and is necessary at that time to protect, the quality of our products, services, or brand. If we assume the Restaurant's management, all revenue from the Restaurant's operation during our management period will (except as provided below) be kept in a separate account, and all Restaurant expenses will be charged to that account. In addition to all other fees and payments owed under this Agreement on account of the Restaurant's operation, we may charge you a reasonable management fee, not to exceed ten percent (10%) of the Restaurant's Gross Sales, plus any out-of-pocket expenses incurred in connection with the Restaurant's management. We or our designee will have a duty to use only reasonable efforts and, if we or our designee is not grossly negligent and does not commit an act of willful misconduct, will not be liable to you or your owners for any debts, losses, lost or reduced profits, or obligations the Restaurant incurs, or to any of your creditors for any supplies, products, services, or other assets or services the Restaurant purchases, while we or our designee manages it. We may require you to sign our then-current form of management agreement, which will govern the terms of our management of the Restaurant.

If we or our designee assumes the Restaurant's management due to your abandonment or failure actively to operate the Restaurant, or after termination or expiration of this Agreement while we are deciding whether to exercise our right to purchase the Restaurant's Operating Assets under Section 19.F, we or our designee may retain all, and need not pay you or otherwise account to you for any, Gross Sales generated while we or our designee manages the Restaurant.

D. Other Remedies upon Default

Upon your failure to remedy any noncompliance with any provision of this Agreement or any Brand Standard, or another default specified in any written notice issued to you under Section 18.B, within the time period (if any) we specify in our notice, we have the right, until the failure has been corrected to our satisfaction, to take any one or more of the following actions:

- i. suspend your right to participate in one or more advertising, marketing, or promotional programs that we or the Ad Fund provides;
- ii. suspend or terminate your participation in any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);
- iii. refuse to provide any operational support this Agreement requires; and/or
- iv. assume the Restaurant's management, as described in Section 18.C, for the time we deem necessary in order to correct the default, for all of which costs you must reimburse us (in addition to the amounts you must pay us under Section 18.C).

Exercising any of these rights will not constitute an actual or constructive termination of this Agreement or be our sole and exclusive remedy for your default. If we exercise any remedies in this Section 18.D rather than terminate this Agreement, we may at any time after the applicable cure period under the written notice has lapsed (if any) terminate this Agreement without giving you any additional corrective or cure period. During any suspension period, you must continue paying all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. Our election to suspend your rights as provided above is not our waiver of any breach of this Agreement. If we rescind any suspension of your rights, you are not entitled to any compensation (including, without limitation, repayment, reimbursement, refunds, or offsets) for any fees, charges, expenses, or losses you might have incurred due to our exercise of any suspension right provided above.

19. Rights and Obligations upon Termination or Expiration of This Agreement

A. Payment of Amounts Owed

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date we determine the amounts due to us, the Royalties, Ad Fund contributions, Tech Fees, late fees and interest, and other amounts owed to us (and our affiliates) that are then unpaid. If we terminate this Agreement on any ground specified under Section 18.B, or if you terminate this Agreement without cause, before the Term's scheduled expiration date, you also will be liable to us for all of our damages caused by your breach of contract, including our lost future royalties.

B. De-Identification

Upon termination or expiration of this Agreement, you must de-identify the Restaurant in compliance with this Section 19.B and as we reasonably require. De-identification includes, but is not limited to, taking the following actions:

- i. beginning on the De-identification Date (defined below), you and your owners may not directly or indirectly at any time afterward or in any manner (except in connection with other NAF NAF Restaurants you or they own and operate): (a) identify yourself or themselves in any business as a current or former NAF NAF Restaurant or as one of our current or former franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, or other indicia of a NAF NAF Restaurant for any purpose; or (c) use for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.
- ii. within fifteen (15) days after the De-identification Date, you must take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- iii. if we do not exercise the option under Section 19.F below, you must, at your own cost and without any payment from us for such items, at our option, deliver to us, make available to us for pick-up, or destroy, in any case within twenty (20) days

after the De-identification Date, all signs, Marketing Materials, forms, and other materials containing any Mark. If you fail to do so voluntarily when we require, we and our representatives may enter the Restaurant at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so;

- iv. if we do not exercise the option under Section 19.F below, you must, at your own cost and without any payment from us for such items, at our option, deliver to us, make available to us for pick-up, or destroy, in any case within thirty (30) days after the De-identification Date, all equipment and other materials that are proprietary to the NAF NAF Restaurant brand. If you fail to do so voluntarily when we require, we and our representatives may enter the Restaurant at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so;
- v. if we do not exercise the option under Section 19.F below, you must at your own expense, within twenty (20) days after the De-identification Date, make the alterations we specify to distinguish the Restaurant clearly from its former appearance and from other NAF NAF Restaurants in order to prevent public confusion. If you fail to do so voluntarily when we require, we and our representatives may enter the Restaurant at our convenience and take this action without liability to you, your landlord, or any other third party for trespass or any other claim. We need not compensate you or the landlord for any alterations. You must reimburse our costs of de-identifying the Restaurant;
- vi. you must, within fifteen (15) days after the De-identification Date, notify the telephone company and all telephone directory publishers (both web-based and print) of the termination or expiration of your right to use any telephone, facsimile, or other numbers and telephone directory listings associated with any Mark; authorize, and not interfere with, the transfer of those numbers and directory listings to us or at our direction; and/or instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and
- vii. you must immediately cease using or operating any website or other online presence or electronic media, including social networking websites, related to the Restaurant or the Marks, take all action required to disable such websites or social networking website accounts, and cancel all rights in and to any accounts for such websites (unless we request you to assign them to us).

The “**De-identification Date**” means: (i) if we exercise the option under Section 19.F, the closing date of our (or our designee’s) purchase of the Restaurant’s assets; or (ii) if we do not exercise the option under Section 19.F, the date upon which that option expires or we notify you of our decision not to exercise, or to withdraw our previous exercise, of that option, whichever occurs first.

C. Confidential Information

Upon termination or expiration of this Agreement, you and your owners must immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials to which we gave you access. You may not sell, trade, or otherwise profit in any way from any Consumer Data or other Confidential Information at any time after expiration or termination of this Agreement.

D. Notification to Customers

Upon termination or expiration of this Agreement, we have the right to contact (at our expense) previous, current, and prospective customers to inform them that a NAF NAF Restaurant no longer will operate at the Restaurant's location or, if we intend to exercise the option under Section 19.F, that the Restaurant will operate under new management. We also have the right to inform them of other nearby NAF NAF Restaurants. Exercising these rights will not constitute interference with your contractual or business relationship with those customers.

E. Covenant Not to Compete

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), you and your owners agree that neither you, they, nor any member of your or their Immediate Families will:

- i. have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in any Competitive Business located or operating:
 - a. at the Restaurant's site; or
 - b. within ten (10) miles of the Restaurant's site; or
 - c. within five (5) miles of another NAF NAF Restaurant in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E,

provided that this restriction does not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or

- ii. perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business located or operating:
 - a. at the Restaurant's site; or

- b. within ten (10) miles of the Restaurant's site; or
- c. within five (5) miles of another NAF NAF Restaurant in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E.

You, each owner, and your and their Immediate Families will each be bound by these competitive restrictions for two (2) years beginning on the effective date of this Agreement's termination or expiration. However, if a restricted person does not begin to comply with these competitive restrictions immediately, the two (2) year restrictive period for that non-compliant person will not start to run until the date on which that person begins to comply with the competitive restrictions (whether or not due to the entry of a court order enforcing this provision). The running of the two (2) year restrictive period for a restricted person will be suspended whenever that restricted person breaches this Section and will resume when that person resumes compliance. These restrictions also apply after transfers and other events, as provided in Section 16 above. You (and your owners) expressly acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting those skills. Consequently, our enforcing the covenants made in this Section 19.E will not deprive you (and them) of personal goodwill or the ability to earn a living.

F. Option to Purchase Operating Assets

i. Exercise of Option

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), we have the option, exercisable by giving you written notice before or within thirty (30) days after the effective date of termination or expiration, to purchase the Operating Assets and other assets associated with the Restaurant's operation that we designate. We have the unrestricted right to assign this purchase option to a third party (including an affiliate), which then will have the rights and obligations described in this Section 19.F. We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including representations and warranties regarding ownership and condition of, and title to, assets; liens and encumbrances on assets; validity of contracts and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Restaurant before the closing of our purchase.

If you or one of your affiliates owns the site at which the Restaurant is located, we (or our assignee) may elect to lease that site from you or the affiliate for an initial five (5) or ten (10) year term (at our option), with one (1) renewal term of five (5) or ten (10) years (again at our option), on commercially reasonable terms. If you lease the Restaurant's site from an unaffiliated lessor, you agree (at our option) to assign the lease to us or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease.

ii. Purchase Price

If we elect to purchase all or substantially all of the Operating Assets and other assets associated with the Restaurant's operation, the purchase price for those assets will be their fair market value, although fair market value will not include any value for (a) the franchise or any rights granted by this Agreement, (b) goodwill attributable to our Marks, brand image, and other intellectual property, or (c) participation in the network of NAF NAF Restaurants. In all cases, we may exclude from the assets purchased any Operating Assets or other items not reasonably necessary (in function or quality) to the Restaurant's operation or that we have not approved as meeting Brand Standards; the purchase price will reflect those exclusions. We and you must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after we deliver our notice exercising our right to purchase. If we and you cannot agree on fair market value within this fifteen (15) day period, fair market value will be determined by the following appraisal process.

Fair market value will be determined by one (1) independent accredited appraiser upon whom we and you agree who, in conducting the appraisal, will be bound by the criteria specified above. We and you agree to select the appraiser within fifteen (15) days after we deliver our purchase notice (if we and you do not agree on fair market value before then). If we and you cannot agree on a mutually-acceptable appraiser within the fifteen (15) days, we will send you a list of three (3) independent appraisers, and you must within seven (7) days select one (1) of them to be the designated appraiser to determine the purchase price. Otherwise, we have the right to select the appraiser. We and you will share equally the appraiser's fees and expenses. Within thirty (30) days after delivery of notice invoking the appraisal mechanism, we and you each must send the appraiser our and your respective calculations of the purchase price, with such detail and supporting documents as the appraiser requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the assets' fair market value. The appraiser has no authority to compromise between the two (2) proposed purchase prices; it is authorized only to choose one or the other. The appraiser's choice will be the purchase price and is final.

iii. Closing

We will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined. However, we may decide after the purchase price is determined not to complete the purchase and will have no liability to you for choosing not to do so. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us (or our affiliates). At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; (b) all of the Restaurant's licenses and permits that may be assigned; and (c) possessory rights to the Restaurant's site.

If you cannot deliver clear title to all purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates

and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If we exercise our rights under this Section 19.F, then for two (2) years beginning on the closing date, you and your owners (and members of your and their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

G. Continuing Obligations

All of our and your (and your owners') obligations expressly surviving expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination and until they are satisfied in full.

20. Relationship of the Parties; Indemnification

A. Independent Contractors

This Agreement does not create a fiduciary relationship between you and us (or any affiliate of ours). You have no authority, express or implied, to act as an agent for us or our affiliates for any purpose. You are, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the Restaurant and its assets, including any personal property, equipment, fixtures, or real property, and for all claims or demands based on damage to or destruction of property or based on injury, illness, or death of any person, directly or indirectly, resulting from the Restaurant's operation. Further, we and you are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and we (and our affiliates) will not be construed to be jointly liable for any of your acts or omissions under any circumstances. We (and our affiliates) are not the employer or joint employer of the Restaurant's employees. Your Operating Principal is solely responsible for managing and operating the Restaurant and supervising the Restaurant's employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Restaurant personnel, and others as the Restaurant's owner, operator, and manager under a franchise we have granted and to place notices of independent ownership at the Restaurant and on the forms, business cards, stationery, advertising, e-mails, and other materials we require from time to time.

We (and our affiliates) will not exercise direct or indirect control over the working conditions of Restaurant personnel, except to the extent such indirect control is related to our legitimate interest in protecting the quality of our products, services, or brand. We (and our affiliates) do not share or codetermine the employment terms and conditions of the Restaurant's employees and do not affect matters relating to the employment relationship between you and the Restaurant's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you must notify Restaurant personnel that you are their employer and that we, as the franchisor of NAF NAF Restaurants, and our affiliates are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all Restaurant employees that you (and not we or our affiliates) are their employer.

B. No Liability for Acts of Other Party

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship with you is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising from the Restaurant's operation or the business you conduct under this Agreement.

C. Taxes

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, employment, or other taxes, whether levied upon you or the Restaurant, due to the business you conduct (except for our own income taxes). You must pay those taxes and reimburse us for any taxes we must pay to any taxing authority on account of either your Restaurant's operation or payments you make to us (except for our own income taxes).

D. Insurance

During the Term, you must maintain in force at your sole expense insurance coverage for the Restaurant in the amounts, and covering the risks, we periodically specify in the Operations Manual. We may require some or all of your insurance policies to provide for waiver of subrogation in favor of us and all of our affiliates. Your insurance carriers must be licensed to do business in the state in which the Restaurant is located and be rated A- or higher by A.M. Best and Company, Inc. (or such similar criteria we periodically specify). Insurance policies must be in effect before you begin constructing the Restaurant. We may periodically increase the amounts of coverage required under those insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in Law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and all of our affiliates as additional insureds and provide for ten (10) days' prior written notice to us of any policy's material modification, cancellation, or non-renewal or any non-payment. You must periodically, including before the Restaurant opens, send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified above and the payment of premiums. We may require you to use our designated insurance broker to facilitate your compliance with these insurance requirements. We have the right to obtain insurance coverage for the Restaurant at your expense if you fail to do so, in which case you must reimburse our costs. We also have the right to defend claims in our sole discretion.

E. Indemnification

(1) Indemnification Obligation. You must defend, indemnify, and hold harmless us and our affiliates, our and their permitted successors and assigns, and each of our and their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the "**Indemnified Parties**") from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of or relating to: (a) the

Restaurant's operation; (b) the business you conduct under this Agreement; (c) your breach of this Agreement; (d) your noncompliance or alleged noncompliance with any Law; or (e) any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. "Losses" includes all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(2) Indemnification Procedure. We will promptly notify you of any claim that may give rise to a claim of indemnity under this Section 20.E, provided, however, that the failure to provide such notice will not release you from your indemnification obligations under this Section 20.E, except to the extent you are actually and materially prejudiced by such failure. You have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (a) the Indemnified Party has been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to you, and, in the reasonable opinion of the Indemnified Party, the counsel that you have selected could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with your interests, (b) you do not assume responsibility for such Losses in a timely manner, (c) the claim involves any elements of our and our affiliates' intellectual property, or (d) you fail to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to assume the defense of any claims and employ counsel of its own choosing, and you must pay the reasonable fees and disbursements of such Indemnified Party's counsel as incurred; provided that in any case, you will not be obligated to pay the expenses of more than one separate counsel for all Indemnified Parties taken together. In connection with any claim, the Indemnified Party or you, whichever is not assuming the defense of such claim, has the right to participate in such claim and to retain its own counsel at such party's own expense.

(3) Cooperation and Settlement. You or the Indemnified Party (as the case may be) must keep you or the Indemnified Party (as the case may be) reasonably apprised of, and respond to any reasonable requests concerning, the status of the defense of any claim which it is maintaining and cooperate in good faith with each other with respect to the defense of any such claim. You may not, without the prior written consent of the Indemnified Parties, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Parties, or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Parties other than as a result of money damages or other monetary payments which will be paid by you. No claim which is being defended in good faith by you in accordance with the terms of this Section 20.E may be settled by the Indemnified Parties without your prior written consent.

(4) Willful Misconduct or Gross Negligence. You have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses to the extent

they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions. However, nothing in this Section 20.E(4) limits your obligation to defend us and the other Indemnified Parties under Section 20.E(1) (Indemnification Obligation).

(5) Survival and Recovery. Your obligations in this Section 20.E will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section 20.E. You agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 20.E.

21. Enforcement

A. Severability

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable. If, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future Law in a final, unappealable ruling issued by any court, arbitrator, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant restricting competitive activity is deemed unenforceable due to its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be reformed to the extent necessary to be reasonable and enforceable, and then enforced to the fullest extent permissible, under the Laws and public policies applied in the jurisdiction whose Laws determine the covenant's validity. If any applicable and binding Law requires more notice than this Agreement requires of the termination of this Agreement or of our refusal to grant a successor franchise, or if under any applicable and binding Law any provision of this Agreement or any Brand Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the Law will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or Brand Standard to the extent required to be valid and enforceable or delete the unlawful provision entirely. You agree to be bound by any promise or covenant imposing the maximum duty the Law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. Waiver of Obligations and Force Majeure

We and you may in writing unilaterally waive or reduce any contractual obligation or restriction upon the other, effective upon delivery of written notice to the other or another effective date stated in the waiver notice. However, no interpretation, change, termination, or waiver of any provision of this Agreement will bind us unless in writing, signed by one of our officers, and specifically identified as an amendment to this Agreement. No modification, waiver, termination, discharge, or cancellation of this Agreement affects the right of any party to this Agreement to enforce any claim or right under this Agreement, whether or not liquidated,

which occurred before the date of such modification, waiver, termination, discharge, or cancellation. Any waiver granted is without prejudice to any other rights we or you have, is subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand your strict compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice varying from this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including your compliance with any Brand Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other NAF NAF Restaurants; the existence of franchise agreements for other NAF NAF Restaurants containing provisions differing from those contained in this Agreement; or our acceptance of any payments from you after any breach of this Agreement. No special or restrictive legend or endorsement on any payment or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We may remove any legend or endorsement, which will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from: (i) acts of God; (ii) fires, strikes, embargoes, war, terrorist acts or similar events, or riot; (iii) compliance with the orders, requests, or regulations of any federal, state, or municipal government; or (iv) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties, Ad Fund contributions, Tech Fees, and other amounts due afterward.

C. Costs and Attorneys' Fees

If we incur costs and expenses (internal or external) to enforce our rights or your obligations under this Agreement because you have failed to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree to reimburse all costs and expenses we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. Your obligation to reimburse us arises whether or not we begin a formal legal proceeding against you to enforce this Agreement. If we do begin a formal legal proceeding against you, the reimbursement obligation applies to all costs and expenses we incur preparing for, commencing, and prosecuting the legal proceeding and until the proceeding has completely ended (including appeals and settlements).

D. You May not Withhold Payments

You may not withhold payment of any amounts owed to us or our affiliates due to our alleged nonperformance of our obligations under this Agreement or for any other reason. You specifically waive any right you have at Law or in equity to offset any monies you owe us or our affiliates or to fail or refuse to perform any of your obligations under this Agreement.

E. Rights of Parties Are Cumulative

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy that we or you are entitled by Law to enforce.

F. Arbitration

All controversies, disputes, or claims between us (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to:

- i. this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Restaurant or any provision of any such agreements;
- ii. our relationship with you;
- iii. the validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Restaurant, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Section; or
- iv. any Brand Standard,

must be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings, including the hearing, will be conducted at a suitable location that is within ten (10) miles of where we have our principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law.

The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with 21.C. above), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) subject to the exceptions in Section 21.I, we and you waive to the fullest extent the Law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 21.H below.

We and you will be bound by any limitation under this Agreement or applicable Law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal

Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator may not consider any settlement discussions or offers either you or we made. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for the arbitration proceeding to take place and by doing so do not waive or relinquish our right to seek recovery of those costs in accordance with Section 21.C above.

We and you agree that arbitration will be conducted on an individual basis and not in a class, consolidated, or representative action, that only we (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving us and/or any other person. Despite the foregoing or anything to the contrary in this Section or Section 21.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 21.F, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with this Section 21 (excluding this Section 21.F).

This Section's provisions are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding expiration or termination of this Agreement.

Despite your and our agreement to arbitrate, each has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, each must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

G. Governing Law

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, all controversies, disputes, or claims arising from or relating to:

- i. this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to the Restaurant;
- ii. our relationship with you;
- iii. the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate) relating to the Restaurant; or
- iv. any Brand Standard,

will be governed by the Laws of the State of Illinois, without regard to its conflict of laws rules. However, the provisions of the Illinois Franchise Disclosure Act, and any successor or similar legislation regulating the offer or sale of franchises, business opportunities, or similar interests,

or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply to the matters in clauses (i) through (iv) above under any circumstances unless their jurisdictional requirements and definitional elements are met independently, without reference to this Section, and no exemption to their application exists.

H. Consent to Jurisdiction

Subject to the arbitration obligations in Section 21.F, you and your owners agree that all judicial actions brought by us against you or your owners, or by you or your owners against us, our affiliates, or our or their respective owners, officers, directors, agents, or employees, relating to this Agreement or the Restaurant must be brought exclusively in the state or federal court of general jurisdiction located closest to where we, as franchisor, have our principal business address when the action is commenced. You and each of your owners irrevocably submit to the jurisdiction of such courts and waive any objection you or they might have to either jurisdiction or venue. Despite the foregoing, we may bring an action seeking a temporary restraining order or temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Restaurant is located.

I. Waiver of Punitive and Exemplary Damages

EXCEPT FOR YOUR INDEMNIFICATION OBLIGATIONS UNDER SECTION 20.E AND CLAIMS BASED ON YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IF THERE IS A DISPUTE BETWEEN US AND YOU (AND/OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

J. Waiver of Jury Trial

SUBJECT TO THE ARBITRATION OBLIGATIONS IN SECTION 21.F, WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS). WE AND YOU (AND YOUR OWNERS) ACKNOWLEDGE THAT WE AND YOU (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERING THIS WAIVER'S RAMIFICATIONS.

K. Binding Effect

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors-in-interest. Subject to our right to modify the Operations Manual and Brand Standards, this Agreement may not be modified except by a written agreement signed by both you and us that is specifically identified as an amendment to this Agreement.

L. Limitations of Claims

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US AND EXCEPT FOR OUR (AND CERTAIN OF OUR RELATED PARTIES') RIGHT TO SEEK INDEMNIFICATION FROM YOU FOR THIRD-PARTY CLAIMS AS PROVIDED IN THIS AGREEMENT, ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

M. Construction

The preambles and exhibits are part of this Agreement, which, together with any riders or addenda signed at the same time as this Agreement and together with the Operations Manual and Brand Standards, constitutes our and your entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to this Agreement's subject matter. There are no other oral or written representations, warranties, understandings, or agreements between us and you relating to this Agreement's subject matter. Notwithstanding the foregoing, nothing in this Agreement disclaims or requires you to waive reliance on any representation we made in the most recent franchise disclosure document (including its exhibits and amendments) we delivered to you or your representative. Any policies we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and do not bind us. Except as provided in Sections 20.E and 21.F, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Headings of sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all your obligations to us under this Agreement, include any of our affiliates with whom you deal. "**Affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "**Control**" means the power to direct or cause the direction of management and policies. If two or more persons are at any time the owners of your rights under this Agreement and/or the Restaurant, whether as partners or joint venturers, their representations, warranties, obligations, and liabilities to us will be joint and several. "**Owner**" means any person holding a direct or indirect ownership interest (whether of record, beneficial, or otherwise) or voting rights in you (or your owner or a transferee of this Agreement and the Restaurant or any interest in you), including any person who has a direct or indirect interest in you (or your owner or a transferee), this Agreement, or the Restaurant or any other direct or indirect legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a "**controlling ownership interest**" in you or one of your owners (if an Entity) mean the percent of voting

shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). "Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days mean calendar days and not business days.

The term "Restaurant" includes all assets of the NAF NAF Restaurant you operate under this Agreement, including its revenue and income. "Include," "including," and words of similar import will be interpreted to mean "including, but not limited to," and the terms following such words will be interpreted as examples, and not an exhaustive list, of the appropriate subject matter.

This Agreement will become valid and enforceable only upon its full execution by you and us, although we and you need not be signatories to the same original, facsimile, or electronically-transmitted counterpart of this Agreement. A faxed copy of an originally-signed signature page, a scanned copy of an originally-signed signature page that is sent as a .pdf by email, or a signature page bearing an electronically/digitally captured signature and transmitted electronically will be deemed an original.

N. The Exercise of Our Business Judgment

Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we deem best according to our business judgment, to vary Brand Standards or other aspects of the Franchise System for any franchisee. You have no right to require us to grant you a similar variation or accommodation.

We have the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves our right to take or withhold an action, or to grant or decline to grant you the right to take or omit an action, we may, except as this Agreement specifically provides, make our decision or exercise our rights based on information then available to us and our judgment of what is best for us, NAF NAF Restaurant franchisees generally, or the Franchise System when we make our decision, whether or not we could have made other reasonable or even arguably preferable alternative decisions and whether or not our decision promotes our financial or other individual interest.

O. No Affiliate Liability

You acknowledge and agree that none of our past, present, or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, entities under common control, ownership, or management, vendors, service providers, agents, attorneys, or representatives will have any liability for (i) any of our obligations or

liabilities relating to or arising from this Agreement, (ii) any claim against us based on, in respect of, or by reason of the relationship between you and us, or (iii) any claim against us based on any of our alleged unlawful acts or omissions.

22. Compliance with Anti-Terrorism Laws

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any Anti-Terrorism Law. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States and all other present and future Laws, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement, as provided in Section 18 above.

23. Notices and Payments

All acceptances, approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive them in accordance with this Section 23. All such acceptances, approvals, requests, notices, and reports will be deemed delivered at the time delivered by hand; or one (1) business day after deposit with a nationally-recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices we send you or your owners, at the Restaurant's address. Payments and certain information and reports you must send us under this Agreement will be deemed delivered on any of the applicable dates described above or, if earlier, when we actually receive them electronically (all payments, information, and reports must be received on or before their due dates in the form and manner specified in this Agreement). As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

To us:

Naf-Naf Franchising LLC
720 North Franklin Street, Suite 401
Chicago, Illinois 60654
Attn: Chief Executive Officer

Notices to you and your owners:

24. Electronic Mail

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize e-mail transmission to you during the Term by us and our employees, vendors, and affiliates ("**Official Senders**"). You further agree that: (i) Official Senders are authorized to send e-mails to your supervisory employees whom you occasionally authorize to communicate with us; (ii) you will cause your officers, directors, and supervisory employees to consent to Official Senders' transmission of e-mails to them; (iii) you will require such persons not to opt out of or otherwise ask to no longer receive e-mails from Official Senders while such persons work for or are associated with you; and (iv) you will not opt out of or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Section 24 will not apply to the provision of formal notices by either party under this Agreement under Section 23 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement, to be effective as of the date set forth next to our signature below.

NAF-NAF FRANCHISING LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__ **

**Effective Date

[Name]

By: _____
Title: _____
Date: _____, 20__

EXHIBIT A
TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

BASIC TERMS

1. The non-exclusive Site Selection Area is described as follows: _____

_____ (see attached map, if applicable). The Site Selection Area is simply the geographical area within which you have the right to look for the Restaurant's site. It will not determine the size or description of the Area of Protection.

2. The Restaurant's physical address is _____.

If you have not found and secured the Restaurant's site as of the Effective Date, we and you will identify the Restaurant's physical address in the blank above after you find and secure the site.

3. The Restaurant's Area of Protection is described as follows: _____

_____ (see attached map, if applicable). If you have not found and secured the Restaurant's site as of the Effective Date, we and you will define the Area of Protection in the blank above (and, if applicable, on the attached map) after you find and secure the site. (We may modify the Area of Protection during the Franchise Agreement term if the Restaurant relocates.)

NAF-NAF FRANCHISING LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

EXHIBIT B-1
TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____
_____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by **NAF-NAF FRANCHISING LLC**, a Delaware limited liability company ("**Franchisor**"), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that _____ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 21, 22, and 23 of the Agreement, including the arbitration provision.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or another person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, any release of other guarantors), none of which will in any way modify or amend this Guaranty, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any Franchisee indebtedness to the undersigned, for whatever reason, whether currently existing or hereafter arising, will at all times be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor or its affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Guaranty in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

**PERCENTAGE OF OWNERSHIP IN
FRANCHISEE**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

EXHIBIT B-2
TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

OWNER'S UNDERTAKING OF NON-MONETARY OBLIGATIONS

THIS OWNER'S UNDERTAKING OF NON-MONETARY OBLIGATIONS is given this _____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by NAF-NAF FRANCHISING LLC, a Delaware limited liability company ("**Franchisor**"), with _____, a _____ ("**Franchisee**"), each of the undersigned unconditionally agrees (a) to be personally bound by, and personally liable for his or her own breach of, Sections 3.E, 3.F, 6.H, 7.B, 7.D, 7.G, 8, 9, 10, 11, 12, 13.F, 16, 17, 19 (except for Section 19.A), 20.B, 22, 23, and 24 of the Agreement, and (b) to be personally bound by Sections 2, 21.A, 21.B, 21.F, 21.G, 21.H, 21.I, 21.J, 21.K, 21.L, and 21.M of the Agreement. None of the undersigned will be responsible for any of Franchisee's payment obligations under the Agreement.

The undersigned consents and agrees that this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or another person and will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial performance or the compromise or release of any claims, none of which will in any way modify or amend this Undertaking, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners. This Undertaking will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Undertaking, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Undertaking, notice of non-performance of any obligations hereby assumed, protest and notice of default to any party with respect to the nonperformance of any obligations hereby assumed, and any other notices and legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Undertaking. The undersigned expressly acknowledges that the obligations under this Undertaking survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Undertaking in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees,

costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Undertaking, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Undertaking or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Undertaking and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

[Name]

[Signature]

Date: _____

[Name]

[Signature]

Date: _____

EXHIBIT C
TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

FRANCHISEE AND ITS OWNERS

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

Franchisee was incorporated or formed on _____, 20__, under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's corporate, limited liability company, or partnership name and (if applicable) _____. The following is a list of Franchisee's directors or managers (if applicable) and officers as of the effective date shown above:

<u>Name</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Owners. The following list includes the full name of each person who is one of Franchisee's direct or indirect owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

<u>Owner's Name</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____

Operating Principal. Franchisee's Operating Principal is _____. His or her contact information for notice is _____.

NAF-NAF FRANCHISING LLC, a
Delaware limited liability company

By: _____
Title: _____
Date: _____, 20__

FRANCHISEE

[Name]

By: _____
Title: _____
Date: _____, 20__

EXHIBIT D
TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

LEASE RIDER

LEASE PROVISIONS FOR NAF NAF RESTAURANT FRANCHISES

The following provisions must be inserted into the lease for the Restaurant you will operate under the "NAF NAF®" brand (the "Lease"). You may add this language via a rider or addendum to your Lease as long as the rider or addendum is signed by both the tenant and the landlord. Please send us a copy of the signed Lease and any riders or addenda.

REQUIRED LANGUAGE:

A. During the Term of the franchise agreement (the "Franchise Agreement") between Tenant and Naf-Naf Franchising LLC ("Naf Naf"), Tenant will use the premises only to operate a NAF NAF Restaurant.

B. Landlord will send to Naf Naf copies of all default notices, and all notices of Landlord's intent to terminate the Lease (or any rights of Tenant under the Lease) or evict Tenant from the leased premises, simultaneously with sending such notices to Tenant. Such copies must be sent to:

Naf-Naf Franchising LLC
720 North Franklin Street, Suite 401
Chicago, Illinois 60654
Attn: Chief Executive Officer

C. Tenant may assign or sublet the Lease to Naf Naf or its affiliates upon expiration or termination of the Franchise Agreement, and Landlord will not withhold its consent to this assignment or sublet. Landlord will not impose or assess any assignment or subletting fee or similar payment or accelerate rental payments under the Lease in connection with the assignment or sublet.

D. Naf Naf or its affiliates may enter the premises to make any modifications or alterations necessary to protect the Franchise System and the Marks or to cure any default under the Franchise Agreement or Lease at any time and without prior notice to Landlord.

E. Tenant will not assign or sublease the premises, renew or extend the term of the Lease, or modify the Lease in any manner without Naf Naf's prior written approval.

F. Upon the occurrence of any of the following:

(1) a default by Tenant under the Lease (whether or not Landlord intends to terminate the Lease due to that default), the Franchise Agreement, or any document or instrument securing or relating to the Franchise Agreement, or

(2) the termination of the Franchise Agreement before its term expires by Naf Naf or by Tenant for any reason other than an uncured default by Naf Naf,

Naf Naf will have the right (but no obligation), exercisable upon delivery of written notice to Tenant and Landlord, to compel an assignment or sublet of the Lease, and all of Tenant's rights under the Lease, to Naf Naf or to an assignee or sublessee of Naf Naf's choice, at Naf Naf's option. If Naf Naf (or its assignee or sublessee) exercises the rights under this paragraph (F), Tenant will have no further right, title, or interest under the Lease or to the leased premises but will remain solely liable to Landlord for all rents, charges, and other obligations under the Lease accruing before the date upon which Naf Naf (or its assignee or sublessee) assumes possession of the leased premises.

G. Naf Naf is an intended third-party beneficiary under the provisions set forth above with independent rights to enforce them, and neither Landlord nor Tenant may alter or limit any of those provisions without Naf Naf's prior written approval.

EXHIBIT E
TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT

SAMPLE FORM OF CONFIDENTIALITY AGREEMENT

In consideration of my employment or contract with and/or interest in _____ (the “**Franchisee**”) and the salary, honorariums, wages, and/or fees paid to me, I acknowledge that **NAF-NAF FRANCHISING LLC**, a Delaware limited liability company having its principal place of business at 720 North Franklin Street, Suite 401, Chicago, Illinois 60654 (“**Naf Naf**”), has imposed the following conditions on the Franchisee, any owner of the Franchisee, and the Franchisee’s officers, directors, and senior personnel. As a condition of performing services for or having an interest in Franchisee, I agree to accept the following conditions without limitation:

1. Without obtaining Naf Naf’s prior written consent (which consent Naf Naf may withhold in its sole discretion), I will (i) not disclose, publish, or divulge to any other person, firm, or corporation, through any means, any of Naf Naf’s Confidential Information either during or after my employment by or association with Franchisee, (ii) not use the Confidential Information for any purposes other than as related to my employment or association with Franchisee, and (iii) not make copies or translations of any documents, data, or compilations containing any or all of the Confidential Information, commingle any portion of the documents, data, or compilations, or otherwise use the documents, data, or compilations containing Confidential Information for my own purpose or benefit. I also agree to surrender any material containing any of Naf Naf’s Confidential Information upon request or upon termination of my employment or association with Franchisee. I understand that the Operations Manual is provided by Naf Naf to Franchisee for a limited purpose, remains Naf Naf’s property, and may not be reproduced, in whole or in part, without Naf Naf’s prior written consent.

For purposes of this Agreement, “**Confidential Information**” means certain information, processes, methods, techniques, procedures, and knowledge, including know-how (which includes information that is secret and substantial), manuals, and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by Naf Naf relating directly or indirectly to the development or operation of a NAF NAF Restaurant. With respect to the definition of know-how, “**secret**” means that the know-how as a body or in its precise configuration is not generally known or easily accessible, and “**substantial**” means information that is important and useful to Franchisee in developing and operating Franchisee’s Restaurant. Without limiting the foregoing, Confidential Information includes, but is not limited to:

- i. information in the Operations Manual and Brand Standards;
- ii. layouts, designs, and other plans and specifications for NAF NAF Restaurants;
- iii. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating NAF NAF Restaurants;

- iv. marketing research and promotional, marketing, and advertising programs for NAF NAF Restaurants;
- v. knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, products, services, materials, and supplies that NAF NAF Restaurants use and sell;
- vi. knowledge of the operating results and financial performance of NAF NAF Restaurants other than Franchisee's Restaurant;
- vii. customer solicitation, communication, and retention programs, along with Data used or generated in connection with those programs;
- viii. all Data and all other information generated by, or used or developed in, the Restaurant's operation, including Consumer Data, and any other information contained from time to time in the Computer System or that visitors (including you) provide to the System Website; and
- ix. any other information Naf Naf reasonably designates as confidential or proprietary.

2. If there is a dispute or question arising out of the interpretation of this Agreement or any of its terms, the laws of the State of MISSISSIPPI will govern. [Insert franchisee's home state.]

3. I acknowledge receipt of a copy of this Agreement and that I have read and understand this Agreement. This Agreement may not be modified except in writing with the prior approval of an officer of each of Franchisee and Naf Naf.

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

Social Security No.: _____
 or Tax ID No. _____
 Address: _____

Phone: _____
 Fax: _____

Check the following that apply:

☐ Owner	☐ Senior Personnel
☐ Officer	☐ Other (please specify)
☐ Director	

EXHIBIT C

DEVELOPMENT RIGHTS RIDER TO FRANCHISE AGREEMENT

**DEVELOPMENT RIGHTS RIDER TO
NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT**

1. **Background.** This Development Rights Rider (the "Rider") is made between NAF-NAF FRANCHISING LLC ("we," "us," or "our") and _____ ("you" or "your"). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you are signing concurrently with signing this Rider (the "Franchise Agreement") for the development and operation of your first NAF NAF® Middle Eastern Grill Restaurant ("NAF NAF® Restaurant") at a location to be specified within the Territory (defined below). We and you are signing this Rider because you want the right to develop additional NAF NAF® Restaurants (besides the Restaurant covered by the Franchise Agreement) within the Territory over a certain time period, and we are willing to grant you those development rights if you comply with this Rider.

2. **Grant of Development Rights.** Subject to your strict compliance with this Rider, we grant you the right to develop _____ () NAF NAF® Restaurants (including the NAF NAF® Restaurant covered by the Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this Rider (the "Schedule"), within the following geographic area (the "Territory"):

NAF NAF® Restaurants that you (or your affiliates) are permitted to operate at Restricted Venues (defined below) physically located in the Territory do not count toward your compliance with the Schedule.

If you (and, to the extent applicable, your Approved Affiliates (defined in Section 3 below)) are fully complying with all of your (and their) obligations under this Rider, the Franchise Agreement, and all other franchise agreements then in effect between us and you (and, to the extent applicable, your Approved Affiliates) for the development and operation of NAF NAF® Restaurants, then during this Rider's term only, we (and our affiliates) will not, except in the situations described below, establish and operate or grant to others the right to establish and operate NAF NAF® Restaurants having their physical locations within the Territory.

The exceptions referenced above to your exclusive right to establish NAF NAF® Restaurants having their physical locations within the Territory are described in this paragraph. If:

(i) we become aware during this Rider's term of one or more opportunities to establish and operate a NAF NAF® Restaurant at a location within the Territory for which that location's owner or manager sets financial, experience, or organizational standards for an acceptable operator (for example, a national or multi-regional concessionaire) that you do not and cannot satisfy when the opportunity becomes available; or

(ii) the location is a Non-Traditional Venue (which is defined to mean a hospital or medical center, airport, public or private school, university or college campus, airport terminal, train or bus station, convention center, exhibition hall, amusement park, fairground, sports arena, military base, state or national park, hotel, lodge, country club, social club, resort, casino, theater, or similar venue) (the locations referenced in (i) and (ii) are referred to collectively as "Restricted Venues");

then we (or our affiliates) may pursue the opportunity for that Restricted Venue and establish, or franchise or license another to establish, a NAF NAF® Restaurant located at that Restricted Venue. Our, our affiliate's, or another franchisee's or licensee's development and operation of a NAF NAF® Restaurant located at a Restricted Venue in the Territory do not count toward your compliance with the Schedule. As noted above, NAF NAF® Restaurants that you (or your affiliates) are permitted to operate at Restricted Venues physically located in the Territory likewise do not count toward your compliance with the Schedule.

The location exclusivity described above (with the noted exceptions) is the only restriction on our (and our affiliates') activities within the Territory during this Rider's term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Territory, including, without limitation, those we reserve in the Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to (a) establish and operate, and grant to others the right to establish and operate, NAF NAF® Restaurants having their physical locations within the Territory and (b) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within the Territory.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER, AND YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations.** To maintain your rights under this Rider, you (and/or Approved Affiliates) must, by the dates specified in the Schedule, sign franchise agreements for and then construct, develop, and have open and operating within the Territory the agreed-upon minimum number of NAF NAF® Restaurants. If your owners establish a new legal entity to operate one or more of the NAF NAF® Restaurants to be developed pursuant to this Rider and that new legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "Approved Affiliate" without further action. However, if the new legal entity's ownership is not completely identical to your ownership, you first must seek our approval for that new entity to develop and operate the proposed Restaurant as an Approved Affiliate. We may refuse any such request if you and/or your owners do not own and control at least two-thirds of the new entity's ownership interests and retain management control of the Restaurant proposed to be owned by the new entity.

You (and/or your Approved Affiliates) will operate each NAF NAF® Restaurant under a separate franchise agreement with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations) that you and your owners (or your Approved Affiliate and its owners) must sign for each Restaurant developed pursuant to this Rider will be our then-current form of franchise agreement (and related documents, including Guaranty and Assumption of Obligations), any or all terms of which may differ substantially and materially from any or all terms contained in the Franchise Agreement, provided, however, that the initial franchise fee, Royalty, Tech Fee, Ad Fund contribution, and minimum required Market Introduction Program expense specified under our then-current form of franchise agreement will (if different) be modified for the initial franchise term to be the same as those specified in the Franchise Agreement. Despite any

contrary provision contained in the newly-signed franchise agreements, your (and your Approved Affiliates') additional NAF NAF® Restaurants within the Territory must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each NAF NAF® Restaurant opened pursuant to this Rider must operate continuously throughout this Rider's term in full compliance with its franchise agreement.

4. **Subfranchising and Sublicensing Rights.** This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to develop and operate NAF NAF® Restaurants. Only you (and/or Approved Affiliates) may construct, develop, open, and operate NAF NAF® Restaurants pursuant to this Rider. This Rider also does not give you (or your Approved Affiliates) any independent right to use the NAF NAF® Middle Eastern Grill trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you fully comply with its terms.

5. **Development Fee.** As consideration for the development rights we grant you in this Rider, you must pay us when you sign this Rider a total of _____ Dollars (\$ _____) (the "Development Fee"), which equals (a) the Forty-Thousand Dollar (\$40,000) initial franchise fee due under the Franchise Agreement, plus (b) total deposits equaling _____ Thousand Dollars (\$ _____) for the additional NAF NAF® Restaurants you agree to construct, develop, and operate. Our initial franchise fee for each NAF NAF® Restaurant you develop under this Rider is Forty-Thousand Dollars (\$40,000). The deposits appearing above represent Thirty-Thousand Dollars (\$30,000) for each NAF NAF® Restaurant to be developed after the first Restaurant. The Development Fee is consideration for the rights we grant you in this Rider and for reserving the Territory for you to the exclusion of others (except as provided in this Rider) while you are in compliance, is fully earned by us when we and you sign this Rider, and is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider for that reason.

While the Development Fee is not refundable under any circumstances, each time you (or your Approved Affiliate) sign a franchise agreement for another NAF NAF® Restaurant to be developed within the Territory, we will apply the deposit related to that Restaurant (which is part of the Development Fee) toward the initial franchise fee due for that Restaurant (leaving the Ten-Thousand Dollar (\$10,000) balance of the initial franchise fee due at time of signing).

6. **Grant of Franchises.** You must send us a separate application for each NAF NAF® Restaurant that you (or your Approved Affiliate) wish to develop in the Territory. You agree to give us in our Site Acceptance Request (SAR) all information and materials we request to assess each proposed Restaurant site. It is your responsibility to locate, evaluate, and select the Restaurant's site. We will not select sites for you. In granting you the development rights under this Rider, we are relying on your knowledge of the real estate market in the Territory and your ability to locate and access sites. We will give you our then-current criteria for NAF NAF® Restaurant sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help you select and identify each Restaurant Site. We will not unreasonably withhold our acceptance of a SAR if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites for NAF NAF® Restaurants in the past. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you

have chosen is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a NAF NAF® Restaurant. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials in the SAR. You may not proceed with a site that we have not accepted.

You also must send us for our written acceptance, which we will not unreasonably withhold, any lease or sublease that will govern your occupancy and lawful possession of each Restaurant site before you sign it. You may not sign any lease or sublease that we have not accepted in writing. We may (but have no obligation to) guide or assist you with the leasing process but will not negotiate the lease or sublease for you or provide any legal advice.

If we accept the proposed site but you (or your Approved Affiliate) have not yet signed a franchise agreement for that Restaurant, you agree within the time period we specify (but no later than the date specified in the Schedule) to sign (or have your Approved Affiliate sign) a separate franchise agreement (and related documents) for that Restaurant and to pay us the remaining portion of the initial franchise fee due. If you (or your Approved Affiliate) fail to do so, or cannot obtain lawful possession of the proposed site, we may withdraw our acceptance of the proposed site and exercise any of our other rights under this Rider. After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents, including Guaranty and Assumption of Obligations), its terms and conditions will control the construction, development, and operation of the NAF NAF® Restaurant (except that the required opening date is governed exclusively by the Schedule in this Rider, as provided in Section 3 above).

In addition to our rights with respect to proposed NAF NAF® Restaurant sites, we may delay your development and/or opening of additional NAF NAF® Restaurants within the Territory for the time period we deem best if we believe in our sole judgment, when you submit your application for another Restaurant, or after you (or your Approved Affiliate) have developed and constructed but not yet opened a particular Restaurant, that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional NAF NAF® Restaurant in full compliance with our standards and specifications. We may delay additional development and/or a Restaurant's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

7. **Term** This Rider's term begins on the date we sign it and ends on the date when (a) you (or your Approved Affiliate) open for business the final NAF NAF® Restaurant under the Schedule, or (b) this Rider otherwise is terminated, but in any event this Rider's term will end no later than <insert date>.

8. **Termination** We may at any time terminate this Rider and your right under this Rider to develop NAF NAF® Restaurants within the Territory, such termination to be effective upon our delivery to you of written notice of termination:

(a) if you fail to satisfy your development obligations under the Schedule, which default you have no right to cure;

(b) if you fail to satisfy any other obligation under this Rider, which default you have no

right to cure;

(c) if the Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a NAF NAF® Restaurant, is terminated by us in compliance with its terms or by you (or your Approved Affiliate) for any (or no) reason; or

(d) if we have delivered a formal written notice of default to you (or your Approved Affiliate) under the Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a NAF NAF® Restaurant, whether or not you (or your Approved Affiliate) cure that default and whether or not we subsequently terminate the Franchise Agreement or the other franchise agreement.

No portion of the Development Fee is refundable upon termination of this Rider or under any other circumstances. If we terminate this Rider because you fail to satisfy your development obligations under the Schedule, we will keep the Development Fee you paid (which is not refundable) but otherwise will not seek to recover damages from you due solely to your failure to comply with the Schedule.

Termination of this Rider under clauses (a), (b), (c), or (d) above is not deemed to be the termination of any franchise rights (even though this Rider is attached to the Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. Termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements.

9. **Assignment.** Your development rights under this Rider are not assignable at all. This means we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the Franchise Agreement, a transfer of a controlling ownership interest in you, a transfer of this Rider separate and apart from the Franchise Agreement, or any other event attempting to assign the development rights. An assignment of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights) to the extent permitted by the terms and conditions of the Franchise Agreement.

10. **Rider to Control.** Except as provided in this Rider, the Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Franchise Agreement and this Rider, this Rider's terms will control.

Dated this _____ day of _____, 20__.

NAF-NAF FRANCHISING LLC	FRANCHISEE
By: _____	_____ [Name]
Title: _____	By: _____
Date: _____	Title: _____
	Date: _____

EXHIBIT A TO DEVELOPMENT RIGHTS RIDER

You agree to develop and open () NAF NAF® Restaurants in the Territory, including the Restaurant that is the subject of the Franchise Agreement, according to the following Schedule:

Restaurant Number	Franchise Agreement To be Signed by Franchisee (or Affiliate) and Balance of Initial Franchise Fee to be Paid by (Date)	Date by which Restaurant Must be Opened (Opening Deadline)	Minimum Cumulative Number of New Franchised NAF NAF® Restaurants to be Open and Operating in Territory No Later Than the Opening Deadline
1	Concurrently with this Development Rights Rider		1
2			2
3			3
4			4
5			5

NAF-NAF FRANCHISING LLC	FRANCHISEE
By: _____	[Name] _____
Title: _____	By: _____
Date: _____	Title: _____
	Date: _____

EXHIBIT D

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OPERATIONS

MANUAL

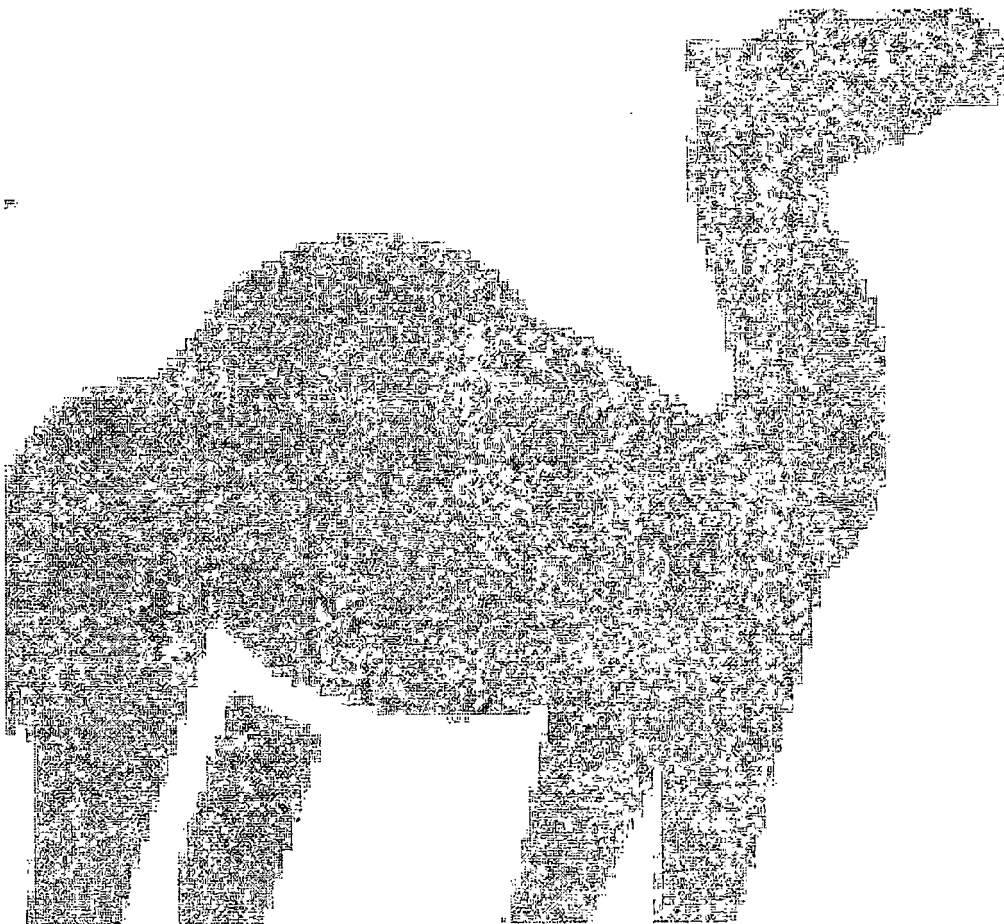


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EXHIBIT E

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

**STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of the Department
of Business Oversight:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

1350 Front Street, Rm. 2034
San Diego, California 92101-3697
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Corporations Division
Franchise
P.O. Box 30054
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

(Agent for Service)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

NORTH DAKOTA

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue State Capitol
Fifth Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

(for service of process)

Securities Commissioner
600 East Boulevard Avenue State Capitol
Fifth Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Oregon Division of Finance and Corporate
Securities
350 Winter Street NE, Room 410
Salem, Oregon 97301-3881
(503) 378-4387

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

Commissioner of Securities
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

EXHIBIT F

FRANCHISEE REPRESENTATIONS DOCUMENT

NAF-NAF FRANCHISING LLC
FRANCHISEE REPRESENTATIONS

Important Instructions: Naf-Naf Franchising LLC ("we," "us," or "our") and you are preparing to enter into a Franchise Agreement for the development and operation of a NAF NAF® Middle Eastern Grill Restaurant (the "Restaurant") and, possibly, the development of multiple NAF NAF® Middle Eastern Grill Restaurants. This document's purpose is to determine whether any statements or promises were made to you that we have not authorized, that do not appear in or are inconsistent with our franchise documents, and/or that may be untrue, inaccurate, or misleading. We also want to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming the truth of what it says. In addition, if you sign it, we will take actions in reliance on the truth of what it says.

Name of Prospective Franchisee: _____
(the "Franchisee")

Each of the undersigned represents that all of the following statements are true:

1. Each of the undersigned has conducted its, his, or her own independent investigation of us, our affiliates, the Franchise System (as that term is used in our Franchise Agreement), the risks, burdens, and nature of the business Franchisee will conduct under the Franchise Agreement, the Restaurant, the shopping center or other location for the Restaurant (if already selected), and the Restaurant's market area.

***Insert initials into the following blank to confirm this statement:** _____

2. Each of the undersigned understands that the business Franchisee will conduct under the Franchise Agreement involves risk, and any success or failure will be substantially influenced by Franchisee's ability and efforts, the viability of the Restaurant's location, competition from other restaurants, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors.

***Insert initials into the following blank to confirm this statement:** _____

3. Each of the undersigned understands that we previously might have entered, and in the future we may enter, into franchise agreements with provisions different from the provisions of the Franchise Agreement for the Restaurant.

***Insert initials into the following blank to confirm this statement:** _____

4. If we unilaterally made material changes in Franchisee's final, ready-to-be signed copies of the Franchise Agreement and related documents (other than as a result of our negotiations with Franchisee), Franchisee has had possession of those documents for at least seven (7) calendar days before executing them and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning those documents.

***Insert initials into the following blank to confirm this statement: ____**

5. Franchisee has received a franchise disclosure document ("FDD") as required by law at least 14 calendar days before signing the Franchise Agreement, or paying any consideration to us or our affiliate in connection with this franchise, and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning the FDD.

[If the Franchisee is based or will operate in Michigan, the Franchisee also has received the FDD at least ten (10) business days before both signing the Franchise Agreement and paying any consideration to us or an affiliate in connection with this franchise.]

***Insert initials into the following blank to confirm this statement: ____**

6. Except as provided in Item 19 of our FDD, we and our affiliates have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of the Restaurant or any other business, except: (None, unless something is filled-in here or provided on additional sheets)

***Insert initials into the following blank to confirm this statement: ____**

7. Each of the undersigned understands that:

7.1 Except as provided in Item 19 of our FDD, we do not authorize our affiliates, or our or their respective officers, directors, or employees, to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any NAF NAF® Middle Eastern Grill Restaurant.

***Insert initials into the following blank to confirm this statement: ____**

7.2 Actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular NAF NAF® Middle Eastern Grill Restaurant.

***Insert initials into the following blank to confirm this statement: ____**

7.3 We have specifically instructed our affiliates, and our and their respective officers, directors, and employees, that except as provided in Item 19 of our FDD, they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or give other information as to income, sales volume, or profitability, either generally or with respect to any particular NAF NAF® Middle Eastern Grill Restaurant.

***Insert initials into the following blank to confirm this statement: ____**

7.4 If any unauthorized representation, warranty, promise, guaranty, prediction, projection, or other statement or information is made or given, the undersigned should not (and will not) rely on it.

***Insert initials into the following blank to confirm this statement: ____**

8. Before signing the Franchise Agreement and any related documents, the undersigned Franchisee has had ample opportunity: (a) to discuss the Franchise Agreement, any related document, and the business Franchisee will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (b) to contact our existing franchisees; and (c) to investigate all statements and information made or given by us or our affiliates, or our or their respective officers, directors, employees, and agents, relating to the Franchise System, the Restaurant, and any other subject.

***Insert initials into the following blank to confirm this statement: ____**

9. Each of the undersigned understands that the Franchise Agreement licenses certain rights for one, and only one, Restaurant, located only at the location now specified (or to be specified) in the Franchise Agreement, and that, except as may be provided in a signed Development Rights Rider with us, no "exclusive," "expansion," "protected," "non-encroachable," or other territorial rights, rights of first refusal, or rights of any other kind are granted or have been promised concerning the shopping center or other structure in which the Restaurant is located, the contiguous or any other market area of the Restaurant, or any other existing or potential NAF NAF® Middle Eastern Grill Restaurant or geographic territory.

***Insert initials into the following blank to confirm this statement: ____**

10. Each of the undersigned understands that the Franchise Agreement (including any riders and exhibits) constitutes the entire agreement between the parties and supersedes all prior and contemporaneous oral or written agreements, statements, representations (except for those in the FDD), or understandings of us, the undersigned, and Franchisee.

***Insert initials into the following blank to confirm this statement: ____**

11. Each of the undersigned understands that nothing stated or promised that is not specifically set forth in the Franchise Agreement or FDD can be relied upon by the undersigned or Franchisee.

***Insert initials into the following blank to confirm this statement: ____**

12. Each of the undersigned has confirmed that no employee of ours or our affiliates, or other person speaking on our behalf, has made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance we will furnish to Franchisee that is contrary to, or different from, the information contained in the FDD and the Franchise Agreement.

***Insert initials into the following blank to confirm this statement: ____**

13. Each of the undersigned understands that we and our affiliates may sell or transfer our assets, our trademarks, and/or the NAF NAF® Middle Eastern Grill Franchise System outright to a third party; may go public; may engage in a private placement of some or all of our and our affiliates' securities; may merge, acquire other companies, or be acquired by another company; and/or may undertake a refinancing, a recapitalization, a leveraged buy-out, or other economic or financial restructuring.

***Insert initials into the following blank to confirm this statement: ____**

14. The only state(s) in which each of the undersigned is a resident is (are): ____.

***Insert initials into the following blank to confirm this statement: ____**

15. Each of the undersigned understands the importance of the Restaurant's location. The undersigned and Franchisee have had, or will have, ample opportunity and the means to investigate, review, and analyze independently the Restaurant's location, the shopping center or other building in which it is contained, the market area and all other facts relevant to the selection of a site for a NAF NAF® Middle Eastern Grill Restaurant, and the lease documents for such location.

***Insert initials into the following blank to confirm this statement: ____**

16. Each of the undersigned understands that neither our acceptance or selection of any location nor our negotiation or acceptance of any lease implies or constitutes any warranty, representation, guarantee, prediction, or projection that the location will be profitable or successful or that the lease is on favorable terms. It often is the case that leases are available only on very tough terms.

***Insert initials into the following blank to confirm this statement: ____**

17. Each of the undersigned understands that site selection is a difficult and risky proposition. We and our affiliates have not given (and will not give) any representation, warranty, promise, guaranty, prediction, projection, or other statement or information relied upon by the undersigned or Franchisee regarding a location's prospects for success, nearby tenants or other attributes, or the form or contents of any lease. Franchisee will have any lease reviewed by its, his, or her own attorney and other advisors.

***Insert initials into the following blank to confirm this statement: ____**

18. The covenants and restrictions concerning competition contained in the Franchise Agreement are fair and reasonable and will not impose an undue hardship on the undersigned or Franchisee. Each of them has other considerable skills, abilities, opportunities, and experience in other matters and of a general nature enabling each of them to derive income that is satisfactory to them from other endeavors.

***Insert initials into the following blank to confirm this statement: ____**

19. There is no fiduciary or confidential relationship between us and the undersigned or between us and Franchisee. Each of the undersigned expects us to deal, and will act as if we are dealing, with it, him, or her at arm's length and in our own best interests.

***Insert initials into the following blank to confirm this statement: ____**

20. We have advised the undersigned and Franchisee to consult with their own advisors on the legal, financial, and other aspects of the Franchise Agreement, this document, the Restaurant, any lease or sublease for the premises, and the business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so.

***Insert initials into the following blank to confirm this statement: ____**

21. Neither we or our affiliates, nor any of our or our affiliates' employees, have provided the undersigned or Franchisee with services or advice that is legal, accounting, or other professional services or advice.

***Insert initials into the following blank to confirm this statement: ____**

22. The statements made in this document supplement and are cumulative to statements, warranties, and representations made in other documents, such as the Franchise Agreement. The statements made in this document or the Franchise Agreement are made separately and independently. They are not intended to be, and will not be, construed as modifying or limiting each other.

***Insert initials into the following blank to confirm this statement: ____**

23. Each of the undersigned understands that, in the franchise relationship, we and Franchisee will be independent contractors. Nothing is intended to make either Franchisee or us (or any affiliate of ours) a general or special agent, joint venturer, partner, or employee of the other for any purpose. We (and our affiliates) will not exercise direct or indirect control over the Restaurant's personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of products, service, or the NAF NAF® Middle Eastern Grill brand. We (and our affiliates) will not share or codetermine the terms and conditions of employment of the Restaurant's employees or affect matters relating to the employment relationship between Franchisee and the Restaurant's employees, such as employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We (and our affiliates) will not be the employer or joint employer of the Restaurant's employees.

***Insert initials into the following blank to confirm this statement: ____**

24. The President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations, and the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). We therefore require certain certifications that the parties with whom we deal are not directly or indirectly involved in terrorism. For that reason, the undersigned and Franchisee hereby certify that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with Franchisee, is: (a) a

person or entity listed in the Annex to the Executive Order; (b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (d) owned or controlled by terrorists or sponsors of terrorism. The undersigned and Franchisee further covenant that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with them, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

***Insert initials into the following blank to confirm this statement: ____**

If the franchise that you will acquire is located in Maryland or you are a resident of Maryland, the following will apply:

The representations made are not intended to nor shall they act as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

(Signature)

(Signature)

(Name Printed)

(Name Printed)

(Date)

(Date)

EXHIBIT G

FORM OF GENERAL RELEASE

NAF-NAF FRANCHISING LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Naf-Naf Franchising LLC ("we," "us," or "our") and the undersigned franchisee, *[insert name of franchisee entity]* ("you" or "your"), currently are parties to a Franchise Agreement dated (the "Franchise Agreement") for the operation of a NAF NAF Restaurant at . You have asked us to *[insert relevant detail]*. We currently have no obligation under your Franchise Agreement or otherwise to *[repeat relevant detail]*, or we have the right under the Franchise Agreement to condition our approval on your and your owners signing a release of claims. We are willing to *[repeat relevant detail]* if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below in consideration for our willingness to *[repeat relevant detail]*.

Consistent with the previous introduction, you, on behalf of yourself and your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our parent and other affiliated entities, and our and their respective current and former officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "Naf-Naf Parties") from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters, collectively, "Claims"), that you and any other Releasing Party now have, ever had, or, but for this Consent, hereafter would or could have against any Naf-Naf Party (1) arising out of or related in any way to the Naf-Naf Parties' performance of or failure to perform their obligations under the Franchise Agreement before the date of your signature below, (2) arising out of or related in any way to our offer and grant to you of your NAF NAF Restaurant franchise, or (3) otherwise arising out of or related in any way to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Naf-Naf Parties. You, on behalf of yourself and the other Releasing Parties, further covenant not to sue any Naf-Naf Party on any Claim released by this paragraph and represent that you have not assigned any Claim released by this paragraph to any individual or entity that is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

Each of the parties granting a release acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides 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 the settlement with the debtor."

Each of the parties granting a release recognizes that he, she, or it may have some claim, demand, or cause of action against the other parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this document. Each of the parties granting a release hereby waives and relinquishes every right or benefit which he, she, or it has under Section 1542 of

the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.

NAF-NAF FRANCHISING LLC

[Name of Franchisee]

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

[Name of Owner]

[Signature and Date]

EXHIBIT H

STATE-SPECIFIC ADDITIONAL DISCLOSURES AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
NAF-NAF FRANCHISING LLC**

The following are additional disclosures for the Franchise Disclosure Document of NAF-NAF FRANCHISING LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

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

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

Neither we, nor any person in Item 2 of the disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a *et seq.*, suspending or expelling such person from membership in that association or exchange.

5. The following paragraphs are added at the end of Item 17:

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

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement requires application of the laws of the State of Illinois. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration at a suitable location that is within ten (10) miles of where we have our principal business address when the arbitration demand is filed (currently Chicago, Illinois). You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer the franchise. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 - 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043).

ILLINOIS

1. The following statements are added to the end of Item 17:

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

MARYLAND

1. The following language is added as the last paragraph of Items 5 and 7:

Despite the payment provisions above, we will defer your payment of the initial franchise fee, the market introduction program fee, and, when applicable, any deposit due us under a Development Rights Rider until we have fulfilled all our

initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee, the market introduction program fee, and, when applicable, any deposit due us under a Development Rights Rider on the day you open for business.

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

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following language is added to the end of the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" section of Item 17(v), entitled Choice of forum, is amended to read as follows:

Subject to your arbitration obligation, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

5. The "Summary" section of Item 17(w), entitled Choice of law, is amended to read as follows:

Illinois law generally applies, except for Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER is made by and between Naf-Naf Franchising LLC, a Delaware limited liability company whose principal business address is 720 North Franklin Street, Suite 401, Chicago, Illinois 60654 ("we," "us," or "our"), and _____, a(n) _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offer or sales activity relating to the Franchise Agreement occurred in Illinois and the NAF NAF Restaurant you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** The following language is added to the end of Sections 21.I and 21.J of the Franchise Agreement:

HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

3. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as a new Section 25 of the Franchise Agreement:

25. **ILLINOIS FRANCHISE DISCLOSURE ACT**

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

NAF-NAF FRANCHISING LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20 **

**Effective Date

[Name]
By: _____
Title: _____
Date: _____, 20

**RIDER TO THE NAF-NAF FRANCHISING LLC
FRANCHISE AGREEMENT
STATE OF MARYLAND**

THIS RIDER is made by and between Naf-Naf Franchising LLC, a Delaware limited liability company whose principal business address is 720 North Franklin Street, Suite 401, Chicago, Illinois 60654 ("we," "us," or "our"), and _____, a(n) _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) the NAF NAF Restaurant you will operate under the Franchise Agreement will be located in Maryland.

2. **INITIAL FEES.** The following language is added to the end of Sections 5.A and 13.A of the Franchise Agreement:

Despite the payment provisions above, we will defer your payment of the initial franchise fee, the market introduction program fee, and, when applicable, any deposit due us under a Development Rights Rider until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the initial franchise fee, the market introduction program fee, and, when applicable, any deposit due us under a Development Rights Rider on the day you open for business.

3. **ACKNOWLEDGMENTS.** The following language is added to the end of Section 2 of the Franchise Agreement:

All representations requiring you to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. **RELEASES.** The following language is added to the end of Sections 4.A, 16.C(ii)(i), 16.G, 17, and 19.F(iii) of the Franchise Agreement:

; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. **GOVERNING LAW** The following language is added to the end of Section 21.G of the Franchise Agreement:

However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **CONSENT TO JURISDICTION.** The following language is added at the end of Section 21.H of the Franchise Agreement:

Notwithstanding the foregoing, and subject to your arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 21.L of the Franchise Agreement:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

NAF-NAF FRANCHISING LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__ **

**Effective Date

[Name]

By: _____
Title: _____
Date: _____, 20__

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 Naf-Naf Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan law requires that Naf-Naf Franchising LLC 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 Naf-Naf Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The franchisor is Naf-Naf Franchising LLC, located at 720 North Franklin, Suite 401, Chicago, Illinois 60654, (773) 293-6120.

Issuance date: July 1, 2018, as amended November 2, 2018

The franchise sellers for this offering are: Paul Damico, David A. Vernon, and _____ *{to be completed as necessary}* at Naf-Naf Franchising LLC, located at 720 North Franklin, Suite 401, Chicago, Illinois 60654, (773) 293-6120.

We authorize the respective state agents identified on Exhibit E to receive service of process for us in the particular states.

I received a disclosure document from Naf-Naf Franchising LLC dated as of July 1, 2018, as amended November 2, 2018, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. Development Rights Rider to Franchise Agreement
- D. Operations Manual Table of Contents
- E. List of State Agencies/Agents for Service of Process
- F. Franchisee Representations Document
- G. Form of General Release
- H. State-Specific Additional Disclosures and Agreement Riders

Prospective Franchisee

Date: _____

Print Name

(Date, Sign, and Return to Us)

You may return the signed Receipt by signing, dating, and mailing it to us at our address above or by emailing a scanned copy of the signed and dated Receipt to paul@nafnafgrill.com.

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 Naf-Naf Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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- H. State-Specific Additional Disclosures and Agreement Riders

Prospective Franchisee

Date: _____

Print Name

(Date, Sign, and Keep for Your Own Records)